



**Land Use and Natural Resources
Committee**

Meeting Date: 4/5/2018

Agenda Item No.: 2018-April-4.

Subject: Housing Scope of Work (Estimated time: 10 minutes)

Information

Prepared by: Greg Chew

Approved by: Kacey Lizon

Attachments: Yes

1. Issue:

What is SACOG doing to assist its members in addressing housing-related issues?

2. Recommendation:

Staff is seeking input on the proposed activities, including offering any direction on priorities or missing items.

3. Background/Analysis:

The rising cost and availability of housing are increasingly creating concerns for communities in the Sacramento region and throughout California. Housing production is not keeping up with demand in the region and as a result, the cost of housing – whether rent or purchase – is rising much faster than wages are increasing. This gap between supply and demand is perhaps most profound for more affordable attached housing products, which creates challenges for both affordability and the capacity of our region to meet its climate goals. In an effort to address these concerns, the California State legislature passed a number of housing-related bills in 2017, and is deliberating on a number of new bills in 2018, most of which are intended to result in more housing construction. Many of these factors affect local governments directly.

At its February 15, 2018, meeting the SACOG Board heard from the market-rate and non-profit housing producers about the challenges and obstacles to building housing for a variety of incomes. Obstacles included the cost of impact fees, increasing state regulations, the rising cost of labor and materials, the shortage of qualified labor, the development review process, zoning restrictions, public and elected official outreach and education, neighborhood opposition, and other factors. SACOG, in its role as regional transportation planning agency and provider of a regional forum to discuss issues of regional concern, is considering ways that it can provide assistance to its local government member agencies.

4. Discussion/Analysis:

Attachment A provides an outline of activities and strategies that SACOG staff will be performing to assist its member agencies in the next year. The activities and strategies address many of the obstacles discussed by the guest speakers from the development industry at the February 15, 2018, SACOG Board meeting. However, the proposed activities do not directly address issues largely outside the control of local and regional government, such as the rising cost of labor and building materials. Activities outlined in Attachment A include: (1) local government coordination, (2) monitoring past and future legislative actions, (3) identifying a toolkit of best practices for amending governmental constraints to new housing supply at the local level, (4) educational materials and outreach, (5) consistency review and technical assistance, and (6) developing the sixth round Regional Housing Needs Allocation (RHNA) methodology.

5. Fiscal Impact/Grant Information:

This project is budgeted in SACOG's adopted Fiscal Year (FY) 17/18 OWP and budget. Staff will scope a cost estimate of any additional items not identified in Attachment A based on a range of project options.

ATTACHMENTS:

Description

Attachment A - Housing Scope

Attachment A:

SACOG Housing Assistance to Local Governments

In 2017, staff presented a Regional Progress Report to the Board. The progress report shows that our most recent development trend is not in line with the housing targets being proposed in the in the MTP/SCS. The gap between supply and demand is perhaps most profound for more affordable attached housing products, which creates challenges for both affordability and the capacity of our region to meet its climate goals. We recognize that implementation is the most important part of the plan and we believe that we can reverse these trends in the next twenty years. To do this, the MTP/SCS will need much stronger implementation focused policies and strategies and SACOG will need to do more to help jurisdictions to this end.

This outline describes the variety of forms of assistance that SACOG staff is proposing to provide to local governments in an effort to boost housing production for all income levels. While SACOG will be engaging in most of the actions below, some of the specific items are prefaced with “SACOG could” because they are dependent upon local interest, financial assistance from the State, or regional consensus.

Category 1: Local Government Coordination

SACOG will reconvene the periodic meetings with local government planning staffs to discuss issues of common interest, particularly as it pertains to housing-related matters. In the past, the Planners Committee meetings were used to discuss regional planning issues, including the Blueprint and Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), and provide educational forums.

For this upcoming cycle, the focus will be on legislative issues, including but not limited to: (1) implementation of the 2017 State Housing Package, including updated reporting requirements and changes to Housing Element Law; (2) updates on 2018 proposed legislative bills and their potential impact on local governments; and (3) updates on and preparation for Cycle 6 (2021-29) of the Regional Housing Needs Allocation process that will substantively be developed in 2019. These meetings will be scheduled periodically but as needed. The meetings will be held in person but an option would be available for phone-in options. For detailed sessions with guest speakers that are purely educational, a webinar may be hosted instead.

In addition, as an option depending on interest, SACOG could conduct walking tours of built housing projects in the region that best exemplify the intended outcomes of new legislation and the Blueprint principles more generally. Potential tours could include a look at examples of “missing middle” housing for moderate incomes or affordable housing for lower income households.

Category 2: Monitoring Legislative Actions and Implementation

SACOG will continue to monitor legislative changes as they relate to housing and their impacts on local governments, and, following SACOG's adopted policies, could take advocacy positions and actions as directed by the Board. The 2017 State Housing Package included legislation that is intended to:

- Provide funding for new affordable homes;
- Accelerate development to increase housing supply;
- Increase enforcement of housing element law and the housing accountability act; and
- Create opportunities for new affordable homes and preserve existing affordable homes.

SACOG held a webinar in October 2017 to update planners in the region and has posted a recording on the SACOG website. In 2018, SACOG will continue to monitor how these bills will be implemented. In addition, SACOG is following affordable housing funding opportunities, such as SB 2, the upcoming housing bond(s), and guidelines updates to the Affordable Housing and Sustainable Communities (AHSC) program.

While 2017 was an active year for new housing legislation at the State level, several new housing-related bills have been proposed in 2018. This year, legislation is largely centered around the four areas below:

- State zoning preemption and bills intended to boost housing production
- Regional Housing Needs Allocation (RHNA) reform
- Property tax/Prop 13 reform
- Rent control, tenant protections, and anti-displacement measures

SACOG is coordinating with CALCOG and other MPOs in the state to track these issues. SACOG will keep local jurisdictions informed of past and potential changes to State law related to housing and could, following SACOG adopted policy, engage in advocacy.

Category 3: Toolkit of Potential Policy Changes

While governments have limited ability to change market conditions, they do control the regulatory framework by which we plan for and approve housing. SACOG is committed to working with its member agencies to identify best practices for amending governmental constraints to new housing supply at the local level. This toolkit of potential policy changes will be built into the 2020 MTP/SCS as a menu of options for local governments to help implement the Blueprint principles and the housing outcomes called for in the MTP/SCS. These regulatory best practices will likely be oriented around:

- Amending zoning, particularly single family districts, to allow for more affordable and “missing middle” housing types in established communities and near transit;
- Adopting objective and transparent standards for setting and charging fees;
- Encouraging the construction of Accessory Dwelling Units (ADUs); and

- Streamlining the development review process to facilitate more by-right approvals and transparent review timelines.

Category 4: Educational Materials and Outreach

SACOG staff will work with planners from local jurisdictions to assist with educational materials that may help with providing information to the public, stakeholders, planning commissioners, and elected officials. SACOG staff could provide source materials for local governments to use or create slideshows, FAQ sheets, and graphic materials for broader regional usage, depending on requests from local jurisdictions. For instance, SACOG could provide images of different residential housing densities of built projects that promote the SACOG Blueprint Principles, or provide information about housing statistics in the region.

Category 5: SCS Consistency Review and Technical Assistance

SACOG will continue to provide MTP/SCS consistency reviews of proposed housing projects for SB 375 streamlining. Per SACOG policy, local jurisdictions may request SACOG's review for project consistency with the MTP/SCS, which under SB 375, may qualify projects for CEQA streamlining.

SACOG will also work with local governments to provide technical assistance on grant applications for projects that have the best chance of securing competitive State-wide housing funds. Technical assistance may come in the form of data analysis and mapping or general application assistance. Strategic assistance may be identifying the potential project sites that are the most competitive for the funding program criteria. SACOG will also continue to provide technical assistance and strategic review of potential projects applying for the AHSC program or any future housing funding programs created by the State. It is SACOG's ultimate goal to develop a regional strategy and pipeline for California Climate Investment funding opportunities.

In addition, SACOG is studying how a "circuit rider" system of technical assistance could help local governments. This circuit rider would be a pooled planning consultant with a specialty in housing that serves local agencies. SACOG is looking into finding ways to subsidize the cost of a circuit rider (perhaps with the financial assistance of the California Housing and Community Development Department), which would allow local jurisdictions to draw upon this resource. The circuit rider could help with any housing related matter, including assistance with specific housing development proposals, housing element assistance, and potentially helping to implement policies from the policy toolkit described above in Category 3.

Category 6: Regional Housing Needs Allocation - Cycle 6 (2012-29)

SACOG staff will provide local government planners updates to Housing Element Law and RHNA requirements. The year 2019 is the critical year for the Cycle 6 RHNA, and SACOG will develop a participatory process for engagement in the development of the RHNA. In addition, SACOG staff will be available to present all local governments' planning commissions and governing body meetings.