

## **What Happened to Placer County's Inclusionary Housing Ordinance?**

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In March 2005, the Placer County Planning Department released a sixth draft of an Inclusionary Housing Ordinance which put 100% of the cost of producing affordable housing on the building industry. Because of continuing strenuous objections from the Building Industry Association (BIA), Placer CABPRO, Placer County Association of Realtors, and others, the Board of Supervisors tabled review of the 6<sup>th</sup> draft. Instead, the County formed an Affordable Housing Stakeholders Group ("Group") consisting of affordable housing advocates, market-rate builders, real estate and landowner representatives, and the County. The County hired a facilitator from the Center for Collaborative Policy (a joint program of California State University Sacramento and University of the Pacific's McGeorge School of Law) to develop agreement among the Group on how the County might proceed with affordable housing associated with new construction. Acting on behalf of CABPRO, the Law Offices of Brigit S. Barnes & Associates, Inc. continues to participate in this process.

This effort applies to affordable housing in the infill areas of unincorporated Placer County (below 5,000 feet) only, because the County determined that affordable housing in the Specific Plan areas will be handled separately. (The greatest opportunities for zoning suitable sites are in county areas surrounding existing cities, which is one of the many reasons we oppose a 56,000 acre PCCP in Western Placer County.)

The Group's focus is on areas of agreement among the participants after 12 months of meetings, a consensus amazingly, is being forged between affordable housing advocates, affordable housing builders, market-rate builders, and CABPRO. The County has completely failed to implement state law regarding its obligations to plan and zone land adjacent to existing infrastructure so that nonprofit and affordable housing builders can produce any affordable housing. Given that Placer County's Planning Commission is presently considering a wholesale rewrite of the Zoning Ordinance, now is the time to fix this significant deficiency. The second glaring County failure has been staff's inability to prepare policies for fee deferrals, density bonuses, and other incentives which will be essential to reduce the high cost of development in Placer County so that homes can be delivered to the low- and moderate-income market. Until the County responds to these essential items, future progress toward meeting the ten-percent SACOG goal will be delayed.

Rather than simply pursue rigid regulatory requirements, the Group has emphasized the need for incentives and spreading the cost burden as broadly as possible. Since the shortage in housing is the cause of higher housing costs, it is a societal problem. The Group has collectively agreed that the burden should not be shouldered solely by the developer/builder. Traditionally, added costs of providing affordable housing have resulted in reduced purchase prices to landowners for the land and higher purchase prices to the market-rate buyers – further impacting the supply of housing. Interfering with the market by punishing landowners and builders is not acceptable.

Flexibility for the development community is a key aspect of the approach to accommodate varying circumstances as to how the affordable housing component of a new development is met and what the income mix will be, as well as certainty and timeliness in processing the affordable housing units (what builders/developers can expect from the County). In other words, the ability of developers/builders to produce affordable housing should be conditioned upon performance by the County as well – each has obligations to make the approach successful. If the County fails to meet timeframes, incentives, funding, commitments, etc., the builders' obligations will be remitted in some fashion.

## **Specific concepts the Stakeholders' Group is considering include:**

### Menu of Options

To achieve flexibility and feasibility, a preliminary menu of options for the affordable housing component is being considered so that the developer/builder will be able to meet the varying circumstances presented by each particular development. Options, which may be alone or in combination, include: building the units on and off site; dedication of land on and off site; in-lieu fees; affordable housing transfer credits; alternative housing types; and conversion/redevelopment.

### Incentives

County Incentive programs, limiting regulatory constraints, and other relief options may reduce the financial impact of producing affordable housing. Existing programs called for by the General Plan need to be implemented by the County. Recently enacted California legislation requires the County to offer density bonuses, incentives, and concessions to induce developers to build affordable housing voluntarily. Additionally, the Placer County Housing Element (2000-2007) includes numerous "current programs" that should be implemented by the County, but such programs have never been developed. These programs include, but are not limited to: permit streamlining and highest priority in the development review process; partnering with nonprofits and for-profits for development of affordable housing; amending the zoning ordinance to allow more flexibility and relaxation of certain development standards; providing density bonuses, providing waivers of 50 percent of the application processing fees; developing a housing trust fund; County obtaining grants for state and federal monies; rezoning parcels to multi-family residential to create a surplus of land for high-density residential development, etc.

The Group has also discussed, and Placer CABPRO supports, a "by-right scenario" whereby when a developer/builder proposes a project that meets the County zoning requirements (no variances) and the affordable housing component, as well as environmental requirements, the project can proceed without County discretionary action.

### Target Income Mix

The lower the income targeted for the affordable housing, the higher the cost differential between the affordable and market rate unit. Therefore, the Group is considering an innovative sliding scale of targeted incomes with preset options and incentives. The idea is that the lower the income group targeted, the lower the required percentage of affordable housing, and the greater the incentives. Although still conceptual, it attempts to provide flexibility and tie the lower income level housing to greater incentives for the developer/builder.

The Group hopes to come forward with a workable concept for the Board of Supervisors to consider, probably by this summer. The exciting part is fashioning an innovative program through agreement by the Group that relies on conditions and obligations by the County, affordable housing advocates, and developer/builders that have consequences if not met; a program that seeks to spread the costs so that responsibility is equitable for assuring compliance and that does not drive up the cost of surrounding housing to "swallow" the negative impact of compliance on the builder.