



CALIFORNIA FOUNDATION
ON THE ENVIRONMENT
AND THE ECONOMY

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OVERVIEW | CALIFORNIA HOUSING

There are approximately 14 million housing units in the state of California. It is estimated that 95 percent of these homes were built by for-profit firms, with the remaining 5 percent constructed by non-profit builders and government agencies.

Detailed below is a brief background on the matrix of federal, state, and local agencies that oversee and shape California's housing market. This guide also includes a glossary of key terms and laws.

KEY PUBLIC AGENCIES

FEDERAL

U.S. Department of Housing and Urban Development (HUD) is a cabinet-level department responsible for federal housing programs. In 1965, President Lyndon Johnson designated HUD a cabinet agency as part of the "Great Society" agenda to eliminate poverty and improve racial justice. HUD and sub-agency programs include mortgage and loan insurance, Community Development Block Grants, public housing and rental assistance for low-income households, among others.

Federal Housing Administration (FHA) was formed in 1934 during the Great Depression to help stabilize the housing market by regulating the terms and interest rates of mortgage loans. FHA is a department within HUD, and its loans remain a popular choice for first time homebuyers looking to secure favorable interest rates without making significant down payments. Its operations are self-funded from the mortgage insurance premiums.

Federal Housing and Financing Agency is an independent regulatory agency established following the housing market crash of 2007. It provides oversight for Fannie Mae, Freddie Mac, and federal mortgage lenders which act as government-sponsored enterprises.

STATE

California Business, Consumer Services and Housing Agency (BCSHA) is the cabinet-level agency that oversees the policies and programs of fifteen different state agencies tasked with licensing, regulation, and enforcement of professionals and businesses. It was formed in 2012 as part of Governor Brown’s consolidation of interrelated regulatory and licensing processes.

Department of Housing and Community Development (HCD) was founded in 1965 with the responsibility for promoting the availability of safe and affordable homes in California. Its programs and funding are designed to preserve and increase the supply of affordable housing units. HCD implements housing construction regulations and building codes, and partners with local government to ensure municipal housing plans comply with state law. HCD staff also provide research on policy and market trends to inform decisionmakers.

California Housing Finance Agency (CalHFA) was established in 1975 as an independent agency within HCD to provide financial and programmatic support for renters and homebuyers. It has two divisions: 1) The Multi-Family Division, which finances affordable rental housing and 2) the Single Family Division, which provides down payment assistance and low-rate loans to first-time homebuyers. As a self-supporting state agency, it does not use taxpayer dollars to fund its programs, instead it issues bonds that are repaid by the revenues from its mortgage loans.

State Leadership

Lourdes Castro Ramírez, Secretary, California Business, Consumer Services and Housing Agency

Lynn von Koch-Liebert, Deputy Secretary of Housing and Community Relations

Alicia Sutton, Deputy Secretary for Homelessness

Doug McCauley, Acting Director, Housing and Community Development

Tia Boatman Patterson, Executive Officer, CalHFA

Mayor Darrell Steinberg, Co-Chair, Governor’s Newsom’s Advisory Task Force

Supervisor Ridley Thomas Scott, Co-Chair, Governor Newsom’s Homeless Advisory Task Force

REGIONAL AND LOCAL

In communities throughout the state, there are local planning departments and housing authorities tasked with determining the type of housing built in their communities and helping to provide affordable housing.

The majority of cities have a **planning department** that implements municipal zoning plans and review and approve new housing developments. These departments work to comply with state housing laws and may also determine development fees.

In addition to planning departments, there are hundreds of **housing authorities** that help to ensure the availability of affordable homes. These housing authorities are conduits for federal and state funding and assistance that provide housing for low and middle income residents. These authorities were formed in response to the federal Housing Act of 1937, which established subsidies for state and local agencies to help improve the quality and affordability of housing.

TERMINOLOGY

Accessory Dwelling Units (ADU's)

These are secondary, smaller housing units that are located on the same property as a larger home. ADU's can take the form of converted garages and basements or detached newly constructed dwellings.

Density Bonus

This is a common incentive used in inclusionary housing programs in which a proposed housing development is permitted to increase the number of units as long as the project also includes a certain number of low and middle income units.

Development Fees (sometimes referred to as 'Impact' or 'Mitigation' Fees)

Fees charged by local governments to offset the costs associated with new housing development. These fees help pay for staff time spent reviewing plans and conducting site inspections as well as the expansion of infrastructure and public services to accommodate new growth.

Regional Housing Needs Assessment (RHNA – referred to as “ree-na”)

RHNA is California state law that requires all local government to plan for the housing needs of all residents. Passed in 1969, RHNA mandates that cities, counties, and towns periodically update their general plans to demonstrate planning for housing for residents at all income levels. The State of California has sued certain cities on the basis that their RHNA planning is out of compliance with state law.

Inclusionary Zoning

This is a policy designed to incent the development of middle to low income housing by linking their construction with market-rate housing developments. For example, a municipality will permit new market-rate housing provided that it includes a specified number of middle to low income units.

Permanent Supportive Housing

A type of intervention for homelessness that makes housing available to unsheltered individuals while also providing other supportive services. Notably, there is not a time limit on how long people can stay in the dwelling.

Rent Stabilization

Rent stabilization is a policy designed to manage rapidly rising housing rental rates that place financial pressure on tenants who do not experience a commensurate increase of their income.

Transit-oriented development (TOD)

Housing and commercial development that is co-located with key transit hubs, including rail lines, bus stations, and pedestrian walkways. TOD is typically accompanied by the effort to build more multi-family units (“densify”) around the transit-corridors.

Upzoning

Updating a municipality's housing plans from single-family residential to multi-family units, which increases the potential for housing density.

Wildland-Urban Interface (WUI)

The transitional land between home developments and wild, unoccupied areas. Homes in the WUI are increasingly at risk of wildfire, rendering some homes uninsurable.

