

GREATER LAKE MATHEWS AREA ASSOCIATION

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Background

EXCLUSIONARY ZONING

Whenever Government sets density limits in an area (or minimum lot sizes), it also indirectly sets the minimum home price. Thus, large-lot zoning and other restrictions that increase prices are being criticized more and more.

SCAG Policies

The Southern California Association of Governments (SCAG) is an organization to which the local cities and counties belong. It has become increasingly concerned about the shortage of affordable housing, and has sought to identify the causes. Here are some of its findings:*

Underlying Causes

Land-Use Policies

"On the local level, land-use policies and regulations (such as zoning ordinances and growth controls) work to diminish the number of units built and to raise production costs as well."

* - Costs, Causes and Consequences of the Housing Shortage, October 19, 1981, and Methods to Increase Housing Supply, December 8, 1981.

"Large-lot zoning limits the number of units on a parcel of land and thus affects overall supply; it also tends to increase land cost per unit ---."

"Larger or more expensive lots induce developers to produce more costly buildings."

"Because developers may attempt to achieve a ratio between the value of the land and the structure, high land costs may encourage additional construction costs."

"Local, state, and federal land-use and environmental regulations --- influence both the supply and cost of housing at the local level."

"Often developers find that if they raise prices to offset increased costs (due to regulation), the marketability of projects declines. Therefore, developers shift the orientation of projects to high-income consumers".^{1/}

"--- because of the municipal propensity for large-lot zoning, the result is an oversupply of large lots and a shortage of small lots. The surfeit of large lots relative to demand causes a reduction in the price which large lots command. Further, the shortage of small lots places the few available lots at a premium, thus greatly increasing their per unit cost."^{2/}

Subdivision Regulations

"Subdivision regulations, like zoning ordinances, can increase the housing production costs ultimately borne by consumers. Although they may contribute to the quality of neighborhoods, such ordinances can also create problems of affordability."

1/ Paragraph quoted by SCAG from Land Use and Environmental Regulations, Dowell, David. Contained in Housing Policy for the 1980's, Montgomery and Marshall eds., Lexington, 1980.

2/ Paragraph quoted by SCAG from Housing Costs and Governmental Regulations: Confronting One Regulatory Maze, Seidel, 1978, Center for Urban Policy Research.

"These (regulations) may:

- 1) Mandate increased and/or excessive requirements (e.g., larger-than-necessary streets, excessive side lots, etc.).
- 2) Shift public service costs to the developer.
- 3) Increase administrative, engineering, and planning costs."

"Excessive subdivision requirements have long been cited as impediments to affordable housing. The Kaiser Commission study conducted 13 years ago reached this conclusion, as have later analyses."

"A survey by the National Association of Realtors shows that California now has the most restrictive local government policies regarding housing construction."

"Together, the direct costs of zoning, growth controls, subdivision requirements, and administration can account for great increases in the cost of producing housing."

Infrastructure Costs*

"One of the major causes of the increase in housing costs, particularly over the last few years, has been the redirection of the cost of providing the community infrastructure from traditional taxing or funding sources to homebuilders."

"Perhaps the most glaring example of this shift is in the area of roads. Ten years ago, the traditional road user taxes --- provided a level of revenue such that housing developers provided only the internal roads necessary to serve their subdivisions. Today this source of funding is rapidly diminishing ---."

"The housing industry has been looked to by many local agencies to make up this deficit in the capital road program. More and more frequently, conditions are placed on developers to construct or widen off-tract roads and even to modify state freeway access ramps and crossing structures."

"In addition to roads, traditional funding sources for other services are declining, and developers are being asked to make up the difference."

* - quoted by SCAG from Coordinating Public Efforts to Reduce the Cost of Housing, Western City magazine, League of California Cities, Sacramento, July, 1981

Implications and Outlook

"The problems facing California communities in meeting the need for affordable housing are fast approaching crisis proportions."

"Average lot costs in California far exceed averages in other states, and land cost per square foot is two to six times that of other states."

"--- the trend is crystal clear: if restraints to growth are not lessened and economic growth continues, housing prices will continue to spiral upward. Obviously only the very rich will be able to afford new housing if this scenario continues into the future."

Recommendations

"Implicit in the Council's findings was the suggestion that market trends, if allowed to express themselves, have the potential for effecting more efficient communities, more affordable housing, and perhaps greater environmental quality as well --- less regulation, rather than more, may be the answer to many public problems."

"County and municipal governments should revise regulations to achieve compact development; allow increased densities; reduce lot and yard size requirements, setbacks, and street widths ---."

"State governments should discourage local 'population caps', large-lot zoning, 'gold-plated' subdivision standards, or unjustified development fees ---."

"State and Federal agencies should initiate an immediate review of existing land and housing impacting regulations and procedures to eliminate those that are unnecessarily costly compared with the benefits derived. This is particularly needed in environmental policies."

State Law

The California Government Code also expresses concern:

Section 65913.0

"The Legislature finds and declares that there exists a severe shortage of affordable housing, especially for persons and families of low and moderate income, and that there is an immediate need to encourage the development of new housing, not only through the provision of financial assistance, but also through changes in law designed (1) to expedite the local and state residential development process and (2) to assure that local governments zone sufficient land at densities high enough

for production of affordable housing. The Legislature further finds and declares that the costs of new housing developments have been increased, in part, by the existing permit process and by existing land use regulations and that vitally needed housing developments have been halted or rendered infeasible despite the benefits to the public health, safety, and welfare of such developments and despite the absence of adverse environmental impacts. It is, therefore, necessary to enact this chapter and to amend existing statutes which govern housing development so as to provide greater encouragement for local and state governments to approve needed and sound housing developments."

Section 65913.1

"In exercising its authority to zone for land uses, a city, county, or city and county shall designate and zone sufficient vacant land for residential use with appropriate standards --- to meet housing needs as identified in the general plan."

"For purposes of this section, 'appropriate standards' shall mean densities and requirements -- which contribute significantly to the economic feasibility of producing housing at the lowest possible cost ---."

Section 65913.2

"In exercising its authority to regulate subdivisions --- a city, county, or city and county shall: (a) refrain from imposing criteria for design -- or improvements -- for the purpose of rendering infeasible the development of housing for any and all economic segments of the community --- (and) --- (b) consider the effect of ordinances adopted and actions taken by it with respect to the housing needs of the region ---."