California's Available Land for Housing—
A Review of Existing Estimates and Actions for Increasing the Places Where Housing Can Be Built

Working Paper

The Economics of Land Use

This paper is designed to spark dialog and action that will lead to increased production of affordable, diverse housing in California. The recommended policy reforms are meant as scaffolding to hold ongoing strategizing and actionable policy reform among California Forward's partners in the private, public and non-profit sectors leading up to the 2019 Economic Summit, and beyond.

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INTRODUCTION AND FINDINGS

Summary

This report was commissioned as part of California Forward's ongoing efforts to understand—and overcome—barriers to diverse, affordable housing production throughout California. The chronic shortage of housing at all price points in California has worsened during the post-recession period as the economy has expanded strongly, particularly in the coastal metropolitan regions, while housing production has fallen well behind historical levels.

Specifically, California Forward commissioned this report to answer the following question: "Is there enough available land in urban-served areas to meet the governor's goal of 3.5 million units by 2025?" For the purposes of this examination, "available" land was defined as parcels that have the necessary pre-conditions for housing, such as zoning, CEQA clearances and entitlements. It defines "urban-served" as land with access to infrastructure such as water, roads and sewer, and to services, such as fire protection and schools.

In considering available, urban-served land, the report looked at places capable of conforming to the state's greenhouse gas (GHG) reduction targets through higher density, improved transit services, and proximity to employment opportunities. The report did review development capacity of rural lands but recognized that housing shortages and affordability affect all areas of the state, urban and rural alike.

This analysis reviewed land supply estimates from five metropolitan regional agencies, in addition to a recent UCLA analysis and an older, but wide-ranging, report from UC Berkeley, all of which use varying definitions of "available" land. While these supply estimates confirm a supply shortage, the report also concludes that there is enough available land for necessary housing *if assumptions are made* regarding future, modest increases in densities within residential areas, converting vacant land into housing, transforming commercial, industrial, and publicly owned sites to residential development and building housing on selected greenfield development (i.e., where it is available and GHG targets can be met.) Put another way, there is currently <u>not enough</u> available, urban-served land identified for the state's current and future housing needs, but with reasonable expectations regarding up-zoning and other policy changes, such land could be made available.

Supply of available land aside, the research concludes the biggest barriers to housing production are a host of planning and regulatory restrictions and market constraints which limit housing development.

Focus on the State's Key Regions

An increasing number of households statewide are overburdened and shut out of the market due to high and increasing home prices and rents. At this point, it is estimated that more than 62 percent of the state's households earn less than 120 percent of median income; an additional 12 percent fall into the "missing middle" category while median housing prices in the key metropolitan regions

are largely well beyond the ability of these households to afford.[1] More recently, affordable housing has encompassed "missing middle" households earning as much as 160 percent of median income but still cannot afford housing in high demand-low supply regions.

While there is a well-documented housing shortage throughout the state in nearly all urban and rural counties, the shortage appears most acute in the major metropolitan areas where economic indicators and job growth have been strong in the post-Recession period and housing production has lagged. Accordingly, this report focuses its land supply evaluation upon the following five metropolitan regions of the state:

- Southern California
- San Francisco Bay Area
- San Diego County
- Sacramento Metropolitan Area
- Fresno County

At the present time these metropolitan regions account for 85 percent of the state's population and are expected to absorb 81 percent of population growth over the next 30 years (through 2050).[2] While focusing upon the state's metropolitan regions, land supply constraints also influence other regions of the State thus policy reforms are also needed in the non-metropolitan regions of the state as well, as housing shortages exist throughout the state, in urban and rural locations alike.

California's Housing Needs – the 3.5 Million Home Target and Beyond

In the face of the state's acute housing shortage Governor Gavin Newsom, as part of his gubernatorial campaign, proposed that 3.5 million new houses be constructed in the state by 2025.[3] The 3.5 million home target derives from work conducted in 2016 by McKinsey Global Institute.[4] The target is based upon a combination of an existing, well-documented shortage of housing units, estimated to be two million units, plus an additional 1.5 million units required to

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[1] In this report, the term "affordable housing" refers to housing units developed in whole or in part with public subsidies and reserved for low- or moderate-income residents. For purposes of assessing the social and economic effects of affordable housing, the term is also used to describe housing obtained with vouchers that offer rental assistance to low-income households. As defined by HUD, "affordable housing" includes housing affordable to households earning less than 120 percent of median income (further divided into "very low" (0 to 50 percent of median), "low" (51 percent to 80 percent) and "moderate" (81 percent to 120 percent) of median income).

[2] *E-5 County/State Population and Housing Estimates*, California Department of Finance (DOF), 2019; *P-1 Total Estimated and Projected Population for California and Counties: July 1, 2010 to July 1, 2060*, DOF, 2018

[3] *The California Dream Starts at Home,* Gavin Newsom*,* Medium, October 20, 2017: https://medium.com/@GavinNewsom/the-california-dream-starts-at-home-9dbb38c51cae

[4] *A Tool Kit to Close California's Housing Gap: 3.5 Million Homes by 2025*, McKinsey Global Institute, 2016

meet demand from newly forming or in-migrating households through 2025. At current trend line rates of construction, only about one million new homes will be built in before 2025, leaving a gap of 2.5 million homes or roughly 70 percent of the potential demand. In addition to the overall housing shortage there is also a significant gap in affordability between the housing that is being built in the marketplace and that which can be afforded by California's existing and newly forming households. Nearly half of California's households cannot afford the cost of housing (rental or ownership) in their local market.

The McKinsey report also found that this housing shortage has, and will continue to have, a very large negative impact on the state's economy and opportunities for decent, affordable housing and wealth creation among the working families.

While the McKinsey target of 3.5 million units is a useful device for focusing attention on the state's housing production shortfall, it is highly unlikely, if not impossible, that such a target can be met by 2025 given the state's current rates of production and existing market and regulatory barriers. Thus, a longer time frame is in order over the next 30 years (coincident with the time horizon for most regional planning efforts in the state) so that population and household demand forecasts can be linked to increases in available, urban-served land.

Conclusions

1. ***There is no consistent definition or estimate of "available land" within existing urban service areas.***

   Regardless of the challenges with land supply estimates, available land is not the ultimate constraint—of greater importance are restrictive land use policy and regulations, spatial variation in market demand, and cost of public investments needed to improve "development readiness" of potential housing land and related availability in the marketplace.

   While the research reviewed as part of this report indicates there is currently an inadequate supply of available, urban-served land for housing, it is possible to provide substantial additional land supply for housing needed over the next 30 years by pursuing:

   - General intensification of existing residential neighborhoods (ADUs, etc.),
   - More intensive development of remaining vacant housing land,
   - Conversion of commercial, industrial, and publicly owned sites to residential or mixed use development ("infill" and "refill"), and
   - Selected greenfield development (i.e., where infrastructure is available and GHG targets can be met).

2. ***Land supply for housing, however defined, is constrained in various ways that limit its availability to the marketplace.***

   These constraints—divided into the five general categories noted below—suggest that a strategy for addressing the housing shortage must include a reasonable blend of planning reforms, fiscal and financial incentives, and accountability for local governments not meeting specified production targets. Applied in combination, such reforms can lead to an expansion of available land for housing while also reducing market and regulatory barriers. Simultaneously, community development efforts that direct and attract employers and residents to the state's outlying portions of the metropolitan areas and to the cities of the Great Central Valley and the Inland Empire should be pursued.

Specifically, the constraints are:

1) **Lack of local approvals:** The unwillingness of local governments, especially in the economically strong areas of the state, to plan for and approve higher density housing and pursue the strategic conversion of other land uses to housing development consistent with local demand and need;

2) **The high cost of regulatory hurdles:** The "soft" development costs and time-delays associated with meeting policy and regulatory standards and procedures and obtaining development entitlements limit land available for housing;

3) **The price of preparing land for construction:** The cost of assembling land, upgrading infrastructure, remediating contaminants and other site-related constraints add significantly to costs and the feasibility of housing development;

4) **Building and labor costs:** The "hard" costs related to housing include impact fees, costs related to meeting regulations, labor and materials costs. In particular, the state's trained and experienced residential construction workforce and pool of contractors were severely depleted during the Great Recession. In the recovery, labor for residential projects is hampered by the more lucrative wages paid in commercial construction and by the lack of affordable housing near urban construction sites; and

5) **The mismatch between affordable land and housing demand:** The location of available housing land supply in areas of the state or even within the metropolitan regions not enjoying the economic vitality and job growth and increases in household income being experienced in the state's economically strong areas.

3. Extraordinary costs associated with housing development in California limit production regardless of the available land supply.

Limited land supply is only one of a number of factors causing high housing production costs in California. Other factors include land acquisition and improvement, entitlement-related costs, infrastructure-related impact fees and exactions, and construction costs and financing, as elaborated below. While this report focuses upon land supply and related costs, noting that land costs vary with regional and local market conditions and that achieving effective land supply often requires costly and time-consuming entitlement proceedings, each of the other factors also affects cost and limit feasibility of housing production and thus should be addressed as part of an overall strategy to stimulate housing production in California.

1) **Land cost**. The average land cost per home varies greatly in California depending upon overall home pricing in the local market and available (competitive) land supply. In general, land costs will vary with the market-driven "residual value" of housing production, i.e., price minus other housing production costs. Typically, unimproved, unentitled land cost represents between 10 and 15 percent of the price of a housing unit.

2) **Entitlement costs**. Entitlement costs include the costs of preparing necessary applications to local government agencies, completing required technical studies, paying permit fees and often additional costs of local government staff time, negotiating terms of discretionary approvals, obtaining necessary permits from regulating agencies, and participating in the public review process. These costs commonly add up to $10,000 per housing unit or more. In addition to the direct costs of the entitlement process there are also the costs and risks associated with time delays, carrying costs, and the ultimate risk

of not obtaining the necessary approval or not achieving basic project feasibility requirements.

3) **Impact fees and exactions**. Development impact fees and exactions, "one-time" charges levied on new development, have become a main source of funding for development-related infrastructure in California. The fees and exactions levied by local governments vary widely at the discretion of the local governments levying the fees, subject to the state's *Mitigation Fee Act*. Typically, impact fees and exactions represent 15 to 20 percent of price of a housing unit. Where aggregate fees exceed this norm, impact fees and exactions can present feasibility challenges for new housing development and dis-incentivize production of lower price housing.

4) **Construction costs**. Hard construction costs (site improvement and building-related) constitute the single largest component of housing production cost, commonly 60 percent or more of total project cost. Housing construction costs in California are proportionately higher than most other states due to more costly state-imposed building code requirements, high labor costs associated with prevailing wage standards and an overall construction labor shortage, and high cost of construction materials.

5) **Financing.** Housing finance has become more challenging in the post-Recession period as both equity investors and lenders are more cautious, applying higher standards and respectively demand higher returns, equity requirements, and interest rates. Buyer mortgage qualification standards have also increased substantially, limiting the number of potential buyers.

Technical Findings

The review and evaluation of estimates of housing land supply in California lead to the following technical findings:

1. The Governor's housing target of 3.5 million new units by 2025 cannot be met with currently available, urban-served land because such land falls short of needed supply.

The examination of five regional and plans and two UC studies shows that as of this publication, there is not enough available land with necessary pre-conditions for housing development, such as zoning and CEQA approvals, in urban-served areas to accommodate the 3.5 million-unit goal.

2. The Governor's housing target of 3.5 million new units by 2025 cannot be met solely within high-frequency transit-served areas

High-frequency transit is concentrated in the state's most urbanized areas where high-density housing is in demand and costly to construct. The full spectrum of housing prototypes, densities, and price-points simply cannot be achieved in land around such transit, though high-frequency transit and other mobility options could conceivably be extended to urbanized areas with lower-priced land. As an example, the narrowly defined transit served areas that provided the land use foundation of *Plan Bay Area* were shown to only accommodate 60 percent of the 2040 regional growth forecast assuming current land use

policies.[5] Reliance on narrowly defined transit-served areas would also make achieving affordable housing targets more challenging because of overall development costs.

3. Broadening the definition of residential land supply will be needed.

Numerous opportunities exist to increase housing land supply including intensification of existing residential areas, conversion of commercial/industrial lands to residential or mixed uses, strategic redevelopment of public lands, and achieving higher overall density residential development. The technical analysis recently conducted for MTC's ongoing *Regional Growth Strategies Perspective Paper* indicates that effective gross housing land supply can be expanded by at least 50 percent as compared to existing land with housing general plan designations and zoning. It is likely that similar expansion is possible in the state's other metropolitan regions.

4. Matching housing production with housing affordability needs presents an additional challenge. Even with efforts to expand land supply and to increase overall housing production, a large fraction of existing and new households will not be able to afford market-priced housing.

It has been estimated that nearly half of households in California cannot afford market priced housing. The costs involved in bridging this "affordability gap" at the statewide level at the present time are astronomical, averaging over $200,000 per unit in most locations. However, increasing land supply and reducing entitlement time and costs can lower the magnitude of these costs by providing more housing overall and facilitating more "affordable by design" housing. Even with such necessary and positive changes in land and housing supply a large affordability gap will remain, requiring policy-based mitigation and increased public subsidies.

5. Additional legislative efforts are needed to facilitate increases in housing land supply.

Housing-related state legislation approved over the past three years along with intensified administrative efforts to promote housing have improved the opportunities for increased housing production but fall well short of what is needed to achieve the Governor's housing target or meet the long-term housing needs over the coming decades. A more robust state and regional effort is required to unlock potential residential land supply that includes additional regulatory reforms, increased accountability of local government, new fiscal incentives, additional local government infrastructure financing mechanisms, and additional direct housing financial subsidies.

As a part of the state's efforts, an expanded role for the regional metropolitan planning organizations involving implementing and augmenting state law and policy should be created. Such reforms must address concerns regarding the character and integrity of existing residential neighborhoods throughout the state, while at the same time offering opportunities to increase housing supply in these areas through infill with higher density and compatible residential development and further incentivizing accessory dwelling units.

[5] *Plan Bay Area Priority Development Area Assessment*; EPS, 2013

6. Revitalizing the state's housing construction sector can help to increase housing production.

Expanded and new efforts to provide workforce training, improved working compensation, health and pension components, and incentives for construction business retention and creation will also be needed to restore the California residential building industry. Sustained state and regional efforts are also required to increase the ability of construction workers to live within reasonable commute distance of developable residential land in the Bay Area and Southern California's coastal counties.

7. Housing incentives and requirements should be aligned with local market conditions and planning policy.

The location of residential housing supply, including its general location and the jurisdiction it falls within, determines two key supply constraints: "market demand" and "local planning and growth policy." There is substantial variation in these constraints within and between the metropolitan regions. Using the Bay Area as an example, while market conditions remain very strong for nearly all types of development in the central Bay Area, the more outlying areas such as Sonoma County, eastern Contra Costa County, and southern Santa Clara County exhibit weaker market conditions, particularly for employment-generating uses.

Regarding land use regulations, some jurisdictions have embraced the types and locations of development needed to accommodate expected regional housing and jobs while others have imposed policy and administrative procedures intended to limit growth. As illustrated in **Figure 1**, contrasting these two variables creates four typologies that help define where various constraint-relief interventions and strategies should be focused.

The four typologies include areas with:

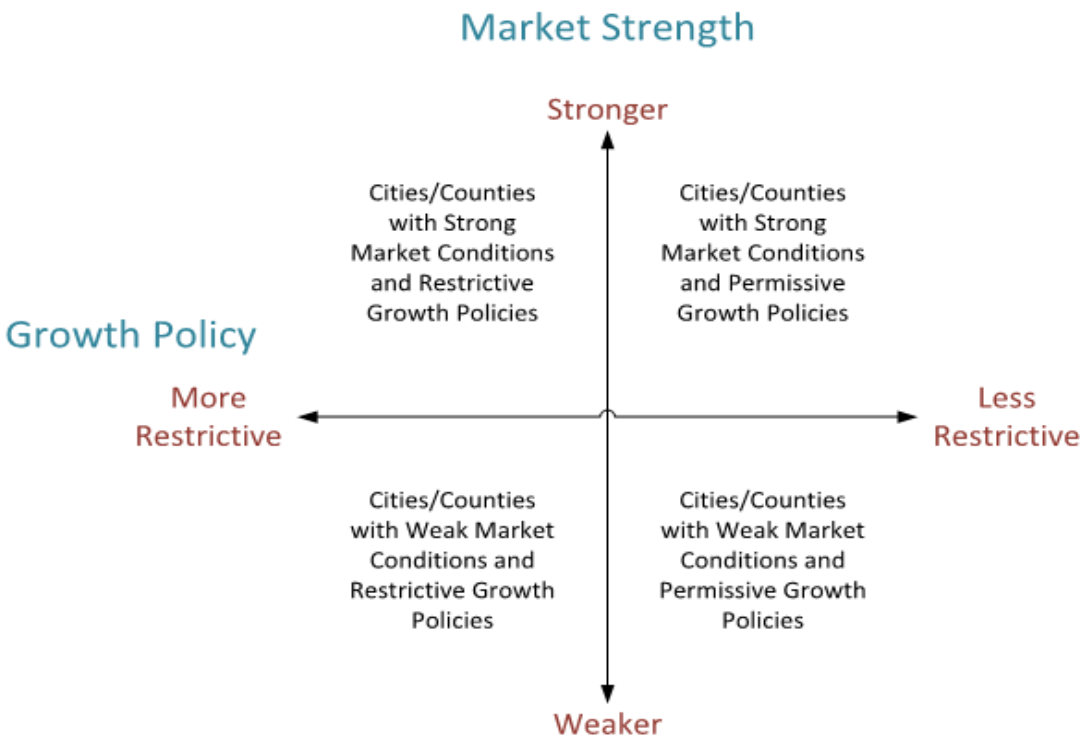
a) Strong market conditions and permissive growth policies, where development is consistent with regional planning objectives, intervention actions should focus on providing funding for needed infrastructure and support for providing affordable housing.

b) Weak market conditions and permissive growth policies, intervention actions should focus on investment to improve market conditions or reducing constraints inhibiting market attractiveness.

c) Weak market conditions and restrictive growth policies intervention actions should focus first on improving the development regulations and accountability, followed by investment to improve conditions (or reduce constraints) inhibiting market attractiveness.

d) Strong market conditions and restrictive growth policies intervention actions should focus on improving responsiveness of regulations to market demands and related accountability. Few if any financial incentives or investment should be offered until regulatory conditions consistent with regional planning objectives are achieved.

Figure 1 Key Development Constraints Vary by Regional Location



While land supply analysis is a basic part of comprehensive (general plan) and regional planning in California, there have been few rigorous and internally consistent statewide efforts to measure land supply. Even at the regional or local (county or city general plans) levels, methodologies for assessing land supply are often poorly documented and imprecise. As a part of this study, three such efforts have been evaluated, including the recent supply assessment prepared by the *UCLA Lewis Center for Regional Policy Studies*. Even with the advent of sophisticated GIS-based mapping systems along with a variety of public and commercial sources measuring land supply and urban development there remain a variety of challenges. This would be true even if simply considering "vacant" sites with urban services and urban land use designations but is considerably more difficult when adding "urban infill" or "refill" (redevelopment) sites, given a host of assumptions needed to estimate such capacity of these sites.

Nonetheless, important policy questions surround the topic of land supply, including whether lack of (readily available) land supply (in the right places) places a constraint on housing production in California, and, as addressed in the UCLA study, whether the Governor's 3.5 million housing unit target be reached by 2025.

It is our view that the answer to these two questions does not relate directly to an unconstrained measure of land supply in the state's urban areas. Rather, as has been demonstrated in numerous studies in recent years, the answers depend on the ability and willingness of local jurisdictions to make this housing land supply "readily available" through their planning, regulatory, and public investment efforts, thus providing needed land supply.

However, given existing local planning and regulatory policies, especially in the state's coastal metropolitan regions, and the general resistance of existing residents to increasing densities and development in their neighborhoods and communities, there is no question that there is a shortage of available housing land supply in the "right places", and those sites that do exist are costly to obtain, entitle, and improve. Given this constraint, when combined with other constraints including the high cost of home construction and related and required off-site infrastructure improvements, it is highly unlikely that the 3.5 million housing unit target can be reached by 2025.

Review of the Land Supply Assessments

Estimates and evaluation of available land supply is a common component of comprehensive planning conducted by cities and counties in California.

Regional agencies (metropolitan planning organizations) conduct such analyses as a part of their regional transportation planning efforts to provide land use "input" to regional transportation travel demand modeling. There have also been efforts to evaluate urban land supply on a statewide level. These efforts have deployed widely different methods and technology and as such provide no single accepted standard.

As a part of this report, three assessments of statewide housing land supply have been reviewed and summarized:

- *Not Nearly Enough: California Lacks Capacity to Meet Lofty Housing Goals,* prepared by UCLA Lewis Center for Regional Policy Studies (2019)
- *The Future of Infill Housing in California,* prepared by the Institute of Urban and Regional Development, UC Berkeley for the California Business, Transportation and Housing Agency (2005)
- *Land Supply Analyses*, prepared as part of Regional Transportation Plans and Sustainable Community Strategies (2008 through 2018)

In addition to these estimates of statewide capacity, we considered two other efforts that shed light on the question of housing land supply (and how it might be increased) including:

- *A Tool Kit to Close California's Housing Gap: 3.5 Million Homes by 2025,* McKinsey Global Institute (2016)
- *Bay Area Regional Growth Strategies,* an MTC Horizon Perspective Paper (2019)

Land Supply in Key Metropolitan Regions

This section of the report provides a regional comparison of housing land supply estimates. As will be shown, the estimates vary widely, depending upon the data used, methodology applied, and the time frame (forecast period) being considered.

The regions considered include the following:

- Southern California Region
- San Francisco Bay Area
- Sacramento metropolitan area
- San Diego County
- Fresno County

Table 1 provides a quantitative summary of the housing land supply estimates for each of the selected metropolitan regions of the state (as well as the balance of the state's counties). A county-by-county listing of this data is provided in **Table 2**.

As shown on **Table 1**, the estimates of land supply vary widely. As might be expected, the UCLA estimates, based on Housing Element data, provide the smallest numbers. In contrast, supply estimates based upon regional RTP/SCS planning and the Institute of Urban and Regional Development (IURD) provide much larger estimates. This variation can be explained because the latter two efforts were more inclusive of all available land supply and also considered redevelopment potential.

Southern California Region

The Southern California Association of Governments (SCAG) encompasses five counties (Los Angeles, Orange, Ventura, Riverside, San Bernardino, and Imperial). It is the largest and most populous metropolitan region in the state, with more than 18 million residents. As shown

on **Table 1**, the land supply assessment prepared by SCAG indicates capacity for an additional 1.5 million housing units in the region, expected to be built over the next 20 years (through 2040). Additional buildout capacity is likely double this number. The estimate is over the housing supply estimate provided in the UCLA report, though well below the IURD estimate prepared in 2005.

San Francisco Bay Area

The Metropolitan Transportation Commission/ Association of Bay Area Council of Government (MTC/ABAG) encompasses nine counties (Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano, and Sonoma) It is the second largest metropolitan region in the state with nearly 8 million residents. As shown in **Table 1**, the land supply assessment prepared by MTC/ABAG indicates capacity for an additional 3 million housing units in the region at "buildout" capacity. This estimate is eight times greater than the housing land supply estimate provided in the UCLA report, and also well above the IURD estimate prepared in 2005, primarily due to a larger geography considered and fewer constraints applied.

Sacramento Metropolitan Area

The Sacramento Area Council of Governments (SACOG) comprises six counties (Sacramento, Yolo, Sutter, Yuba, Placer, and El Dorado) and has a current population of 2.3 million. As shown on **Table 1**, the land supply assessment prepared by SACOG indicates capacity for an additional 660,700 housing units in the region at "buildout" capacity. This estimate is nearly four times greater than the housing supply estimate provided in the UCLA report, and well above the IURD estimate prepared in 2005, which considered a much smaller geography focusing on infill development.

San Diego County

San Diego County Association of Governments (SANDAG) encompasses San Diego County and is the state's third largest metropolitan region with 3 million residents. As shown on **Table 1**, the land supply assessment prepared by SANDAG indicates capacity for an additional 415,000 housing units in the region. This is more than double the housing supply estimate provided in the UCLA report, and roughly equivalent to the IURD estimate prepared in 2005.

Table 1 Comparison of Statewide Housing Supply Estimates for Targeted Regions

California Urban Regions	Counties Included	Statewide Housing Supply Estimates		
		UCLA Lewis Center for Regional Policy Studies (February 2019)	RTP/SCS 'Base Year' to Buildout Estimates [1] [2]	IURD 2005 Estimates of Infill Capacity - Largest Infill Counting Areas
San Francisco Bay Area (MTC/ABAG)	**Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma**	348,260	2,961,353	750,891
Southern California (SCAG) [1]	**Imperial, Los Angeles, Orange, Riverside, San Bernardino, Ventura**	1,186,342	1,529,962	2,334,230
San Diego County [2]	**San Diego**	197,151	414,945	421,801
Sacramento Metropolitan Region	**El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba**	182,419	660,710	73,914
Fresno County	**Fresno County**	61,657	177,972	48,492
Other Regions/Counties	*[See Footnote]*	790,948	na	368,065
Total		2,766,777	5,744,942	3,997,393

Sources:
UCLA Lewis Center for Regional Policy Studies. 2019. *Policy Brief: Not Nearly enough: California Lacks Capacity to Meet Lofty Housing Goals* , February 2019.
(Aggregate totals of currently planned housing units, extracted from city and county Housing Elements, by California County)
UCB Institute of Urban and Regional Development (IURD). 2005. *The Future of Infill Housing in California: Opportunities, Potential, Feasibility and Demand* , September 2005
(Estimated residential infill capacity, based on an analysis of county assessors' parcel data, under three infill scenarios, by California County)
Economic and Planning Systems. 2019. Review of Preliminary Residential Infill Potential Estimates for Bay Area, May 2019
(Review and cross-tabulation of preliminary parcel-level development capacity estimates used by ABAG/MTC as initial inputs for Plan Bay Area 2040)
Economic and Planning Systems. 2019. Evaluation of Existing and Planned Land Use and Developable and Redevelopable Land for SANDAG Region, May 2019
(Existing/Planned LU and Available Developable/Redevelopable Land parcel-level data used by SANDAG in updating and allocating
the SANDAG Regional Growth Forecast for San Diego County jurisdictions)
Economic and Planning Systems. 2019. Review of Draft Residential Buildout Estimates for SACOG Region, May 2019
(Review and cross-tabulation of *2035 and 2040 Draft Preferred Scenario* estimates and buildout projections [circa March 25, 2019] under study by SACOG for the
2020 Metropolitan Transportation Plan/Sustainable Communities Strategy Update)

Table 2 Comparison of Statewide Housing Supply Estimates by County

County	Statewide Housing Supply Estimates		
	UCLA Lewis Center for Regional Policy Studies (February 2019)	RTP/SCS 'Base Year' to Buildout Estimates [1] [2]	IURD 2005 Estimates of Infill Capacity - Largest Infill Counting Areas
Alameda	63,254	679,915	188,066
Alpine	133		na
Amador	8,526		3,079
Butte	25,513		15,219
Calaveras	4,641		433
Colusa	2,826		168
Contra Costa	40,470	207,691	93,246
Del Norte	1,162		1,600
El Dorado	23,348	36,580	9,954
Fresno	61,657	177,972	48,492
Glenn	6,576		126
Humboldt	7,967		1,704
Imperial [1]	33,855	*43,151*	13
Inyo	730		1,578
Kern	256,787		23,058
Kings	17,550		6,530
Lake	13,124		4,069
Lassen	3,600		3,821
Los Angeles [1]	567,040	*693,215*	1,911,820
Madera	77,317		3,269
Marin	4,612	21,371	12,973
Mariposa	na		na
Mendocino	22,675		7,391
Merced	28,846		11,650
Modoc	2,564		113
Mono	1,371		na
Monterey	14,810		5,155
Napa	6,733	20,067	29,844
Nevada	14,152		20,114
Orange [1]	70,304	*154,352*	131,465
Placer	47,651	141,470	14,026
Plumas	1,287		na
Riverside [1]	245,379	*357,525*	110,000
Sacramento	80,497	336,080	23,508
San Benito	4,423		na
San Bernardino [1]	239,164	*239,550*	150,440
San Diego [2]	197,151	414,945	421,801
San Francisco	76,592	791,986	116,240
San Joaquin	61,677		124,317
San Luis Obispo	9,368		5,282

Table 2 Comparison of Statewide Housing Supply Estimates by County (continued)

County	Statewide Housing Supply Estimates		
	UCLA Lewis Center for Regional Policy Studies (February 2019)	RTP/SCS 'Base Year' to Buildout Estimates [1] [2]	IURD 2005 Estimates of Infill Capacity - Largest Infill Counting Areas
San Mateo	25,614	141,471	23,864
Santa Barbara	19,135		26,837
Santa Clara	75,474	986,427	231,778
Santa Cruz	18,955		15,984
Shasta	21,324		44,512
Sierra	1,308		80
Siskiyou	26,715		3,703
Solano	25,671	53,120	13,352
Sonoma	29,840	59,305	41,528
Stanislaus	50,429		19,056
Sutter	7,687	52,470	3,189
Tehama	12,537		4,743
Trinity	4,640		na
Tulare	45,896		8,966
Tuolumne	2,384		5,508
Ventura [1]	30,600	*42,169*	30,492
Yolo	21,603	45,260	22,902
Yuba	1,633	48,850	335
Totals	2,766,777	5,744,942	3,997,393

Sources:

UCLA Lewis Center for Regional Policy Studies. 2019. *Policy Brief: Not Nearly enough: California Lacks Capacity to Meet Lofty Housing Goals* , February 2019. (Aggregate totals of currently planned housing units, extracted from city and county Housing Elements, by California County)

UCB Institute of Urban and Regional Development (IURD). 2005. *The Future of Infill Housing in California: Opportunities, Potential, Feasibility and Demand* , September 2005. (Estimated residential infill capacity, based on an analysis of county assessors' parcel data, under three infill scenarios, by California County)

Economic and Planning Systems. 2019. Review of Preliminary Residential Infill Potential Estimates for Bay Area, May 2019. (Review and cross-tabulation of preliminary parcel-level development capacity estimates used by ABAG/MTC as initial inputs for Plan Bay Area 2040)

Economic and Planning Systems. 2019. Evaluation of Existing and Planned Land Use and Developable and Redevelopable Land for SANDAG Region, May 2019. (Existing/Planned LU and Available Developable/Redevelopable Land parcel-level data used by SANDAG in the SANDAG Regional Growth Forecast for San Diego County jurisdictions) updating and allocating)

Economic and Planning Systems. 2019. Review of Draft Residential Buildout Estimates for SACOG Region, May 2019. (Review and cross-tabulation of 2035 and 2040 Draft Preferred Scenario estimates and buildout projections [circa March 25, 2019] under study by SACOG for the 2020 Metropolitan Transportation Plan/Sustainable Communities Strategy Update)

Fresno County

Fresno County Association of Governments (FCOG) encompasses Fresno County, the largest and most dynamic metropolitan region in the San Joaquin Valley with nearly 1 million residents. As shown in **Table 1**, the land supply assessment prepared by FCOG indicates capacity for an additional 178,000 housing units in the region. This estimate is nearly three times greater than the housing supply estimate provided in the UCLA report, and well above the IURD estimate prepared in 2005, which, as was the case in the Sacramento region, considered a much smaller geography focusing on infill development.

Key Land Supply Assessment Findings and Recommendations

UCLA Study (2019): "Not Nearly Enough: California Lacks Capacity to Meet Lofty Housing Goals"

Researchers affiliated with UCLA's Lewis School of Regional Policy Studies looked at whether there was adequate land supply to meet the Governor's 3.5 million new home target.[6] The UCLA study was conducted statewide and based upon housing land supply data collected, as required by state planning law, by local jurisdictions (cities and counties) as part of completing their General Plan Housing Elements. The resulting report was released in February 2019.

Key Findings

- This report found that California currently has planned for roughly 2.8 million new housing units, roughly 20 percent below the 3.5 million housing unit target. Moreover, at existing construction rates, less than half of the target will be constructed before 2025.
- Given a "normal market" relationship between housing production and available land supply, the amount of available land would need to be double the 3.5 million housing unit target, or capacity for more than 7 million housing units.
- Much of the housing supply capacity is not in the areas of highest housing demand and need; indeed, there is a distinct mismatch in this regard.

Land Supply Assessment Method(s)

The UCLA Study assembled 525 Housing Elements (a mandated component of city and county general plans). As there are 58 counties and 482 cities in the state, the study obtained all but 15 Housing Elements, either because there is no current Housing Element available or it lacked the mandated land supply estimate.

Policy Prescriptions Offered

While recognizing and documenting an absolute shortage and a regional mismatch of housing land supply by reference to the 3.5 million new housing unit goal, the report does not offer any particular policy prescriptions.

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[6] *Not Nearly Enough: California Lacks Capacity to Meet Lofty Housing Goals,* prepared by Paavo Monkkonen and Spike Friedman, UCLA Lewis Center for Regional Policy Studies (2019)

Relevance to Policy and Legislative Efforts

The research, in assembling the housing land supply estimates prepared by 525 local governments (cities and counties), does underscore the need to expand housing supply through local, regional, and state action. The Housing Element housing land supply data also suggests that more effort may be in order to standardize the methods by which local governments estimate land supply as there is considerable variation in how the data was collected, including the varied definitions of housing land supply, data sources referenced, and rigor applied. Additionally, the Regional Housing Needs Assessment (RHNA) should most certainly be updated to more accurately reflect actual housing need as may be generated by new employment, other in-migration, and measures of existing deficiencies.

IURD Study (2005): "The Future of Infill Housing in California"

This assessment of the state's land supply focused on potential for "infill" development. It was sponsored by the California Business, Transportation, and Housing Agency; Caltrans and California Department of Housing and Community Development (HCD) and prepared by University of California, Berkeley's IURD.

The study developed a statewide parcel-level inventory of vacant and potential refill sites available for possible future residential infill, and prepared estimates of the feasible potential of sites to accommodate additional housing units under three infill scenarios.

Key Findings

1. Under conservative assumptions regarding development capacity and redevelopment, California's cities and urban neighborhoods were estimated to encompass nearly 500,000 potential infill parcels comprising approximately 220,000 acres of land.
2. Most of the potential infill sites identified in this study are "refill" (redevelopment) sites; that is, they are underutilized as currently developed, but are not actually vacant land.
3. Three-quarters of California's infill housing potential was in five of the state's seven southernmost counties: Los Angeles, Orange, Riverside, San Diego, and San Bernardino.
4. The study estimated that California's infill sites could accommodate 1.0 to 1.5 million units over a 20-year period from 2005 to 2025, though the full buildout of these sites could reach as many as 4.0 million units over a longer period.
5. Much attention has been given to the potential contribution of transit-accessible development toward meeting California's future housing needs. This attention has merit from a variety of perspectives including the imperative to meet GHG reduction targets and ability to provide higher density affordable development.
6. Market preferences and constraints and regional variation will affect demand for infill housing; infill sites are unlikely to meet California's overall housing demand.

Land Supply Assessment Method(s)

The IURD assessment was an expansive effort that collected and evaluated a range of land supply data sources including county assessor's parcel data; census socioeconomic and demographic data and maps; Superfund site maps; current and planned land use maps; and transit routes, stations and stops maps. Exclusions were applied to parcels initially identified as being vacant or potentially underdeveloped; the exclusions included all single-family home sites

with higher-than-average structure values, public and active agricultural land, parcels adjacent to Superfund sites, etc. The range of total potential infill housing capacity was estimated at 2,146,369 to 3,998,327 units, statewide.

The authors of this 2005 study made the distinction between fullest potential and realistic potential in their summary of findings, but still estimated that 1 to 1.5 million infill housing units (of the 4 million units of infill potential) might be feasible over 20 years (2005 to 2025). Department of Finance (DOF) estimates indicate just over 1.25 million new housing units (of all types, including greenfield and infill development) were built in California between January 1, 2005 and January 1, 2019.

Policy Prescriptions Offered

The report offered a wide range of policy prescriptions that have been reflected in many of the studies and recommendations of the topic.

1. Improve the amount and quality of available information on potential infill development opportunities.
2. Establish a permanent funding source for affordable housing to be used in part to develop and implement cost-effective programs to help low-income households displaced by new infill development.
3. Require cities and counties to specifically identify potential infill housing sites and infill programs and strategies as part of their housing elements.
4. Streamline the development entitlements process, and in particular, CEQA, to reduce the regulatory uncertainty associated with infill housing projects.
5. Create new sources of infrastructure and off-site improvement financing for infill projects.
6. Develop a comprehensive community education/engagement strategy to generate public support for infill development.
7. Undertake a comprehensive review of the effectiveness of national and state brownfield remediation and liability laws, and identify potential reforms to state law as necessary.
8. Expand affordable homeownership opportunities in designated infill development areas.
9. Review the effectiveness of SB 800 (California Civil Code Section 895–941, as amended) and if necessary, update it to further reduce the stifling effects of potential exposure to construction dispute litigation on the construction of attached infill housing.
10. Establish a demonstration program linking infill development to expanded state funding for elementary and middle schools in infill neighborhoods.

Relevance to Policy and Legislative Efforts

While the IURD study is dated, its methodology was sound and thus offers an approach to a comprehensive update that could inform state policy.

Ongoing Regional Assessments: Land Supply Analyses as part of Regional Transportation Plans and Sustainable Community Strategies

Historically as part of the preparation of their federally mandated Regional Transportation Plans, and more recently in compliance with SB 375 (Sustainable Community Strategy) requirements, the state's metropolitan planning organizations, councils of governments, and county transportation agencies have conducted estimates of land supply, including land for housing. This geographic data has been assembled to support computer-based travel demand modeling. These models are used to predict future demand on transportation systems (streets and highways, bridges, and transit systems). We reviewed five such estimates of land supply from these MPOs:

- SCAG
- SANDAG
- SACOG
- FCOG
- MTC/ABAG

Key Findings

While the land use forecasts and allocations prepared by the transportation organizations are not directly intended as research or policy oriented, they are expected to provide reasonably accurate assessments of land supply in the metropolitan regions where they have been prepared. The land use capacity and allocation efforts consistently demonstrate development capacity, including that for housing, based on local policy (general plans and zoning) and often application of various constraint factors. Taken as a whole, the five metropolitan regions assembled indicate housing capacity in excess of 5 million units.

Land Supply Assessment Method(s)

These capacity estimates are generally created through accessing individual parcel records in the jurisdiction combined with local policy analysis to determine the appropriate land uses and respective allowed density of development.

Many integrated land use/transportation models currently used by MPOs rely on sketch tools for growth scenario planning such as CommunityViz, Envision Tomorrow, INDEX and SPARC/ INDEX, i-PLACE3S, and UrbanFootprint. These sketch tools are often applied top-down to allocate pre-defined Regional Growth Forecasts to local areas for traffic impact modeling, but less frequently to construct growth projections based on bottom-up fundamentals analysis.

General public access to the parcel-level assumptions informing sketch tools for regional growth scenario planning has become more difficult in recent years, due in part to controversies and litigations over whether such long-range planning assumptions, intended to be applied in aggregate over large areas, may be argued to confer or deny 'entitlements' or 'takings' of development rights and zoning stability for individual properties.

Due to 'sui generis' differences among and within the assessors' parcel data structures for California's 58 counties, the methodology for input of assessors' parcel data to inform the sketch tools' representation of existing development and subsequent calculations of residual development capacity is neither uniform across counties not constant over time. The dependence

of the sketch tools on correct, comprehensive and uniform parcel data raises the risk of incorrect capacity estimates and regional growth forecast allocations.

Relevance to Policy and Legislative Efforts

The MPOs, COGs, and county transportation agencies are in a good position to provide accurate and comprehensive land supply and capacity information. While the focus of the transportation agencies is upon travel demand modeling, SB-375 has added requirements related to regional planning as well as housing policy to their mix of responsibilities. Creating consistent and achievable technical standards for land supply analysis and related reporting requirements would be the most effective way for the state to obtain a rigorous and comprehensive assessment of housing land supply.

Other Assessments of Housing Land Supply

McKinsey's Study (2016): A Tool Kit to Close California's Housing Gap: 3.5 Million Homes by 2025

The McKinsey Global Institute report identified housing trends, needs and demand, and land supply in California. This report was presented at the California Economic Summit in 2016.

Key Findings

California could add more than 5 million new housing units in "housing hot spots"—which is more than enough to close the state's housing gap. In aggregate, there is capacity to build as many as 225,000 housing units on vacant urban land that is already zoned for multifamily housing; as many as 1.2 million to 3.0 million housing units within a half mile of major transit hubs; nearly 800,000 units by allowing homeowners to add units to their homes; nearly 1 million units on land zoned for multifamily development but underutilized; and more than 600,000 affordable single-family units on "adjacent" land currently dedicated to nonresidential uses.

Substantial costs could be saved and additional housing units constructed by reducing construction permitting times which alone could cut annual costs $1.6 billion. Other techniques, including raising construction productivity and deploying modular construction techniques, could reduce costs by $100 billion annually.

Land Supply Assessment Method(s)

McKinsey used a case study approach to evaluating development capacity of existing urbanized areas including studies of Los Angeles and San Francisco. Parcel level data was obtained and the propensity to redevelop was estimated by comparing existing use density to possible densities given market conditions.

Policy Prescriptions Offered

To unlock these units, California needs both public and private sector innovations. Shortening the land-use approval process in California could reduce the cost of housing by more than $12 billion through 2025 and accelerate project approval times by four months on average.

1. Governments could reallocate $10 billion a year in developer impact fees to other forms of revenue generation in order to lower housing costs.

2. California could also incentivize local governments to approve already-planned-for housing to achieve 40,000 more units annually.

3. Attracting new sources of capital to affordable housing—such as employers, social impact investors, and financial investors seeking low-risk real assets in one of the world's most dynamic economies—could finance more than 30,000 affordable units a year.

4. Policy tools such as inclusionary zoning, linkage fees, and tax increment financing can capture some of the value created through market-driven real estate development and channel it into subsidized affordable housing.

5. Regulation needs to take account of developers' risks and returns to ensure that affordable housing policies do not stifle new market-driven supply.

6. California's housing gap can only be solved at the local level, and communities can follow a five-step process to close the local housing gap:

    1. Create a housing delivery unit;
    2. Define the local problem;
    3. Identify local solutions and map "housing hot spots";
    4. Align stakeholders behind a local strategy; and
    5. Execute the strategy and measure performance.

Relevance to Policy and Legislative Efforts

The McKinsey Report was prepared at the time that the 2016 suite of housing bills were being prepared and influenced the process and the support for the legislation. In addition to alerting the need for housing, the report provided valuable information regarding potential land supply strategies, actions to be taken, and the economic significance and impacts of achieving historical levels of housing production in the state.

Bay Area Analysis: Regional Growth Strategies, an MTC Horizon Perspective Paper

MTC has begun the process of updating *Plan Bay Area*, its first truly regional plan, originally adopted in 2013. The update is due in 2022. One aspect under consideration as part of the update is the recognition that the full increment of expected growth in the Bay Area through 2050 simply could not realistically be located in the originally designated Priority Development Areas (PDAs) that were the focus of the first (existing) Plan. This concern was documented in an assessment of land supply commissioned by MTC/ABAG.[7] Accordingly, a new effort was undertaken to define a wider definition of development land consistent with regional plan objectives.

Key Findings

1. Land supply assessment conducted following adoption of *Plan Bay Area* demonstrated a substantial shortfall in housing capacity in the PDAs, concluding that without a range of significant policy and investment interventions only 60 percent of the 2040 forecast for housing demand could be accommodated in the PDAs.

2. Adding additional urban areas to the original PDAs, reflecting a range of urban land types available for infill and "refill" development, results in a substantial increase in development

[7] PDA Readiness Assessment, Economic & Planning Systems, Inc., 2013; updated in 2015.

capacity. Even with conservative definitions of the composite development site categories capacity for nearly 3 million additional housing units has been identified. **Table 3** shows the current measurement of these existing and potential housing land supply categories.

3. As shown in **Table 4**, this expansion of potential housing development land supply provides a good example of how the definition of land supply affects estimates of housing capacity. While lacking this information for other metropolitan regions, the MTC Regional Growth Horizons effort illustrates the larger supply potential through rethinking and redeveloping our metropolitan regions

Land Supply Assessment Method(s)

The technical effort began with identification of a set of Priority Planning Areas (PPAs) that encompassed a much wider geography than the original PDAs. The characteristics of the prototypical residential supply areas are summarized below

1. **Urban Centers** – Existing urban centers with their historical mixed-use development and transit service, where development opportunities are generally single infill projects rather than large-scale redevelopment. Regional job centers have certainly experienced a building boom in recent years, and other urban districts could as well. Challenges in these areas often include policy debates contrasting (rather than connecting) growth with quality of life, and genuine concern regarding the adequacy of infrastructure.

2. **Commercial Corridors** – The state's regions all contain a large number of well-traveled major surface streets that were developed in a previous generation but now contain substantial underutilized and developable land. Some of these corridor locations have been included in PDAs but the full lengths could be considered for urban intensification. Along these corridors, disparate property ownership and shallow site depth configurations are often challenging as are the intrinsic values of existing uses as a hurdle for the feasibility of new development.

3. **Transit Neighborhoods –** These neighborhoods already have access to high-frequency, high capacity transit service, and typically also have at least some mid-density housing as well as retail and services that enhance the community. They differ from "Urban Centers" in that they are not major employment hubs, and differ from "Residential Infill and Intensification Sites" in that they are well served by existing transit.

Table 3 Bay Area (MTC/ABAG Regional Plan) Housing Capacity Analysis by Priority Planning Areas—Existing to Buildout

PPA Category (1)	Bay Area County									Total
	Alameda	Contra Costa	Marin	Napa	Santa Clara	San Francisco	San Mateo	Solano	Sonoma	
Urban Center	83,402	23,796	6,535	0	45,337	232,183	21,669	0	3,378	416,300
Transit Neighborhoods	332,307	17,618	446	0	345,130	507,296	53,252	6,739	6,622	1,269,410
Large Public Sites	45,683	7,851	98	0	26,379	0	1,923	0	0	81,934
Commercial Corridors	110,519	12,143	1,265	525	52,624	32,180	8,208	3,607	6,700	227,771
Aging Shopping Centers	8,346	2,496	143	91	27,987	8,149	1,535	637	3,028	52,412
Aging Office Parks and Industrial Areas	1,404	2,209	0	0	19,733	7,384	773	0	2,200	33,703
Residential Infill/ Intensification Sites (2)	34,627	27,012	3,082	2,679	237,150	1,114	19,976	6,170	7,755	339,565
Urban Edge Sites	377	65	290	1,409	2,168	0	2,682	3,807	479	11,277
New Town Sites (3)	0	0	0	0	0	0	0	0	0	0
Non-PPA areas (as defined above) in the Region	63,250	114,501	9,512	15,363	229,919	3,680	31,453	32,160	29,143	528,981
Total Housing Capacity Estimate	679,915	207,691	21,371	20,067	986,427	791,986	141,471	53,120	59,305	2,961,353

Sources: Economic and Planning Systems. 2019. Review of Preliminary Residential Infill Potential Estimates for Bay Area, May 2019
(Review and cross-tabulation of preliminary parcel-level development capacity estimates used by ABAG/MTC as initial inputs for Plan Bay Area 2040)

Notes:
1) These PPA Categories overlap in some areas so numbers shown are net of such overlaps
2) This Category currently under review by MTC staff; may be revised
3) This Category, originally identified, has been deleted from consideration

Table 4 Comparison of Bay Area (MTC/ABAG 9 Counties) Housing Capacity Estimates

Bay Area County	Organization / Source / Projection Period				
	MTC / PBA 2040 Worksets / to Buildout	MTC / PBA 2040 Worksets / to 2040	UCLA Lewis Ctr. / Housing Elements (HE) / HE Planning Period	UCB IURD / Parcel Data (c. 2005) / To Buildout - Low	UCB IURD / Parcel Data (c. 2005) / To Buildout - High
Alameda	**679,915**	**159,953**	**63,254**	**116,692**	**188,066**
Contra Costa	**207,691**	**87,675**	**40,470**	**27,026**	**93,246**
Marin	**21,371**	**3,232**	**4,612**	**3,250**	**12,973**
Napa	**20,067**	**3,613**	**6,733**	**4,662**	**29,844**
Santa Clara	**986,427**	**217,315**	**75,474**	**83,792**	**231,778**
San Francisco	**791,986**	**109,734**	**76,592**	**106,000**	**116,240**
San Mateo	**141,471**	**48,418**	**25,614**	**10,743**	**23,864**
Solano	**53,120**	**21,930**	**25,671**	**1,656**	**13,352**
Sonoma	**59,305**	**29,459**	**29,840**	**4,242**	**41,528**
Total Housing Capacity Estimate	**2,961,353**	**681,329**	**348,260**	**358,063**	**750,891**

Sources: Economic and Planning Systems. 2019. Review of Preliminary Residential Infill Potential Estimates for Bay Area, May 2019
(Review and cross-tabulation of preliminary parcel-level development capacity estimates used by ABAG/MTC as initial inputs for Plan Bay Area 2040)

UCLA Lewis Center for Regional Policy Studies. 2019. *Policy Brief: Not Nearly enough: California Lacks Capacity to Meet Lofty Housing Goals* , February 2019.

(Aggregate totals of currently planned housing units, extracted from city and county Housing Elements, by California County)

UCB Institute of Urban and Regional Development (IURD). 2005. *The Future of Infill Housing in California: Opportunities, Potential, Feasibility and Demand* , September 2005

(Estimated residential infill capacity, based on an analysis of county assessors' parcel data, under three infill scenarios, by California County)

4. **Aging Business Parks and Shopping Centers** – Districts where lower-density employment-generating uses have historically been prioritized, but changes to the economy and workspace characteristics have rendered underutilized. Regional examples include sites where market pressures already have or eventually could lead to conversion of use from one- and two-story employment buildings to multi-story mixed use. Challenges in these areas typically include diverse land ownership, limited local amenities, and local policies meant to preserve employment uses for fiscal and other reasons. In addition, the ongoing transformation of traditional retail in light of online shopping and other trends suggests that older shopping centers with surface parking may no longer represent the highest and best use for many properties and could be redeveloped to include housing.

5. **Residential Infill and Intensification Sites** – These are existing neighborhoods, typically with relatively low-density profiles and many single-family homes, that could be intensified to accommodate more housing through the promotion of Accessory Dwelling Units (ADUs) and up-zoning to allow small multi-unit infill projects. Such intensification may be most palatable where the intensification is relatively modest rather than transforming the visual character of the place. The City of Seattle has recently adopted such legislation[8] This category is not necessarily served by existing or planned transit, and has limited opportunities for large-scale projects due to existing use patterns and concerns regarding neighborhood character.

6. **Large Public Sites** – Sites owned by public sector agencies that are no longer needed (at least in full) for their former intended purposes and thus present development opportunities. Examples include under or disused utility properties, outdated public buildings as well as portions of public sites (school campuses, etc.) that could be carved off for development even as the primary public use remains. Challenges in these areas often include political and operational pressure to maintain public ownership and functions, as well as additional public processes involved in approving development and negotiating community benefits.

7. **Urban Edge Sites** – Many cities and counties of the Bay Area have established urban growth boundaries, beyond which development is very limited often in an effort to preserve open space and/or restrict the physical growth of the city to restrain public service costs. This category includes areas that have previously been proposed for master plan development where policies were adopted by the local jurisdictions to restrict development, but which are still primarily under private ownership. Because these areas are immediately adjacent to already developed areas, these Urban Edge types could represent a somewhat natural continuation of historical development patterns, if restrictions were lifted and/or replaced with regulations that promote reasonably efficient development and enhanced access.

8. **New Community Sites** – Whereas Urban Edge places are typically adjacent to existing development, New Community Sites represent opportunities to create a comprehensive mixed-use development that stands alone on land that is currently vacant or grossly underutilized but have access to urban infrastructure and services. These generally more outlying areas may not achieve the densities possible in parts of the interior of the region but may represent a more realistic opportunities for a lower-density community that addresses what has historically been a significant portion of the housing market—single-family homes.

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[8] https://www.sightline.org/2019/07/01/seattle-approves-best-backyard-cottages-rules-united-states/

Challenges in these areas include the duration of commutes to major job centers, and the lack of historical success attracting significant "base sector" jobs and lack of adequate urban infrastructure.

Policy Prescriptions Offered

A full range of policy prescriptions were prepared as a part of this work including actions by the state, MTC/ABAG, and local governments. MTC/ABAG is currently focusing on three key components of these actions to implement *Plan Bay Area*:

1. Increased Role in Regional Land Use Planning

- Regional Expansion of Developable Land
  - Adjustments to Urban Limit Lines
  - Reclaiming reserved open space
  - Creation of development sites as part of climate change solutions (Precedents in Portland Metro, Japan, Australia, Chile, Netherlands)
- Regional Land Use Authority
  - Enforceable Regional Plans – local plans must meet performance standards and comply
  - Development Appeals Board – authority to overrule local project rejections/amendments where the project is otherwise consistent with the Regional Plan (Precedents for such authority have been established in Massachusetts and Ontario, Canada)

2. Creation of a Regional Housing Enterprise

- Regional Housing Policy and Data
  - RHNA implementation and performance monitoring
  - Enhanced housing production requirements linked to employment growth
  - Monitor/inform local policies for production, preservation, and protection
  - Database of housing development pipeline, available land, displacement risk
- Regional Public Land Trust
  - Technical assistance for local agencies' needs assessments and disposition processes
  - Acquire, hold, and dispose of land for housing development
  - Create ongoing funding sources through sale and lease revenue
- Regional Affordable Housing Funding
  - Raise/distribute revenue regionally from a variety of sources - parcel tax, sales tax, head fee, etc.
  - Coordinate and direct transportation funding to align with housing production goals
  - Allocate new funding to address regional housing needs - special needs, missing middle, etc.

3. Creation of a Regional Infrastructure Financing Authority

- Create new regionally-based funding for major infrastructure needs directed at relieving PFA development constraints

Relevance to Policy and Legislative Efforts

In addition to consideration of the policy prescriptions, MTC/ABAG concluded that the Regional Plan update should include consideration of a wider range of development capacity, beyond the individual jurisdiction-nominated PDAs. Achieving this objective will require a more activist role for the regional government, a range of changes to state housing law and policy, and focused local government actions in response to the additional regional resources and requirements.

The existing estimates of land described and evaluated above, while varied in method and conclusion, all point to a shortage of supply available for housing development in the state's key metropolitan regions both in the short term and through the current regional planning horizon year of 2050. Housing development is also constrained and affected by a range of physical constraints that significantly reduce the effective supply of land available for new housing, as summarized above. Additionally, successful conservation and growth management efforts have created large amounts of land restricted to open space including public parks, enforceably restricted lands, and policy/regulatory restricted lands, limiting land available for future urban expansion. Meanwhile, most transit-served areas are already urbanized, and in some cases, such as the central cities, developed very intensively. Thus, finding and acquiring developable land for new housing is challenging and most certainly a constraint on overall production. Moreover, the areas with the greatest demand and need for housing, as evident through comparative pricing, tend to be those with the most constrained and costly land supply.

The following framework and supporting policy actions provide a menu of options for increasing the state's urban housing land supply. This framework derives from the "policy prescriptions" noted above, a range of other studies and reports addressing the housing supply shortage, and parallel efforts being conducted by the metropolitan regions in their regional plan updates. While these policy actions focus on expanding and improving development potential of urban land suitable for housing development and accelerating creation of "effective" land supply, it is recognized that a range of other supporting policy actions by the state, regions and local governments addressing high housing production costs in California, construction labor shortages, and methods for achieving production of affordable housing, are all policy development efforts that must occur in tandem.

A. Framework for expanding housing land supply

There are four central strategies for increasing housing land supply within the state's existing urban areas:

- Converting "skipped over," misallocated, and underutilized land within existing urban areas to housing.
- Increasing housing densities allowed, including in existing developed areas and on vacant and converted lands.
- Improving the efficiency of delivering (i.e., planning and entitling) available housing supply land to the marketplace.
- Pursuing economic development efforts that improve quality of life and attractiveness of portions of the metropolitan regions to employers and new residents.

The following section expands on these strategies, identifying quantification and data issues, and indicating the respective roles of state, regional, and local government in implementing the strategies which will involve coordinated actions by state, regional and local governments.

Strategy #1 -- Converting underutilized urban land to multifamily housing and mixed-use development

A large proportion of the state's existing urban areas remain skipped over, underutilized, and/or misallocated by reference to current market conditions. These areas include aging business parks and shopping centers, aging commercial corridors, and publicly-owned land no longer needed for original uses. Over the past decade reuse of such areas, including both private and public lands, have increasingly yielded land for new multifamily housing and mixed-use development in all the state's metropolitan areas, but much more is possible.

Scale and Data Issues

Scale of Potential Land Supply. While there is no reliable current estimate of statewide capacity resulting from using skipped over, underutilized, and misallocated lands, recent work completed for MTC's Regional Plan Horizon project has estimated that converting such underutilized and commercial lands to housing would increase regional land supply at mid-range residential density by at least 400,000 housing units. In the statewide 2005 inventory from IURD, it was estimated that converting such underutilized commercial lands to housing would increase California's residential land supply from 18,700 to 26,600 acres with an increase in capacity at mid-range residential density from 312,600 to 458,000 housing units.

Data Sources and Issues. While casual observation suggests a large land supply from conversion of existing underutilized urban land, measurement requires application of a consistent definition of such lands, careful application of state-of-the-art GIS systems matched with a range of available data sources, and application of screening for site-related development constraints.

Potential Actions by Level of Government

State of California

Require that Housing Elements consider underutilized urban sites in their respective Housing Site Inventories, where they are shown to have housing development potential.

Regional Agencies

- Create uniform standards for identifying and estimating development potential of underutilized commercial/industrial sites within the state's metropolitan regions.
- Identify sites with housing and mixed-use potential in regional plan updates.

Local Agencies

As part of general plan updating, preparation of specific plans, and/or revising local zoning ordinances, re-designate underutilized sites for mixed use and multifamily housing purposes.

Strategy # 2 -- Increasing allowable housing densities

Existing general plan and zoning regulations applied to both developed residential areas and vacant sites with housing potential are often restricted well below their market potential. Existing residential areas at a range of densities, age, market profile, etc., comprise the better portion of the state's urban areas. Many of these older residential areas have potential for at least modest intensification of existing housing densities and the inclusion of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) consistent with neighborhood character and capacity. Allowing higher density development in vacant and converted lands, in addition to

increasing housing supply, can stimulate reinvestment, revitalize older neighborhoods, and improve property values.

Scale and Data

Scale of Potential Land Supply. Residential infill and intensification have the potential to add a large additional capacity for new housing units meeting needs of smaller single-person or two-person households. The potential for residential neighborhoods to accommodate such infill will vary with the existing location, age, density, and market profile of residential areas. Moreover, some discount on this capacity will be required as it is not likely that all ADUs or JADUs will become affordable rental units; many will serve family needs (aging parents, etc.) or be used as short-term rentals (where permitted).

Data Sources and Issues. There are reasonably good estimates of the amount of existing residential land in the state's urban areas. Additional analysis will be needed to determine which of these areas have the greatest potential for accessory dwelling units or other infill or refill development.

Potential Actions by Level of Government

State of California

- State legislation could set minimum densities for all residentially zoned land (e.g., not less than 20 units per acre) in the urbanized portions of metropolitan incorporated jurisdictions. The State of Oregon recently adopted such legislation[9].
- A periodically updated, open-access statewide GIS map of all (current plan-designated or zoned) residential and residential-mixed use parcels, with their existing land use designation and zoning, and showing existing housing unit counts, permitted range of housing units per land acre (density), and minimum required lot size by parcel, would greatly facilitate implementation of such legislation and other actions.
- The state has recently adopted legislation that reduces barriers and provides incentives for ADU and JADU development. Where corresponding local policies exist price-restricting and making ADU's available, consider counting conforming units towards meeting RHNA requirements.

Regional Agencies

- Regional planning grants can specify minimum residential densities as a condition of planning and infrastructure grants.
- Create design guidelines, model ordinances, and model incentives for promoting intensification of existing residential areas and ADU/JADU development.
- As part of regional plan updates and implementation collaborate with statewide housing site inventory efforts and support housing development in these areas.

[9] https://www.oregonlive.com/politics/2019/06/bill-to-eliminate-single-family-zoning-in-oregon-neighborhoods-passes-final-legislative-hurdle.html

Local Agencies

Fully implement existing state legislative mandates and provide other incentives for ADU/JADU construction as consideration for price restriction and market-available units. As part of broader neighborhood revitalization efforts, consider how higher densities and related infill development can increase local housing supply.

Strategy #3 -- Improving the efficiency of delivering land to the marketplace

As noted above, and as generally well understood, the gross land supply available for housing production in the state's metropolitan regions is not "effective" market supply. Effective supply only results from development entitlements granted by local governments. At the present time, meeting planning, regulatory, and entitlement procedures imposed by most local metropolitan region local government constitutes a significant constraint on housing production, imposing costs, time delays, and risks that reduce feasibility, investment opportunity, and housing production. One key to this circumstance lies in the dominance of individual project review over conformance to adopted plans and related policy objectives. An entirely new planning development regulation paradigm is called for in wherein policy objectives are pursued and achieved while at the same time not impeding desperately needed housing development. Improving the quality, standing, and objectivity of plans and development regulations is needed as a part of this shift, leading to less discretion exercised at the project review level and a related reduction of pre-development cost, risk, and time required.

Scale and Data

Scale of Potential Land Supply. Improving the efficiency of entitling land for new housing development is the single most important strategy; without such improvements simply designating new land for development or increasing allowable densities will not achieve the desired result of increasing effective land supply and related housing production. Reducing the time, cost, and risks associated with land use regulations and the entitlement process would improve feasibility of development, increase the quantity of development, and increase capacity for projects to deliver a range of community benefiting improvements and mitigation.

Data Sources and Issues. Any evaluation of regional or local land supply must recognize the constraints imposed by local land use policy and development review; that "supply" year-to-year, is the amount of land actually entitled in a manner consistent with economic and financial realities affecting housing development. It is recognized that this is a very controversial matter as local governments seek to preserve "home rule" in land use matters and local residents often instinctively resist change, even when demonstrably beneficial change from a variety of perspectives.

Potential Actions by Level of Government

The State of California can:

- Expand reform planning law and expand planning grants to local jurisdictions seeking to improve local plans and development programs consistent with state housing production and environmental objectives.
- Expand mandates for "by-right" provisions local housing zoning regulations thus reducing project-by-project discretion and improving the quality of such regulations and reliance upon adopted policy.

- Continue legislative reforms to CEQA including placing limitations on legal standing, limiting the scope of development project-specific review where plan-level environmental review has been conducted, and expanding categorical exemptions for developments conforming to adopted plans and State housing production targets.
- Make permanent the provisions of AB 1804, exempting qualifying residential and mixed-use project from project-specific CEQA review.
- Create a regional housing appeals board, perhaps administered by the regional agencies, that could overrule local land use decisions limiting growth or not approving projects consistent with State and regional housing production objectives.
- Further strengthen the Housing Accountability Act and create fiscal and funding penalties for non-conforming jurisdictions.

Regional Agencies can:

- Continue regional investment in specific plans and innovative regulations.
- Expand regional financial support for local area planning in downtown and other urban areas along with targeted investment of regional transportation and transit investments that achieve more intensive, transit-oriented land uses.
- Continue sponsorship and funding for planning grants that provide local government with the resources and incentives to reinvigorate local land use plans and policies consistent with regional growth targets.
- Develop regional "best practices" for CEQA review (program EIRs, etc.) for use by local governments including impact analysis templates, data bases, and technical resources, and continue funding program-level EIRs through planning grants.
- Establish housing production targets and identify high priority development sites within areas targeted for development. There can also be minimum standards for housing production vis a vis employment growth (adjusting for existing conditions).
- As enabled by state legislation, the regional agency can serve as a regional housing appeals board to review and potentially overrule local governments' denials of approval for housing development projects that meet regional standards.

Local Governments (cities and counties) can:

- Integrate Plan Bay Area policies and programs into their general plans as a part of ongoing updating efforts.
- Adopt CEQA procedures and programs designed to reduce cost, time-delays, and litigation risks associated with project-specific CEQA review.
- Complete comprehensive modernizing updates to zoning ordinances that reduce the number of districts that require numerous conditional use permits, increase the number of "by-right" districts, and other objective standards that reduce the need for discretionary review.

Strategy # 4 -- Seeking economic expansion throughout the State's metropolitan regions

While market demand for multifamily, office, and mixed-use development remains strong at or near the center of the metropolitan regions, market preference for higher density housing and employment opportunities have not developed in many of the regions' more outlying areas.

Comparatively lower rents and pricing and high construction costs also deter construction in the outlying communities.

While there is some historical evidence that high housing prices and land constraints in the more central areas will eventually lead to "jobs following housing" to suburban locations, targeted state and regional policies could enhance this potential thus improving economic development of the more outlying areas and also reducing VMT.

Achieving broad-based housing and economic development throughout the metropolitan regions is constrained by a combination of factors including weak demand for higher density development in more outlying areas, concentration of high-wage jobs in central portion of the metropolitan regions, high development costs, and inadequate public services in some areas.

Scale and Data

Scale of Potential Land Supply. A large fraction of housing land supply, however measured, lies distant from existing job hubs, exacerbating traffic congestion and GHG emissions. Community and economic development efforts in these outlying areas has the dual potential to create more effective housing land supply while also reducing GHG emissions. Such efforts can greatly expand effective regional land supply by distributing regional economic (job) growth to places where there is a greater abundance of available land for housing development.

Data Sources and Issues. Current business and economic trends favor concentration in attractive central cities where access to a highly trained labor force, business aggregations, and transportation systems are in place.

Potential Actions by Level of Government

The State of California can:

- Target or prioritize infrastructure investments in areas market potential and trend toward expanding employment opportunities.
- Create programs that augment federal Opportunity Zone program focused on expanding employment opportunities where jobs-housing imbalance exists.
- Consider tax incentives and other support for employers expanding into areas where MTC/ABAG can establish housing production targets and identify high priority development sites within the PFAs. There can also be minimum standards for housing production vis a vis employment growth (adjusting for existing conditions).

Regional Agencies can:

As a part of their regional plan updating and amendment, adopt policies and seek strategies that promote economic development generally and specifically target areas where job-growth has lagged and where housing development opportunities exist.

Local Agencies can:

- As a part of general plan and zoning ordinance amendment and updating, include policies, programs, and provisions that accommodate, incentivize, and reduce impediments to expansion of job-creating land uses.
- Take advantage of federal, state, and regional funding sources and programs that incentivize job-creating land uses where specific opportunities are shown to exist.

- Focus on improving "quality-of-life" factors that support existing residents and attract new residents. These factors as may be influenced by local government include public safety, quality public infrastructure and services, public education, recreational and cultural opportunities, and accessible and diverse shopping districts.

B. Supporting policy actions that facilitate an increase in the supply and capacity of land for housing

Implementing the four land supply strategies described above will require a concerted effort by state, regional, and local governments. Key actions required include the following:

1. Increase public investment in infrastructure and services to support new housing development

Over the past generation there has been a trend toward "internalizing" the full cost of infrastructure and services needed to support new development and even improve public facilities generally, upon new development. This trend was initiated by a combination of circumstances including adoption of Proposition 13, which limited local government taxing authority, and also a significant reduction in federal and state investment in local infrastructure beginning in the 1980s. While it is reasonable to expect development to "pay its own way" questions remain regarding how. Placing the burden largely upon new construction in California is one of the reasons development costs overall are so high. Seeking other methods of tapping new development and the general growth in the tax base would create new sources of funding with a broader "incidence" profile thus reducing development costs and making more land feasible for new housing development.

Scale and Data

Scale of Potential Land Supply. Limiting the cost of infrastructure imposed on land development and building construction will improve the investment potential of land (and thus its conversion into effective supply) particularly for urban infill sites where a range of other development costs exist. It is difficult to estimate exactly how much additional housing would be built if such costs were reduced or shifted to other (public) sources; however, in other states where such costs are lower there is a more normal relationship between supply and demand.

Data Sources and Issues. There has been considerable research conducted related to the costs infrastructure and other public policy objectives (affordable housing, open space and habitat loss mitigation, etc.). This research indicates that such costs are indeed a constraint and contribute to the affordability gap. It will be important to target such funding in a selective manner, directing public funding where it will have the desired effect of resulting in housing production while not simply increasing land prices or development returns above needed thresholds.

Potential Actions by Level of Government

State of California. The state has a variety of options for increasing infrastructure investment that unlocks or expands housing land supply including redirection (prioritization) of existing infrastructure grant programs (SB-1, Cap and Trade funds, State Budget FY 2019-2020, etc.) or creation of new funding sources explicitly for this purpose (bond funding). Current state funding for supporting infill development and establishment of a matching property tax (Educational Revenue Augmentation Fund) credit are initial examples, though funding requirements for a meaningful impact are likely to be much larger. Key to such funding support will be to target such grants to locations where the investment has the greatest impact, where it is truly needed and is assured that housing production, including affordable housing, will occur (not simply improving development financial returns and/or land prices). The state could also incentivize local governments by providing matching property tax incentives to jurisdictions using tax increment financing and also seek a reduction in voter approval requirements for bond measures directed a supporting affordable housing production. Key to such funding support will be to target such grants to locations where the investment has the greatest impact, where it is truly needed and is assured that housing production, including affordable housing, will occur (not simply improving development financial returns and/or land prices).

- Redirection (prioritization) of existing infrastructure grant programs (SB-1, Cap and Trade funds, State Budget FY 2019-2020, etc.) or creation of new funding sources explicitly for funding regional or local infrastructure linked to housing production targets and performance.
- Sustaining current State Budget funding for supporting infill development.
- Establishment of a matching property tax (ERAF) credit.
- The state could also incentivize local governments by providing matching property tax incentives to jurisdictions using tax increment financing.
- Reducing voter approval requirements for bond measures (GO or CFD) directed a supporting affordable housing production.
- Provide new tax or regulatory incentives for business expansion within the state, focusing on areas with near-term potential for such expansion and consistent with regional planning policies.
- Transportation and other infrastructure grant programs could be prioritized toward areas with significant "jobs/housing" imbalance.

Regional Agencies.

- Regional agencies who administer the key federal transportation grant programs as well as their "self-help" sales tax proceeds (in the metropolitan counties) could refocus investments at least in part, to providing infrastructure needed to mitigate the impacts of housing development.
- The "Priority Development Area Investment and Growth Strategy" created by MTC/ABAG as part of Plan Bay Area implementation is an example of such an investment priority setting process, though the amount of funding available will need to be increased substantially (not simply limited to the federal transportation grant funds).

- New sources of regional revenues will need to be explored to fund new regional as well as local infrastructure deemed necessary to support desired levels of housing production.

Local Agencies. Local agencies have opportunities to shift some portion of infrastructure costs from impact fees, especially where high fee levels may be impeding otherwise feasible housing development). More extensive use of land secured financing, creation of Enhanced Infrastructure Financing Districts (EIFD) a form of tax increment financing, making more use of the utility service rates to fund revenue bonds directed at needed utility infrastructure, and leveraging general funds with certificates of participation or other lease-purchase techniques.

2. Return local government land assembly and disposition powers

Local agencies' efforts to assemble private property for new development purposes requires reinstatement of real estate transaction support and eminent domain powers that previously relied on redevelopment agency authority. State legislation is required authorizes such powers, allowing local agencies to assemble constrained urban infill sites, invest in needed infrastructure, and subsidize desired new development including construction of affordable housing.

Scale and Data

Scale of Potential Land Supply. A key to expanding land supply for housing in the state's urban areas is to return land assembly and development and disposition powers to local governments. The ability to obtain land through eminent domain action and partnering with private landowners to create developable sites has the potential to unlock a large amount of urban land for housing development.

Data Sources and Issues. Measuring redevelopment potential resulting from renewed redevelopment powers would require a survey-based case-study approach where constraints related to small parcel sizes diverse ownerships, and favorable market conditions exist.

Potential Actions by Level of Government

State of California

Local agencies' efforts to assemble private property for new development requires reinstatement of real estate transaction support and eminent domain powers that previously relied on redevelopment agency authority. State legislation is required to authorize such power, thus enabling local agencies to assemble constrained urban infill sites, invest in needed infrastructure, and pursue desired new development including construction of affordable housing.

- The State of California can adopt legislation that integrates the existing EIFD legislation with other land assembly powers, particularly related to the use of eminent domain and disposition of developable land.
- As part of this legislation the state can offer fiscal incentives (i.e., reallocation of a portion of ERAF property tax share) to cities and counties pursuing higher density mixed income and affordable housing projects, and for new qualifying housing projects and project areas.

Regional Agencies

Regional planning agencies, as a part of their broader legislative agenda, can advocate a return of local government powers for parcel assembly and tax increment funding.

Local Agencies

Once enabled at the state level, local governments need to elect to utilize new land assembly and development and disposition powers.

3. Establish "minimum residential densities" in areas where existing land use designations or zoning districts are inconsistent with market potential

While urban infill and intensification is occurring actively in the state's metropolitan regions, there remain substantial geographic areas within the state's urbanized areas currently designated for low-density single-family development that could provide more housing capacity if higher density land use designations and zoning regulations were applied. At the same time existing residential areas at a range of densities, age, market profile, etc., comprise the better portion of the state's urban areas. Many of the older residential areas have potential for at least modest intensification of existing housing densities and the inclusion of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

Scale and Data

Scale of Potential Land Supply. While a place will remain for single-family development, substantial additional housing capacity can be obtained with even modest increased density.

Data Sources and Issues. Identifying capacity resulting from higher densities would require assembling current estimates of housing capacity under current density regulations, determining where higher densities are appropriate and possible given market conditions, and collaborating with land owners on design and massing standards for integrating new infill units.

Potential Actions by Level of Government

State of California

While urban infill and intensification are occurring actively in the state's metropolitan regions, there remain substantial geographic areas within the state's urbanized areas currently designated for low-density single-family development that could provide more housing capacity if higher density land use designations and zoning regulations were applied.

State legislation could set minimum densities for all residentially zoned land (e.g., not less than 20 units per acre) in the urbanized portions of metropolitan incorporated jurisdictions. The State of Oregon recently adopted such legislation[10]. Additionally:

- The state could create a periodically updated, open-access statewide GIS map of all (current plan-designated or zoned) residential and residential-mixed use parcels, with their existing LU designation and zoning, and showing existing housing unit counts, permitted range of housing units per land acre (density), and minimum required lot size by parcel, would greatly facilitate implementation of such legislation and other actions.

[10] https://www.oregonlive.com/politics/2019/06/bill-to-eliminate-single-family-zoning-in-oregon-neighborhoods-passes-final-legislative-hurdle.html

- State legislation could adopt legislation that sets minimum densities for all residentially zoned land (e.g., not less than 20 units per acre) in the urbanized portions of metropolitan incorporated jurisdictions. The State of Oregon recently adopted such legislation[11].

Regional Agencies

Regional planning grants can impose minimum residential densities as a condition of planning and infrastructure grants.

Local Agencies

Local jurisdictions can introduce minimum densities into their zoning code residential districts, consistent with updated State requirements and regional policy.

4. Aligning local growth control and urban limit line measures with established state and regional housing needs policy.

Many of the cities and counties, particularly in the coastal areas, have strict voter-approved growth management programs that limit land supply for new development. Future reauthorizations of these measures could be required to include measures to assure that consider regional housing demand and needs and opportunities to expand developable areas consistent with these housing needs in areas where transportation and other infrastructure capacity is in place or attainable.

Scale and Data

Scale of Potential Land Supply. Growth control measures often impede housing development that would otherwise be possible even within existing lands planned and zoned for residential uses. Requiring that such measures not impede housing construction needed to meet RHNA housing targets could reduce this constraint and accelerate housing construction.

Data Sources and Issues. The growth control measures, whether geographic or population level target-based are easily identified; analysis would require matching the relaxation of such requirements with market conditions, availability of urban services, and other factors.

Potential Actions by Level of Government

State of California

- The state could link eligibility for its existing and new infrastructure grant programs to each local government meeting housing needs and adopted housing production targets.
- Local governments could be required to align future growth management measures with state (RHNA) and regional housing production objectives.
- Require that Housing Elements consider underutilized urban sites in their respective Housing Site Inventories, where they are shown to have housing development potential.
- Where corresponding local policies exist price-restricting and making ADUs available, consider counting conforming units towards meeting RHNA requirements.

[11] https://www.oregonlive.com/politics/2019/06/bill-to-eliminate-single-family-zoning-in-oregon-neighborhoods-passes-final-legislative-hurdle.html

- The state has recently adopted legislation that reduces barriers and provides incentives for ADU and JADU development.
- State legislation could be adopted that requires local voter-approved growth control measures to be consistent with state (RHNA) and regional housing production objectives.

Regional Agencies

As part of regional planning efforts, regional planning agencies can identify where existing growth control measures limit development of sites otherwise consistent with regional planning objectives. A newly formed regional land use authority could amend growth limits over time to facilitate housing development consistent with state targets and regional plans.

Local Agencies

Cities and counties could create ballot measures amending existing growth control measures to be consistent with state housing targets and regional growth policies.

5. Catalyst for publicly owned site investment

State and local government own considerable amounts of land within existing or potentially transit-served sites and other urbanized areas. At the same time, an increasing number of large shopping centers and office parks are becoming antiquated and ripe for reuse. Many of these sites are located in areas with strong real estate markets and are of adequate size to make a contribution to meeting the region's housing needs, particularly by requiring deed restricted affordable units. In the case of areas with weaker markets, such catalyst investment can have positive effect on the local market, demonstrating feasibility of development prototypes that heretofore have not been feasible.

Scale and Data

Scale of Potential Land Supply. These large-scale sites exist throughout the state's urban areas and offer opportunities for intensified development resulting from public private partnerships and agreements. A catalyst program including state, regional, and local agencies could be developed to prioritize development of these sites. There could also be private-sector participation where large employers participate in strategies to build housing affordable to the local workforce.

Data Sources and Issues. Many public ownership sites with housing potential have been mapped by regional or local agencies; work remains to identify those sites that could be "surplused" in the future for conversion to housing uses leading to subsequent development and disposition. There are few standards for such disposition linked to meeting local and regional housing needs.

Potential Actions by Level of Government

State of California

- The state could assure that its efforts to dispose of surplus state properties, (e.g., the Sonoma Development Center site in Sonoma County), where appropriate, include requirements for housing development and particularly affordable housing development.
- The state could also provide a special funding source for needed investments and subsidies associated with catalyst site development along with other incentives including additional density bonuses and streamlined environmental clearances.

Regional Agencies

- The regional planning agencies have an opportunity to accelerate the process of reusing these sites as mixed-use communities through policy incentives as well as technical and financial support.
- Regional planning agencies can also create guidelines for development programming (densities, community benefits, etc.), provide planning grants to advance entitlement requirements, and offer funding for infrastructure to take advantage of these prime housing development sites.

Local Agencies

Local governments can work with public and private property owners to nominate sites, amend zoning as necessary for intensification and housing production, and identify funding opportunities for implementation.

C. Policy actions that address environmental constraints on land supply

1. Integrate housing development approvals with pragmatic recognition of natural hazards and natural disasters including wildfires and sea level rise.

Large portions of coastal and riverine California are vulnerable to rising sea level; without adaptation not only will available developable land be lost but existing development will be displaced, adding to the housing land supply problem. A range of other physical and environmental constraints affect California's urban areas including physical features and hazardous natural features including earthquake zones, hillsides, flood-prone and fire-prone areas. There are both policy and technical challenges to building in these areas, as evidenced by the recent wildland fires that have increasingly encroached on urban areas.

Scale and Data

Scale of Potential Land Supply. A variety of strategies are being considered to adapt to sea level rise including building related features, local levee and flood protection infrastructure, and regional solutions. All of these strategies will be costly and require coordination between private land owners and local, regional, state, and federal government entities to protect existing developed and developable areas.

Data Sources and Issues. Inundation areas related to various sea level rise scenarios have been carefully mapped. At the same time regional agencies have begun developing adaptation strategies to protect these areas.

Potential Actions by Level of Government

State of California

The state can expand programs to study the location and severity of sea level rise in coastal communities and contribute to identifying regional solutions including expanded sea walls, levees, and drainage infrastructure. Providing funding and other support can also be beneficial.

- The state could expand programs to study the location and severity of sea level rise in coastal communities and contribute to identifying regional solutions including expanded sea walls, levees, and drainage infrastructure.

- As the cost of such adaptation will be very high and the benefits statewide, a special funding source and other support (e.g., reconciling conflicting policy directives of State agencies) can also be beneficial.
- State agencies including CalFire, OP&R, and the DFW, are presently active assisting with mapping and evaluating risks, establishing "best practices" for avoiding risks through land use policy changes, improving resiliency of wild fire risk areas, and improving fire-fighting capacities.
- State could consider adopting consistent statewide standards for "hardening" development in WUI areas and other protection (fire breaks and buffers, etc.)

Regional Agencies

- Regional planning agencies, coordinating with other regional agencies, state agencies, and local governments can include planning and investment related to sea level rise in regional plans and annual appropriations.
- Regional agencies can also strategically design mitigations to enhance development opportunities.

Local Agencies

- As a part of comprehensive planning efforts (general plan updating, etc.) substantially increase policy responses and adjust land use patterns to adapt and reduce exposure and impact of natural hazards
- Include adaptation and resiliency features into land use regulations, subdivision, and building codes reflecting local conditions and hazard exposure.

Scale and Data

Scale of Potential Land Supply. Increase regional technical support, innovation, and investment to improve public safety and resiliency, to reduce risks of other major physical constraints, and to expand developable land supply.

Data Sources and Issues. Recent efforts to map wildland urban interface areas by CalFire and CSPUC, along with existing FEMA flood zone mapping, allow comprehensive mapping.

Potential Actions by Level of Government

State of California.

State agencies including CalFire, OP&R, and the DFW, should assist with mapping and evaluating risks, establishing "best practices" for avoiding risks and improving resiliency of wild fire risk areas.

Regional Agencies.

As part of regional planning efforts, in cooperation with local governments, regional governments could:

- Conduct technical evaluation of physical constraints to pinpoint areas where mitigation is feasible and beneficial
- Improve regional cooperation on improving resiliency of developed areas subject to natural hazards

- Seek protection and expansion of developed/developable lands where necessary environmental mitigation is possible

- Local Agencies. Adopting adaptation and resiliency features into local land use planning, subdivision regulations, and building codes can reduce exposure and loss due to natural hazards. Key focus here is upon the wildland-urban interface (WUI) lands that exist in all of the State's metropolitan regions.

2. Establish a regional approach to and support for meeting endangered species and habitat conservation regulations.

Critical habitat and endangered species regulations involve federal and state permitting procedures that are time-consuming and costly for individual property owners. Regional permits (e.g., habitat conservation plans) can greatly reduce permitting time and cost and also result in more rational habitat and species conservation. A regional authority could be established to assist local governments with the creation of regional permits.

Scale and Data

Scale of Potential Land Supply. Critical habitat designations, endangered species habitat, and wetlands limit development potential in many California cities, restricting development on land otherwise suitable for urban development. Land incorrectly assigned protected status could be developed with local action or individual permits from federal and state agencies.

Data Sources and Issues. The sensitive/regulated habitat areas are accurately mapped which can be combined with urban service area mapping to determine the scope and scale of the lands affected.

Potential Actions by Level of Government

Critical habitat and endangered species regulations involve federal and state permitting procedures that are time-consuming and costly for individual property owners. Regional permits (e.g., habitat conservation plans) can greatly reduce permitting time and cost and also result in more rational habitat and species conservation. A regional authority could be established to assist local governments with the creation of regional permits.

State of California

- State should direct Cal EPA, DFW, to cooperate with federal agencies (USFWS, Corp of Engineers, EPA) and support efforts to create regional permits throughout the State's urban areas where such regulations are shown to inhibit planned or potential development, consistent with achieving related biological objectives.

- Pursue procedural and regulatory reforms that improve the overall efficiency of conservation efforts and related permitting, reducing complexity, time required, costs to the private sector, all while focusing on improving overall biological outcomes.

Regional Agencies

- Regional agencies could fund a regional policy and technical assistance program for habitat conservation planning and a regional revolving loan program for habitat acquisition efforts where as the result housing construction would be facilitated.

- As part of regional conservation efforts, cooperate with local and project-specific permitting seeking creative ways to enhance conservation and related biological outcomes while facilitating development of urban lands.

Local Agencies

- Local governments could pursue regional permits for urban areas affected by habitat conservation restrictions through partnerships with other local agencies, private developers, and environmental/land conservation organizations.
- Local open space and conservation acquisitions could be aligned with permitting procedures providing a source of mitigation land, while improving connectivity and other biological outcomes.

3. Regional approach to brownfield remediation

Reuse of aged industrial and commercial sites is often impeded by the existence of hazardous materials regulated by state and federal agencies. Often the cost of such remediation renders any reuse financially infeasible. A regional approach to supporting local government and private efforts to remediate hazardous materials could make development of these brownfield areas much more likely.

Scale and Data

Scale of Potential Land Supply. Many of the underutilized commercial and industrial sites within the State's urban areas suffer from contamination resulting from historical uses. Sites that were once filling stations or dry cleaners are prime examples. Providing some regional and State funding to help achieve cleanup reduces public hazard and makes land available for new urban uses.

Data Sources and Issues. Sites with potential contamination have largely been mapped by DTSC or the RWQCBs that regulate clean-up for these sites.

Potential Actions by Level of Government

Reuse of aged industrial and commercial sites is often impeded by the existence of hazardous materials regulated by state and federal agencies. Often the cost of such remediation renders any reuse financially infeasible. A regional approach to supporting local government and private efforts to remediate hazardous materials could make development of these brownfield areas much more likely.

State of California

- State could provide funding or credit supports for contaminated sites shown to have substantial capacity for housing production.
- As a part of newly revived redevelopment powers, provide incentives for local governments to pursue clean-up of contaminated sites with significant housing development potential.

Regional Agencies

As part of regional planning efforts and in coordination with Regional Water Quality Control Boards, EPA, and State Department of Toxic Substances Control, regional planning agencies can identify the larger developable sites subject to hazardous materials mitigation requirements and create a regional revolving loan program for assisting with remediating these housing development sites.

Local Agencies

- Create land use policy and zoning incentives that create economic value that in turn can help fund remediation efforts.
- Apply Polanco Act (AB 440) provisions to local sites requiring remediation with significant development potential and feasibility.
- In concert with other development-based financing sources, consider use of tax increment financing mechanisms (e.g., EIFD) to defray hazardous materials clean-up where substantial increases in assessed valuation are likely.