



California's Housing Agencies

The State Must Overhaul Its Approach to Affordable Housing Development to Help Relieve Millions of Californians' Burdensome Housing Costs

Background

California's shortage of affordable housing has contributed to homelessness and to burdensome housing costs for more than three million renter households. State and local jurisdictions are responsible for facilitating the improvement and development of housing to meet the needs of all economic segments of the community. The California Department of Housing and Community Development (HCD) oversees local jurisdictions that plan and approve the construction of affordable housing. HCD and three other key state agencies also offer financial support for developing affordable housing.

Key Recommendations

The Legislature should amend state law for the following:

- HCD should annually identify in its affordable housing plan the number of affordable units expected to be built with state resources, where state resources will make the most impact, and outcomes to measure the success of its investments.
- Create an interagency workgroup to develop consistent requirements for awarding state financial resources for affordable housing projects and remove administrative barriers.
- To mitigate local barriers on potential affordable housing sites, strengthen existing standards to ensure streamlined reviews and to eliminate undue restrictions on housing densities.
- To resolve disputes in a timely and fair manner, create an appeals process for developers.

Key Findings

The State does not have a coordinated and effective approach to planning and financing the development of affordable housing at both the state and local levels.

- The State's housing plan does not identify all the financial resources available for affordable housing nor where its billions of dollars for housing will have the most impact—some jurisdictions with a higher need received lower amounts of available state resources.
- The lack of an effective plan allowed the mismanagement and loss of \$2.7 billion in bond resources, which could have contributed to more affordable housing.
- The four housing agencies have misaligned and inconsistent program requirements that can create unnecessary obstacles for developers, slow down or discourage development, and drive up costs.

Local jurisdictions can create barriers that make it harder to build affordable homes.

- Local jurisdictions can and have restricted the number of affordable units developers can build on portions of land despite having a high percentage of lower-income residents who may need these homes.
- Some local jurisdictions may have lengthy processes for approving developers' projects—one city has taken at least three years to review a project.

HCD's oversight is insufficient, and it lacks authority to ensure that jurisdictions accommodate affordable housing—87 percent of the State's local jurisdictions were not on track to provide the needed affordable homes, and HCD has followed up with only 20 percent of all jurisdictions.