



# CEQA AND HOUSING PRODUCTION

2018 Survey of California Cities & Counties

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# Executive Summary

California is facing a severe housing shortage. According to a study by the State Legislative Analyst's Office (LAO), *California's High Housing Costs*, far less housing has been built in California than people demand, which has led to soaring rents and home prices. The LAO estimates in addition to the 100,000 to 140,00 housing units California is expected to build each year, another 100,000 additional units would need to be added to make an impact on housing costs. As a result, policymakers have been calling for decisive changes to a broad range of policies to support production.

In recent years, there has been much debate around the California Environmental Quality Act (CEQA). Some developers, policymakers, and legislators have called for reform, believing that CEQA has negative cost and timing impacts on market-rate and affordable housing production. However, CEQA supporters maintain that it is critical to analyze and mitigate environmental impacts associated with housing development. In this debate, there has been little empirical evidence about how CEQA affects production and the degree to which environmental review serves as an unnecessary constraint to expanding housing supply. The lack of data leaves CEQA open to calls for "reform," which in turn may not produce meaningful results, and/or cause unintended consequences such as a decline in environmental quality. To date, no comprehensive data about CEQA review methods including use of exemptions and streamlining options has been published.

The Association of Environmental Professionals (AEP), a statewide resource representing environmental professionals, commissioned this study to answer the following questions:

- How does CEQA review affect overall housing production for both market-rate and affordable units in California?
- Are available streamlining/exemption methods being used?
- How does CEQA review affect the timing of housing project approvals?
- How could CEQA be further refined to increase both market-rate and affordable housing production?

## Study Methodology

Data on how cities and counties process CEQA housing applications is not readily available because most jurisdictions do not track this comprehensively, nor are they required to report this information. The only way to collect this data is to directly survey local jurisdictions.

For this study, a survey was distributed to every city and county in California, totaling 483 cities and 58 counties.<sup>1</sup> Forty-six jurisdictions responded, equivalent to a 9% response rate. The respondent jurisdictions included 7 of the 10 largest cities in the state, but also covered a wide swath, including coastal and inland cities, rural and urban, large and small, with varying levels of development activity and economic conditions. In total, cities and counties responding to this survey represented about one-third of the state's population, or 12.4 million residents. Significantly, these jurisdictions accounted for 40 percent of all residential building permits issued in California since 2010, and more impressively, 54 percent of all residential building permits issued for housing projects with five or more units since 2010. This sample represents the largest inventory of housing project applications and associated CEQA review published to date and is potentially significant because it reveals how CEQA is being applied to housing projects in places advancing housing production.

Respondents were asked to count the number of housing projects of five or more units subject to environmental review between 2015 and 2017 and classify them by the type of review that was utilized. Respondents were also asked to provide unit counts by review type and differentiate between market-rate and affordable units. The survey also inquired about average times to complete different environmental reviews, how many jurisdictions had plans in place to allow for tiering under Community or Specific Plans, and data on project withdrawals.<sup>2</sup> Finally, the survey closed with opinion questions about how CEQA could be modified and other policy suggestions to boost housing production.

## Summary of Findings

This survey sample provided comprehensive data on all projects of 5+ units in their jurisdiction under CEQA review between 2015 and 2017. This included a total of 1,417 housing projects with 5+ units, which in turn contained a total of 144,111 housing units. Of the total, 15,115 housing units (10% of the survey inventory) were categorized as affordable units. The data collected for this study represents the largest inventory of housing projects and units subject to CEQA review ever published.

Major survey findings include:

- **Streamlining/Exemptions was the predominant type of environmental review used for housing projects in respondent jurisdictions (42% of projects)**, followed by Mitigated Negative Declarations (36% of projects). Only 6% of projects were reviewed by EIRs.

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<sup>1</sup> Cities and counties that did not complete the survey cited a lack of resources in collecting data as the main obstacle to responding.

<sup>2</sup> Data for this study was self-reported by each jurisdiction's staff. Data was not independently verified. However, the report authors reviewed all survey responses for mathematical accuracy and discussed discrepancies with respondents to clarify reporting.

- The most frequently used streamlining exemptions were Infill Exemptions, which accounted for 26% of housing projects.
  - Tiering from Specific or Community Plans captured 14% of housing projects.
  - The Affordable Housing and Transit exemptions were only modestly utilized.
- **EIRs were generally reserved for large projects with potentially the greatest environmental impacts on a community.** The average size of projects that completed EIRs was 426 units, compared to an average project size of 91 units for MNDs, 119 units for projects tiering off a Specific or Community Plan, and 37 units for the Infill exemption.
- **While most jurisdictions reported having at least one adopted Specific Plan to facilitate tiered environmental review, more can be done to support tiered CEQA review for housing production.** Of the 46 jurisdictions responding to this question, 27 jurisdictions reported having adopted one or more Specific or Community Plans that permitted tiering, but there was a substantial range in terms of the quantity of units in these plans compared to General Plan residential build-out estimates. Half of respondents reported their Specific Plans usable for tiering encompassed over half of their General Plan residential buildout, while the other half reported significantly less overlap. This finding underscores the need for more state and regional funding to expand specific planning to support this process.
- **Affordable units benefited from Streamlining/Other Exemptions to a greater extent than market-rate units, and most were reviewed by tiering from Specific Plans or using the Infill Exemption.** Just a very small number, 387 of the 15,115 affordable units in the sample, were reviewed using the Affordable Housing Exemption. Some cities attributed this to excessive requirements limiting the number of projects that qualify for the Affordable Housing Exemption, while others cited political pressure to conduct full EIRs even if other methods could have applied. A comparison of CEQA review by market-rate versus affordable units indicates that a slightly higher proportion of affordable units (28%) were subject to EIR review compared to market-rate units (23%).
- **Interestingly, CEQA review utilizing full EIRs was proportionately more common in above-average housing production communities, despite the perception that EIRs discourage housing production compared to other CEQA review methods.** Above-average production locations also appear to rely more heavily on Mitigated Negative Declarations than below-average locations, while the below-average production locations relied more heavily on streamlining. For definitions of above- and below-average production cities, see Production Index in Chapter 2.
- **The time frames for CEQA review (as reported) are relatively limited; the average time to complete a Negative Declaration was 6 months, followed by 8 months for MNDs, 15 months for EIRs, and 6 months for projects using Streamlining/Exemptions.** It should be noted that these are estimated (and reported) averages. A follow-up study of statistically-

weighted sample projects across California is needed to quantify and verify this much-debated issue.

- **The perceived causal relationship between CEQA review and frequent project withdrawals may be significantly overstated.** Some policy observers have cited withdrawal of projects during CEQA review as a signal that CEQA discourages project applicants to the point of ceasing the process of housing development. Respondents were asked about the number of projects and units withdrawn between 2015 and 2017 and reasons for withdrawal. In total, there were 51 project withdrawals covering 3,706 units, equivalent to withdrawal rate of just 2.8 % of total units in the survey sample. These data suggest that the anecdotes about CEQA causing project withdrawal, while potentially accurate for a singular high-profile project, do not represent an overall discernable pattern. Respondents were also asked to assign percentages to a list of withdrawal reasons generally related to their jurisdiction’s experience. A small fraction of withdrawals was due to unavoidable environmental impacts (2%). The largest category of withdrawal were applicant-related such as bankruptcy or change in a project’s characteristics (50% attributed to developer-related changes).
- **The top 3 factors affecting market-rate housing production cited by respondents for their jurisdiction were high development costs, non-CEQA related neighborhood opposition, and lack of available sites.** CEQA review was selected just 4 times out of the 112 responses received.<sup>3</sup>
- **For factors affecting affordable housing production, the most frequently selected factors were lack of financing, high development costs, and loss of redevelopment agencies.** For affordable housing, CEQA review was attributed just 2 times out of 124 selections.
- **Comments from most respondents (17 out of 30 responses to this item) suggested that CEQA did not constrain housing in their jurisdiction.** Four other respondents had mixed opinions, citing CEQA mixed with other development challenges and general political and resident concern. Nine respondents felt that CEQA constrained housing development in their community, with comments generally stating that CEQA added time and/or cost to the approval process. These opinions about CEQA and housing production did not seem to vary by the jurisdiction’s Production Index rating (see Production Index in Chapter 2). In fact, 11 of the 17 respondents that felt that CEQA did not impact housing production in their city or county were working in “below average production” jurisdictions, suggesting that other factors were impacting production in substantial ways.

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<sup>3</sup> While CEQA review can surface opposition to a project, many other layers of approval heard in public can also engender opposition. The survey question offered a multiple-choice list of answers, including a specific choice about CEQA related opposition, and another choice specifically about non-CEQA related opposition. See Appendix B Question 11 for the question.

## **Suggestions to Improve CEQA for Increased Housing Production**

The survey also queried about key changes that could be made to CEQA to further support housing production. Detailed responses to this question are shown in the body of this report, and are summarized below:

- **Modify CEQA**, including expanding infill and affordable housing exemptions, adding more categorical exemptions for certain housing projects, creating more streamlining exemptions, simplifying analysis for smaller projects, and limiting timelines for appeals.
- **Improve Implementation**, including a statewide CEQA Roadshow for training and technical assistance, promoting greater use of exemptions, provide more funding for Specific Plans to facilitate streamlining, and eliminating Level of Service (LOS) from CEQA guidelines.
- **Simplify Litigation Processes**, including creating a dedicated system of judges who work exclusively on CEQA, expediting litigation, and lowering the legal standard of review for a defensible document from fair argument to substantial evidence. This category of suggestions also included requiring project opponents to disclose sources of funding and shifting burden of court fees so loser pays.

## ***Other Methods to Increase Housing Production (outside of CEQA)***

Finally, survey respondents provided suggestions for other ways to boost housing production. Detailed responses are included in the body of this report, and are summarized below (with enumerated frequency of same suggestion):

- **Frequent responses** - bring back Redevelopment (12), streamline entitlement process/create administrative approvals with codified standards (9), and improve subsidies for affordable housing (6).
- **Less frequent responses** - reduce non-CEQA regulations (3), lower impact fees (3), actively involve community participation/combat misperceptions (3), fund specific plans (2), and find ways to lower construction costs (2). In addition, the following received 1 mention each: up-zone for housing, expand rent stabilization/just cause eviction protections statewide, establish state oversight (HCD) of local inclusionary ordinances to prevent abuses, zone appropriately for housing, make housing projects - regardless of size - by right in residential zones, eliminate Proposition 13, invest in infrastructure, develop adaptive reuse ordinances, give jurisdictions the ability to assemble parcels, and expand state tax credits.

## **Next Steps**

This study presents empirical results about how California cities and counties review housing applications through CEQA, and provide a large set of data about how various methods of review are being used. It is time consuming and challenging to collect this data independently and after-the-fact; it is strongly recommended that the State of California require a single online reporting mechanism to track how every housing application for new development is reviewed, as well as the timing of each major step in the review process. Such a mandatory reporting mechanism would enable statewide analysis of the efficacy of expanding exemptions and streamlining processes, allowing for further process modifications.

In addition, it is important to note that this study does not fully answer the question of how can CEQA implementation be improved while still maintaining a consistent system of analysis, identification, and mitigation of environmental impacts to maintain our statewide environmental goals. More analysis needs to be done to understand CEQA's impact at the project level and specifically, what other factors may be contributing to California's insufficient levels of new housing production. For example, an in-depth case study of a sampling of housing project applications, statistically weighted to reflect size, density, and location, could yield a deeper understanding of CEQA and non-CEQA related development challenges across the state. This type of case study, based on a set of unbiased sampling techniques, should also include documenting the applicant's story, so that cost and timing factors attributable to CEQA vs. other pre-development conditions can be better and more thoroughly understood in a way that moves beyond the worst-case headlines.



# I. Introduction

## Study Purpose

In the past few years, there has been much debate around possible substantial CEQA reform to support increased housing production in California. Some developers, policymakers and legislators in California believe that CEQA has negative cost and timing impacts on both market-rate and affordable housing production, at a time when increased housing supply is so critically needed. Other CEQA supporters believe that it is critical to assess and mitigate environmental impacts of housing projects. There is very little empirical data regarding if and how CEQA might affect housing production, and the degree to which environmental review serves as an unnecessary constraint to expanding housing supply. The lack of data leaves CEQA open to calls for “reform,” which in turn may not produce measurable results, and/or cause unintended consequences such as a decline in environmental quality. The Association of Environmental Professionals (AEP), as a statewide resource representing the environmental professional community, commissioned this study to build out better information on this topic.

## CEQA’s Historical Relationship to Housing Production

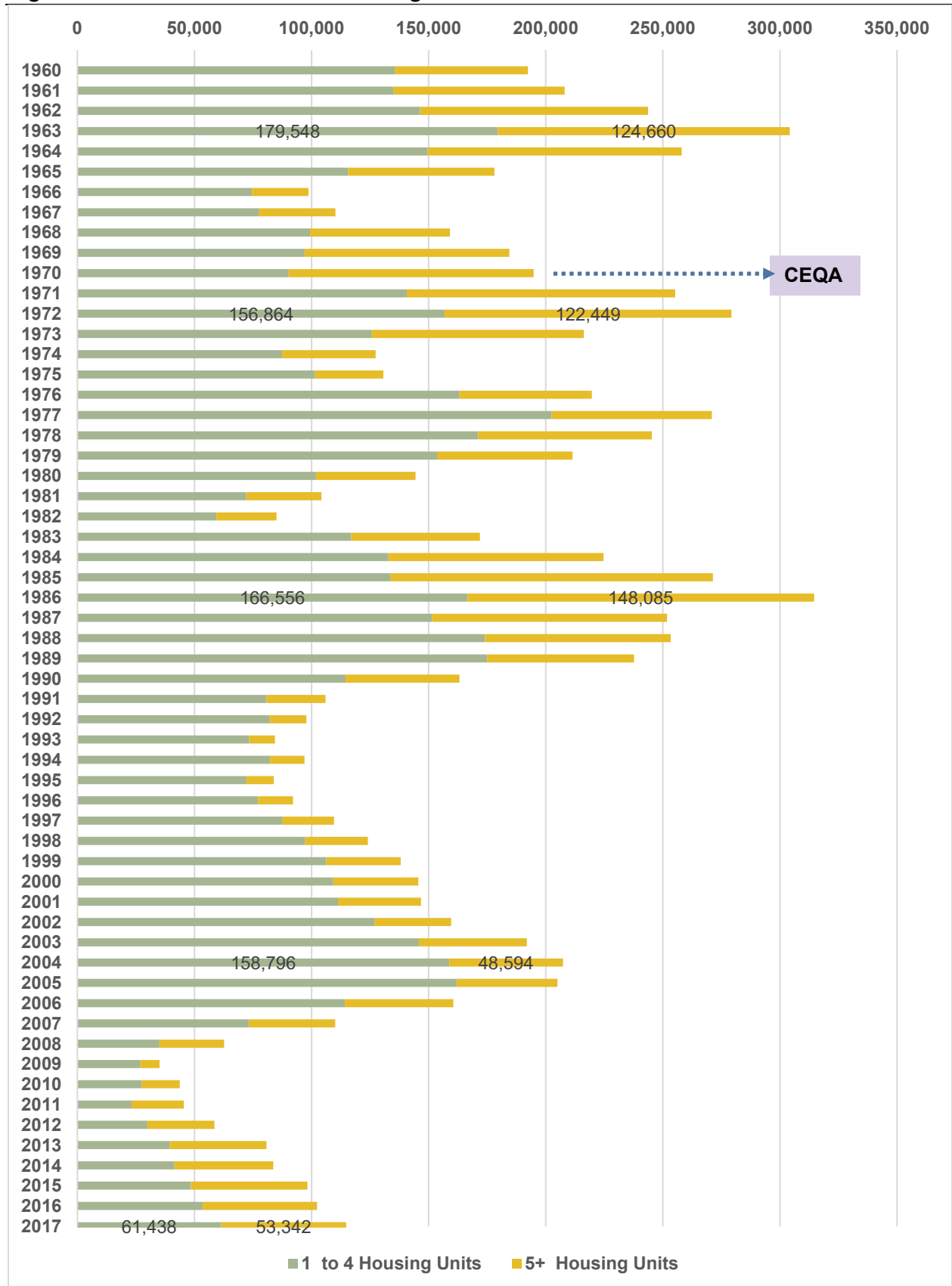
CEQA became state law in 1970, almost five decades ago. The chart on the following page (with detailed data table in Appendix A), traces residential building permit trends from 1960 -10 years prior to CEQA adoption - through 2017. The chart illustrates the profoundly cyclical nature of housing production in California, as well as the overall decline in absolute numbers of units produced at the peak of each cycle.

The early 1960s housing boom peaked in 1963, when 304,200 units were permitted. By 1972, two years after CEQA was implemented, the next peak was reached, with 279,300 housing units permitted. The 1980s created a robust cycle, so that by 1986, a full 16 years after CEQA was implemented, over 314,000 housing units were permitted. That year – 1986 - was the highest level of housing production for the entire 57-year period. The peak year for the next real estate cycle occurred in 2004, when 205,000 units were permitted, a substantial drop from the heights of 1986. After 2004, production declined through the Great Recession, then started to recover again in 2010. Recovery has continued through 2017, but at significantly lower levels than previous cycles, with just 115,000 housing units permitted in 2017. In sum, California has not been producing enough new housing; the State Legislative Analyst’s Office (LAO) estimated in 2015 that California needs to produce an average of 210,000 units per year or more to limit price rises to national averages.<sup>4</sup>

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<sup>4</sup> *California’s High Housing Costs Causes and Consequences*, Legislative Analyst’s Office, 2015.

**Figure 1: California Residential Building Permits 1960-2017**



Source: US Census Building Permits Survey. See Appendix A for data.

## Summary of Recent Studies

Two recent studies completed within the past 12 months indicate that CEQA does not directly impact housing production in the ways that some experts have asserted. These two studies are summarized below:

**California Environmental Quality Act (CEQA) Survey** (*Senate Environmental Quality Committee, October 2017*). This study focuses exclusively on litigation rates for all projects undergoing CEQA review (e.g., commercial, residential, infrastructure, and other types of projects subject to CEQA). The study covers the years of FY 2011/12 to FY 2015/16, surveying 94 state agencies (for public projects), and all cities and counties in California. Of the state agencies, 47 served as lead agency at least once during the period. Very low litigation rates on CEQA review led by state agencies were observed. For the cities and counties surveyed, only 33 out of 480 governments responded.<sup>5</sup> The respondents included 19 local governments with less than 50,000 population, 6 with 50,000 to 100,000 population, 4 between 100,000 and 300,000, 3 between 300,000 and 500,000, and one city with more than 500,000 but less than 1,000,000 in population (thus excluding San Jose and Los Angeles). None of the responding cities or counties were identified in the study. Again, the litigation rates on CEQA actions were observed as very low.

It is important to note that this study does not describe data related directly to housing projects; its point of view is focused primarily on litigation rates for all projects subject to CEQA.

**Getting it Right: Examining the Local Land Use Entitlement Process in California to Inform Policy and Process** (*Center for Law, Energy & Environment, UC Berkeley Law, February 2018*). This study closely aligns with AEP's study focus; it seeks to examine CEQA's impact on housing production. For the report, researchers at the Center for Law, Energy & Environment (CLEE), along with other research Institutes housed at UC Berkeley and Columbia University, analyzed housing project applications for five northern California cities (e.g., San Francisco, Oakland, San Jose, Redwood City, and Palo Alto). Projects analyzed by the research were limited to those with five units or more and under city review during the 2014 – 2016 period. The number of housing units proposed by the analyzed applications exceeded 27,600 units, with the majority located in San Francisco or San Jose. The study included 29 interviews with city staff, consultants, community organizations, and applicants active in the five cities.

The key finding of this study is that while streamlined CEQA review is often used for housing projects, each city also uses other discretionary land use review of various types, and that these review processes were the main driver of approval time frames. In other words, CEQA review

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<sup>5</sup>Authors worked with League of California Cities to conduct the local government survey.

was not the primary obstacle to entitlement; more than 18,000 of the 27,600 housing units analyzed had either project-based or tiering-based CEQA exemptions. Instead, the researchers found that different land use entitlement processes across the cities, and sometimes uneven interpretations of the same regulation within a city applied to different projects, were the main drivers of project delay.

## **Study Methodology**

Despite assertions in statewide policy documents that contemporary CEQA review is a major constraint on new housing production, no comprehensive data about CEQA review methods including use of exemptions and streamlining options has been published.

This study was formulated to address the following research questions:

- How does CEQA review affect overall housing production for both market-rate and affordable units in California?
- Are available streamlining/exemption methods being used?
- How does CEQA review affect the timing of housing project approvals?
- How could CEQA be further refined to increase both market-rate and affordable housing production?

Obtaining sufficient data to empirically analyze and answer the above questions is challenging; some cities and counties in California have robust databases of housing project applications, type and status of CEQA review (and other project review processes), and outcomes for each project application. Other jurisdictions do not keep robust databases this way, while still others may have data maintained in multiple databases across several departments or divisions.<sup>6</sup>

To analyze how CEQA impacts housing production in California, therefore, requires extensive data collection. For this report, this meant conducting a survey of every city and county in California. The following survey methodology was used:

- The survey was formulated by The Housing Workshop and reviewed by AEP's Legislative Subcommittee (see list of members in Appendix C). The survey was also pre-tested by several staff members at the City of San Francisco and revised based on their input. The survey instrument is provided in Appendix B of this report.
- The survey was posted online, with an email invitation containing the survey link sent to one staff member of each of the 541 cities and counties in California. Target recipients

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<sup>6</sup> This study relies on data that was self-reported by each responding jurisdiction. Data provided was not independently verified. However, the report authors reviewed all survey responses for mathematical accuracy and discussed discrepancies with respondents to clarify reporting.

were a combination of AEP members working as staff in the public sector (which represents roughly 115 of the 541 jurisdictions), supplemented by compilation of a contact list through internet website research to identify the likely staff person responsible for environmental review.

- Email invitations were sent in March 2018 followed by a reminder email invitation in April 2018, and a second reminder email in early May 2018 to the full list of 541 jurisdictions.
- To boost participation further, The Housing Workshop then directly contacted (by phone or email or both), the top 50 largest cities plus about 20 other rapidly developing jurisdictions, multiple times over the following two months. The Housing Workshop also conducted follow up with respondents, some of whom were not able to initially provide all information requested but were interested in participating. The Housing Workshop also directly sorted and cleaned raw databases for two jurisdictions who did have the data but lacked the staff capacity in-house to query databases. This data support provided by the report authors was then reviewed and verified by each of the two cities.

## **Report Organization**

The following report presents an overview of jurisdictions responding to the survey in Chapter 2, the survey data and related findings in Chapter 3, a summary of “opinion” questions in Chapter 4, and suggestions for further research in Chapter 5. Appendix A provides additional detailed data tables, Appendix B presents the survey instrument, and Appendix C describes the consultant team.

## 2. Overview of Survey Respondents

### Summary of Respondents

A total of 46 jurisdictions responded to the survey described in the previous chapter, including numerous medium and large cities in California. The strong response created the largest inventory of housing project applications and associated CEQA review published to date.

In total, respondent cities and counties encompassed 12.4 million residents (2018), or 31.2 percent of total state population. More significantly, since housing production does not occur evenly throughout the state, the responding jurisdictions accounted for 40.3 percent of all residential building permits issued in California since 2010, and most impressively, responding jurisdictions encompassed 54.4 percent of all residential building permits issued for 5+ unit projects since 2010. Thus, the survey responses represent jurisdictions responsible for well over half of all housing units subject to CEQA review in California in recent years.<sup>7 8</sup>

**Table 1: Summary of Survey Respondents**

	Survey Respondents	Balance of CA	Total For CA	Respondents Share of CA
<b>Number of Jurisdictions</b>	46	495	541	8.5%
<b>Population 2018</b>	12,410,047	27,399,646	39,809,693	31.2%
<b>Housing Unit Permits 2010-2017</b>				
Single Family Units	77,985	226,492	304,477	25.6%
Projects with 2-4 Units	9,970	10,280	20,250	49.2%
Projects with 5+ Units	164,751	137,975	302,726	<b>54.4%</b>
<b>Total Permits</b>	252,706	374,747	627,453	40.3%

Sources: Population from CA Dept. of Finance, Housing Permits from US Census Bureau; The Housing Workshop; 2018.

<sup>7</sup> It should be noted that because CEQA review methods are somewhat discretionary among jurisdictions, it is possible that specific non-responding jurisdictions could have a differing review pattern.

<sup>8</sup> The authors of this report would like to acknowledge one major California city that was not able to participate in the quantitative portions of the survey (City of San Diego). Despite concerted efforts to organize its data, the timing of the City staff efforts extended past the time period available to complete this study's data collection phase. City of San Diego staff did provide answers to the "opinion" questions in the survey. San Diego is not counted in the metrics described herein about coverage of state population or permit activity.

The list of all city and county respondents is shown below, grouped by population size category as shown. It is important to note that survey respondents included 7 of the top 10 largest cities in California (Los Angeles, San Jose, San Francisco, Sacramento Long Beach, and Anaheim).

**Table 2: Respondent Jurisdictions by Population**

<u>Population &gt; 250,000</u>	<u>Population 100,000 - 250,000</u>	<u>Population &lt; 100,000</u>
City of Anaheim*	City of Corona	City of American Canyon
City of Bakersfield*	City of Elk Grove	City of Benicia
City of Irvine	City of Fremont	City of Chico
City of Long Beach*	City of Fontana	City of Chino
City of Los Angeles*	City of Modesto	City of Dinuba
City of Riverside	City of Moreno Valley	City of Foster City
City of Sacramento*	City of Oxnard	City of La Habra
City and County of San Francisco*	City of Richmond	City of Livermore
City of San Jose*	City of Roseville	City of Los Altos Hills
	City of Salinas	City of Loyalton
County of San Diego	City of Santa Clara	City of Merced, CA
	City of Santa Clarita	City of Monterey
	City of Santa Rosa	City of Mountain View
		City of Napa
	County of Santa Barbara	City of Pleasant Hill
		City of Saint Helena
		City of Santa Barbara
		City of Santa Monica
		Town of Truckee
		City of Watsonville
		City of West Sacramento
		City of Winters

\* one of 10 largest cities in California

Source: The Housing Workshop, 2018.

It is important to again emphasize that this list of respondents covers jurisdictions in which well over half of all relevant housing production in California occurred for the 2010-2017 period. While cities and counties that did not respond to the survey may have local variations regarding how housing project applications are reviewed under CEQA, this sample is adequate to describe how housing projects are reviewed statewide.<sup>9</sup>

<sup>9</sup> Cities and counties that did not complete the survey cited a lack of staff resources to compile data or query databases as the main obstacles to responding.

## Housing Production Index

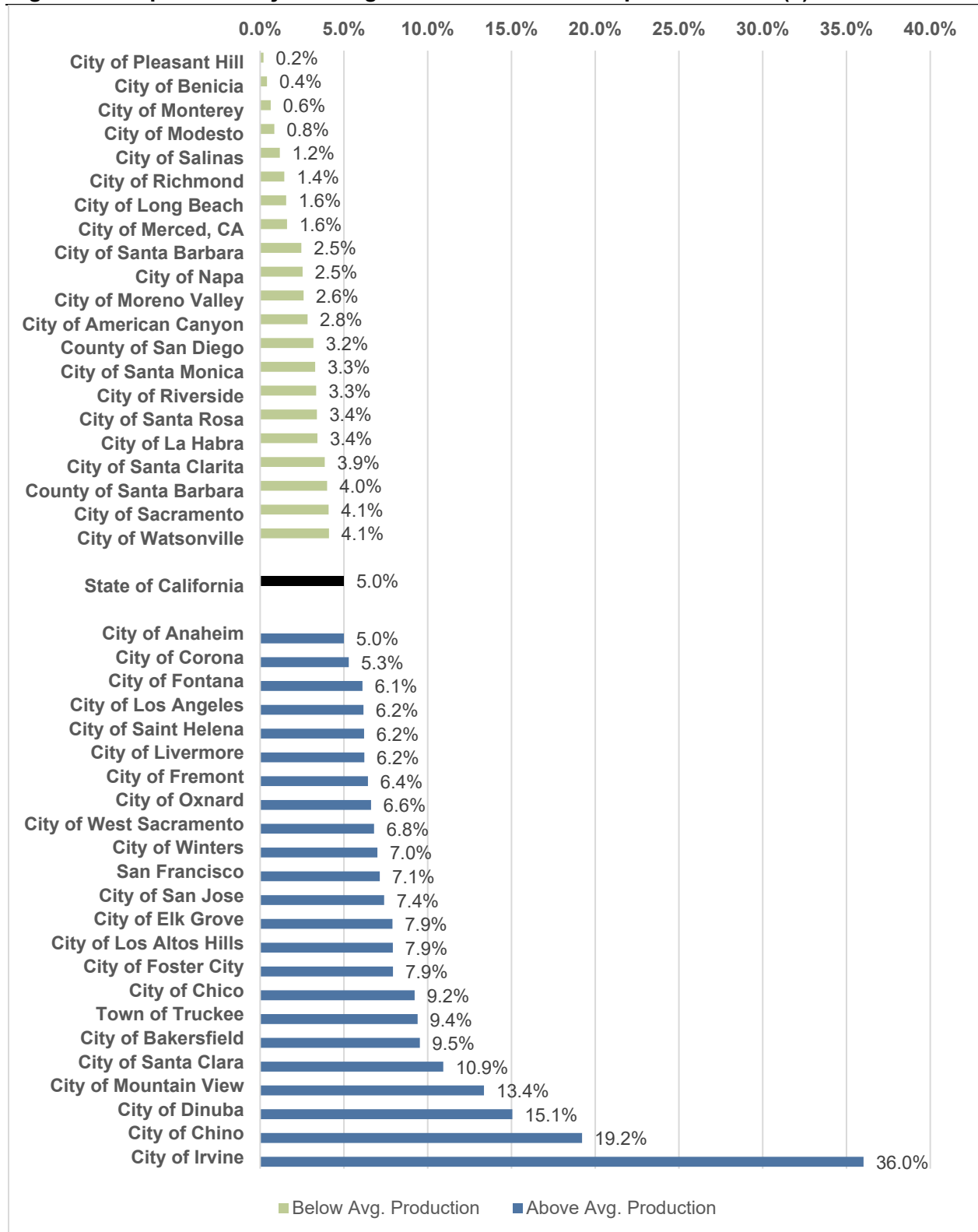
In California, not every jurisdiction experiences housing development at the same pace: some cities and counties add housing units in greater magnitude than others at any given point in time, due to a range of factors such as the strength of the underlying economy, available land supply, strong local demand, local policies favoring growth, etc. To measure this aspect of each respondent's housing unit growth, each respondent was analyzed and ranked regarding its relative housing unit growth relative to the state average overall. The metric used, called the "housing production index," compares the number of new housing units permitted between 2010 and 2017 to the 2010 baseline number of existing households (which is equivalent to occupied housing units). This approach factors out vacant standing inventory of housing units. Expressed as a percentage (residential building permits issued between 2010 and 2017 as a percent of baseline 2010 households), each jurisdiction was then compared to the State of California's overall housing production level of 5.0 percent (number of residential permits issued statewide between 2010 and 2017 as a percent of baseline state households in 2010). Those jurisdictions with a lower production index than the State, were deemed "below-average production" jurisdictions, and those above the State level were deemed "above-average production."

The figure on the next page shows the survey respondents' housing production index and corresponding categorizations related to housing unit production. Production indices ranged from a low of 0.2 percent (City of Pleasant Hill), to 36.0 percent (City of Irvine). Respondent communities are generally well-distributed between below-average (22 jurisdictions) and above-average production (24 jurisdictions).

This categorization by housing production relative to the State of California is utilized later in this report, as one way to explore CEQA review for housing projects.



**Figure 2: Respondents by Housing Production Index Compared to State (a)**



a) Respondents ranked on "production" measured by number of residential building permits issued for 2010-2017 period per 2010 households, compared to State of California average.

# 3. Survey Results

## CEQA Review of Housing Projects and Units

The table below summarizes the survey results regarding respondent jurisdictions' methods of CEQA review for all 5+ unit housing project applications received between 2015 and 2017. As shown, the survey covers 1,417 projects containing 144,111 housing units.

**Table 3: Survey Data for All 5+ Housing Project Applications 2015-2017**

	All Projects		All Units		Average Project Size.
	Number	Percent	Number	Percent	
<b>EIR</b>	79	5.6%	33,651	23.4%	426
<b>Mitigated Negative Declaration</b>	508	35.9%	46,162	32.0%	91
<b>Negative Declaration</b>	12	0.8%	1,512	1.0%	126
<b>Categorical Exemption (a)</b>	126	8.9%	6,024	4.2%	48
<b>Statutory Exemption (b)</b>	5	0.4%	180	0.1%	36
<b>Streamlining and Other Exemptions</b>	600	42.3%	39,603	27.5%	66
<i>Tiering from Specific or Community Plans (c)</i>	195	13.8%	23,227	16.1%	119
<i>Affordable Housing Exemption (d)</i>	6	0.4%	459	0.3%	77
<i>Infill Exemption (e)</i>	361	25.5%	13,444	9.3%	37
<i>Transit Priority Project Exemption (f)</i>	38	2.7%	2,473	1.7%	65
<b>Other (g)</b>	87	6.1%	16,979	11.8%	195
<b>Total</b>	<b>1,417</b>	<b>100.0%</b>	<b>144,111</b>	<b>100.0%</b>	<b>102</b>

a) CEQA Guidelines §15301-15333

b) CEQA Guidelines §15260-15285

c) CEQA Guidelines §15183 and §15152; Govt Code §65457

d) CA Govt Code §15194

e) CEQA Guidelines §15332 and §15183.3; PRC §21094.5

f) PRC §21155.1

g) "Other" includes addendas to previous EIRs.

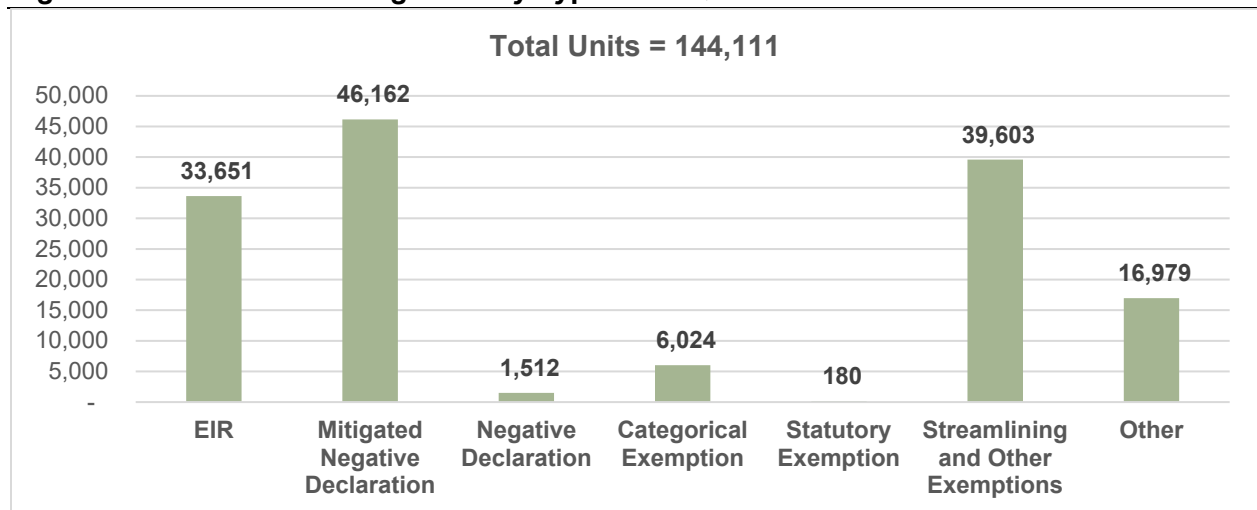
Data collected by online survey + follow up, March - August 2018.

Source: The Housing Workshop, 2018.

### Review by Number of Units

The figure below illustrates the general category of environmental review applied to the total units contained in the survey data. The largest category of environmental review in terms of units was Mitigated Negative Declaration (MND), used to review over 46,000 of the 144,000 units in the sample. The next most-utilized review method was one of the various forms of streamlining allowed through a collection of Government Code sections and CEQA Guidelines. The third largest category, EIR review, covered 33,700 of the units in the sample (just under a quarter of total units). Categorical exemptions and “other” methods (such as EIR addendums), were used less frequently, and Negative Declarations and Statutory Exemptions constituted small components.

**Figure 3: Number of Housing Units by Type of CEQA Review 2015-2017**



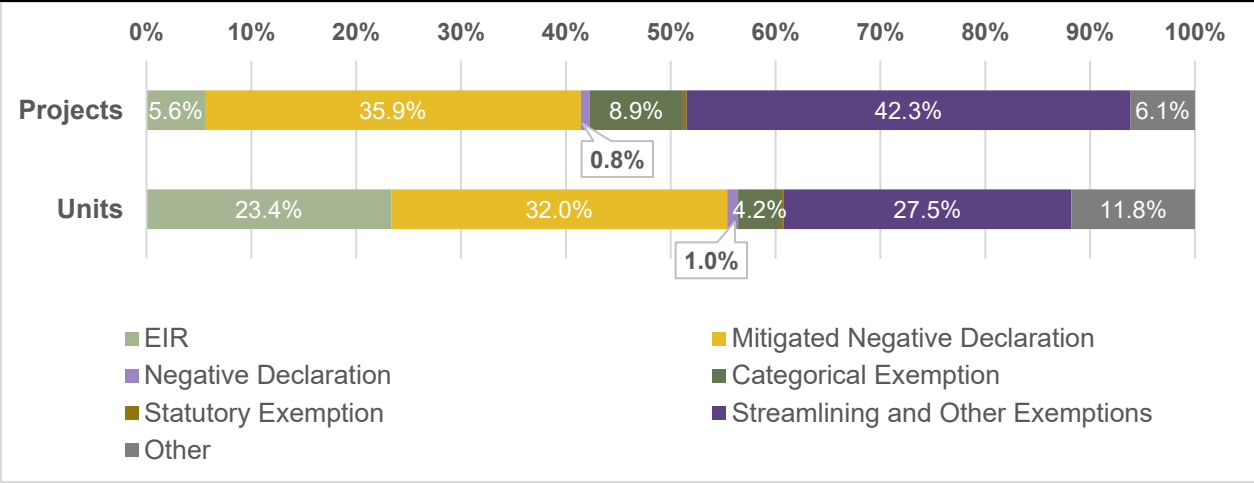
“Streamlining/Other Exemptions” refers to: CP/SP Exemption CEQA Guidelines 15183 and 15152 / Govt Code 65457; Affordable Housing Streamlining Exemption gov Code 15194; Infill Exemption CEQA Guidelines 15332 and 15183.3 / PRC 21094.5; and Transit Priority Project PRC 21155.1. “Other” includes addendums to previous EIRs.  
Source:

The Housing Workshop, 2018.

**Comparison of Type of CEQA Review for Projects and Units**

The figure below compares the categories of review by projects and number of units. As indicated, just 79 projects (5.6 percent of all projects) were reviewed through a full EIR; however, EIRs encompassed 23.4 percent of total units, indicating a 426-unit average project size (see next figure). Mitigated Negative Declarations (MNDs) accounted for 35.9 percent of total projects and 32.0 percent of units, with a smaller average project size of 91 units. Streamlining affected the largest percentage of projects (over 42 percent), but just 27.5 percent of units, indicating a small average project size of 66 units. Negative Declarations occurred infrequently (just one percent of total units). The difference between EIR average project size (426) and Streamlining/MND average project sizes (66 to 91), underscores how EIRs are generally reserved for use for large projects with potentially the greatest environmental impacts in a community.

**Figure 4: Distribution of Projects and Units by Type of CEQA Review**



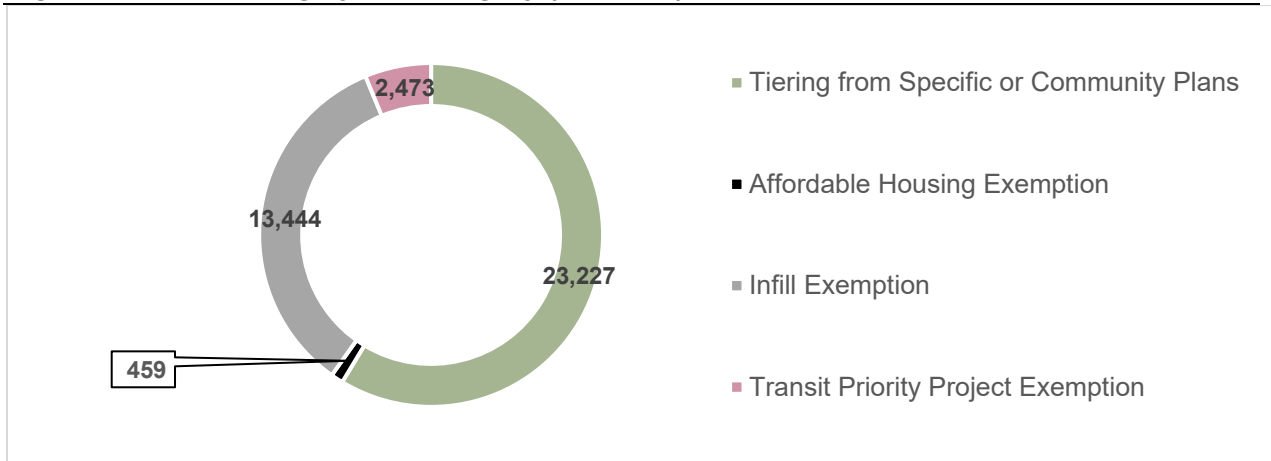
“Streamlining/Other Exemptions” refers to: CP/SP Exemption CEQA Guidelines 15183 and 15152 / Govt Code 65457; Affordable Housing Streamlining Exemption gov Code 15194; Infill Exemption CEQA Guidelines 15332 and 15183.3 / PRC 21094.5; and Transit Priority Project PRC 21155.1. “Other” includes addendums to previous EIRs. Source: The Housing Workshop, 2018.

**Detail for Streamlining/Other Exemptions**

The survey sample data shown in Table 3 indicates a total of 39,600 units in 600 projects that were reviewed by a Streamlining/Other Exemptions method (e.g., Tiering, Affordable Housing Exemption, Infill Exemption, or Transit Priority Project Exemption).

As the figure below indicates, while Tiering and Infill methods covered substantial numbers of units, it is notable that the Affordable Housing and Transit exemptions were only modestly utilized.

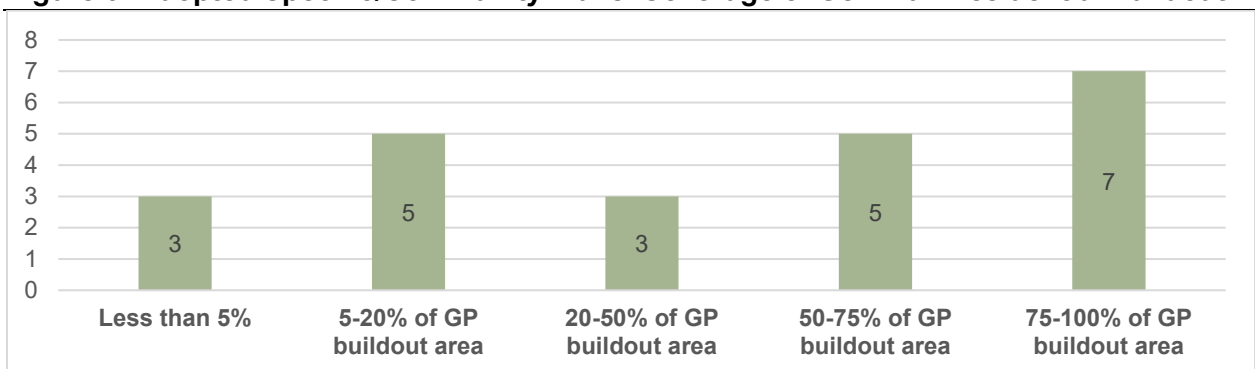
**Figure 5: Streamlining by Subcategory (for Units)**



Note: The 459 Affordable Housing Exemption units include 72 market-rate and 387 affordable units. See Appendix A for detail.

Anticipating that tiering from Specific/Community Plans would be an important streamlining method, the survey asked several follow-up questions including how many Specific Plans/Community Plans had been adopted in the jurisdiction. Of the 46 jurisdictions responding to this question, 27 had one or more such Plans. Of these 27 jurisdictions, the survey asked how much of the jurisdiction’s General Plan residential buildout was covered by Specific/Community Plans needed for tiering. As shown below, the results were mixed, with roughly half of respondents reporting their Specific Plans covered over 50% of their General Plan buildout area, while the other half reported significantly less coverage. This finding underscores the need for continued planning to support tiered CEQA review for housing production in targeted areas; new funding streams from state and regional sources for expanded housing specific planning will support this process.

**Figure 6: Adopted Specific/Community Plans’ Coverage of Gen Plan Residential Buildout**

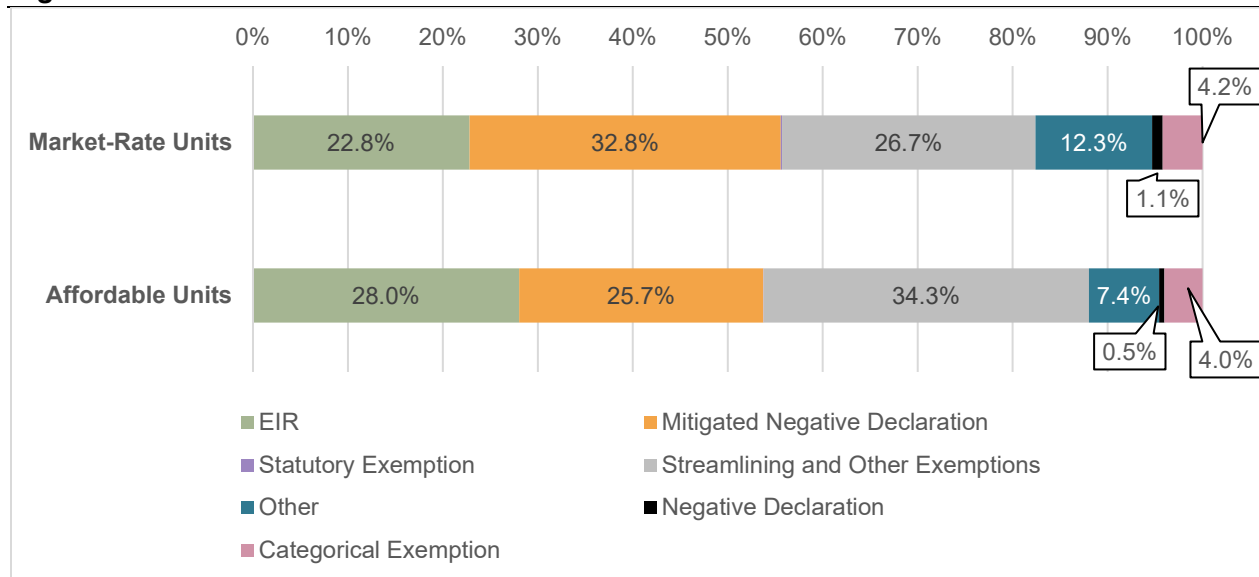


## CEQA Review for Market-Rate vs. Affordable Housing Units

One of the factors that can impact how a housing project is reviewed under CEQA is its status as a market-rate or affordable project. In particular, aside from the Affordable Housing Streamlining Exemption (CA Government Code 15194), which limits eligible projects based on size and location criteria, the analysis for this report explores if affordable housing projects are treated differently than market-rate projects.

As shown below (see detail in Appendix A), a comparison of CEQA review by market-rate versus affordable projects on a unit count basis indicates that the market-rate unit inventory of almost 129,000 units had a smaller proportion subject to EIR review than the proportion of affordable units. This same pattern held in the utilization of Mitigated Negative Declaration (MND, typically a quicker and less costly process than EIRs); a greater proportion of market-rate units than affordable units had the benefit of MND review. However, affordable units benefited from Streamlining/Other Exemptions to a greater extent than market-rate units, but most of these approaches were through tiering from Specific Plans or using the Infill Exemption. Just a very small number, 387 of the 15,115 affordable units in the sample, were reviewed using the Affordable Housing Exemption; this finding is explored in more depth later in this report.<sup>10</sup>

**Figure 7: CEQA Review of Market-Rate and Affordable Units**



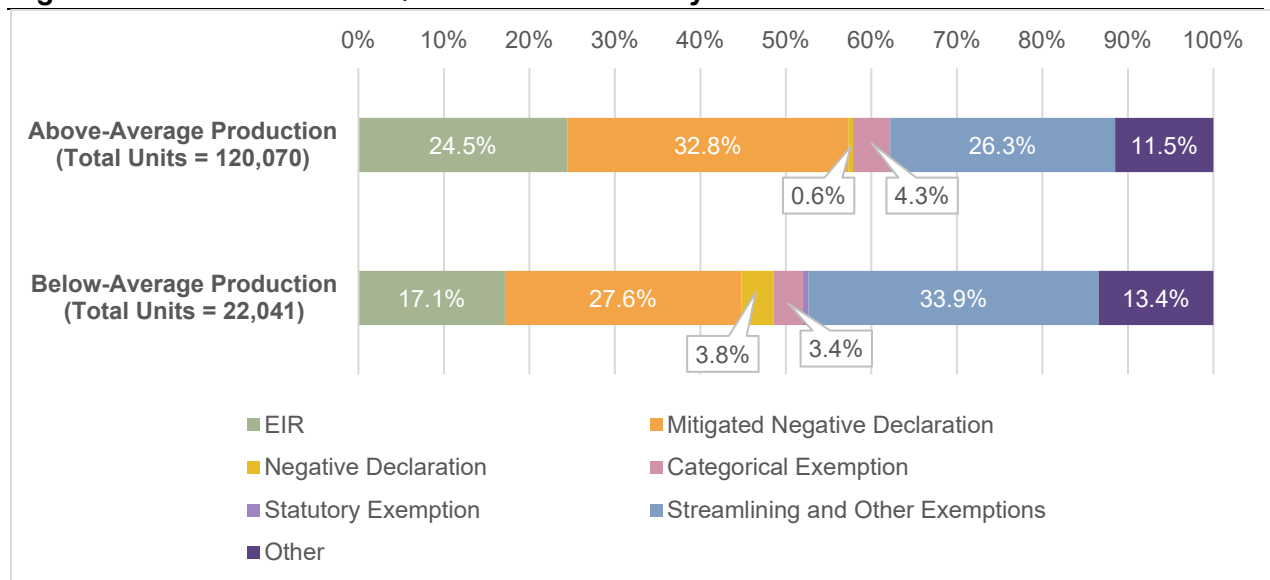
<sup>10</sup> Note that 439 units were reviewed using the Affordable Housing Exemption, including 387 actual affordable units and 42 market-rate units (presumably in eligible projects).

## CEQA Review by Production Index

Another lens through which to consider this data is whether there are differences in the ways above-average jurisdictions process CEQA housing applications compared to lower-production cities. The survey sample tracked 122,070 units located in jurisdictions with an above-average production index, and 22,041 units located in jurisdictions with a below-average production index. The graph below compares the CEQA review methods for the two categories of production.

Interestingly, CEQA review utilizing full EIRs was proportionately more common in above-average production communities, despite the perception that EIRs take longer to complete than other CEQA review methods. Above-average production locations also appear to rely more heavily on Mitigated Negative Declarations than below-average locations, while the below-average production locations relied more heavily on streamlining.

**Figure 8: Distribution of CEQA Review Methods by Production Index**



## Projects Withdrawn from CEQA Review

Some policy observers have cited withdrawal of projects during CEQA review as a signal that CEQA discourages project applicants to the point of ceasing the process of housing development. Survey respondents were asked several questions about the rate of project withdrawal (including units in these withdrawn projects), and reasons for the withdrawal.

The tables below summarize the survey results. As indicated, Los Angeles had a notably high number of reported project withdrawals during the three-year study period and is therefore shown separately for comparison. In total, for all jurisdictions reporting, there were 51 project withdrawals with 3,706 units, or a withdrawal rate of 2.8 percent of total units in the survey sample. These data suggest that the anecdotes about CEQA causing project withdrawal, while possibly accurate for a singular high-profile project, do not represent an overall discernable pattern.

**Table 4: Project Application Withdrawals**

	Los Angeles (a)		All Other Jurisdictions (b)		Total	
	Projects	Units	Projects	Units	Projects	Units
<b>Withdrawn, 2015-2017</b>	30	1,932	21	1,774	51	3,706
<b>Completed CEQA Review 2015-2017</b>	658	45,736	697	88,525	1,355	134,261
<b>Withdrawal Rate</b>	4.6%	4.2%	3.0%	2.0%	3.8%	2.8%

a) Los Angeles is shown separately due to an unusually high rate of project withdrawal.

b) Three cities did not provide withdrawal data for this survey: County of San Diego, City of San Jose, and the City of Chino. Five cities did not provide environmental review data: Bakersfield, Benicia, Elk Grove, Loyalton, San Diego County. Adjustments were made to the data so the numerator and denominator were comparable.

Source: The Housing Workshop, 2018.

Respondents were also asked to assign percentages to a list of withdrawal reasons generally related to their jurisdiction's experience. As shown below, just a small fraction of withdrawals are due to unavoidable environmental impacts. The largest category of withdrawal reasons was developer-related (e.g., bankruptcy, change in business model, etc.).

**Table 5: Reasons for Project Withdrawal from CEQA Review**

	<u>Percent</u>
Unavoidable Adverse Environmental Impacts	2%
Public or other opposition arising through CEQA	16%
Non-CEQA related opposition	10%
Developer-related reasons (e.g., bankruptcy, change in business model, etc.	50%
Other reasons	22%
<b>Total</b>	<b>100%</b>

Notes:

Excludes Los Angeles (did not answer the question).

Source: The Housing Workshop, 2018.

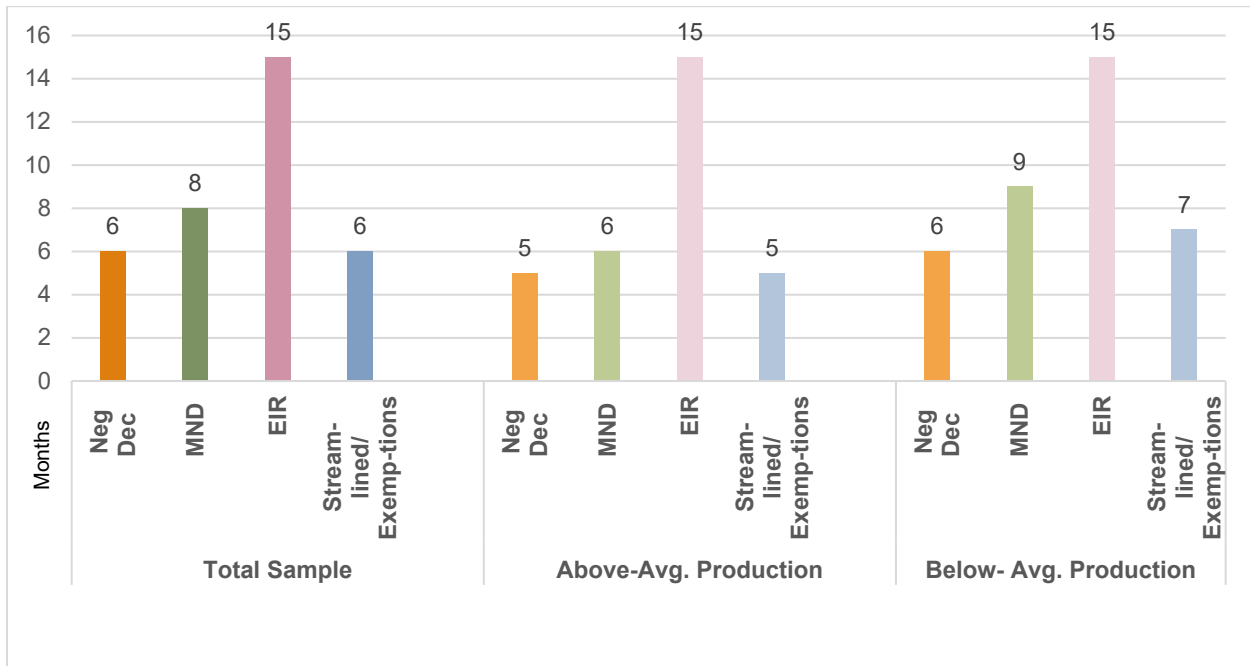


## Timing of CEQA Review Methods

The survey included a question regarding the average time the jurisdiction spent on each type of CEQA review. As shown below (data table in Appendix A), the average time for Negative Declarations was 6 months, but when segregated by Production Index, the above-average jurisdictions reported an average Negative Declaration time of 5 months. Similar patterns were reported for each type of review; Mitigated Negative Declarations (MNDs) and streamlined review occurred more quickly, on average, in the above-average production jurisdictions.

It should be noted that the California Legislative Analyst’s Office (LAO) found “...review of CEQA documents submitted to the state by California’s ten largest cities between 2004-2013 indicates that local agencies took, on average, around two and a half years to approve housing projects that required an EIR.”<sup>11</sup> That finding differs from this survey, which finds an average of 15 months. The LAO report appears to be describing the total approval process for these projects (not just the EIR portion) and does not provide supporting data.

**Figure 9: Average Time to Complete Each Environmental Review Type**



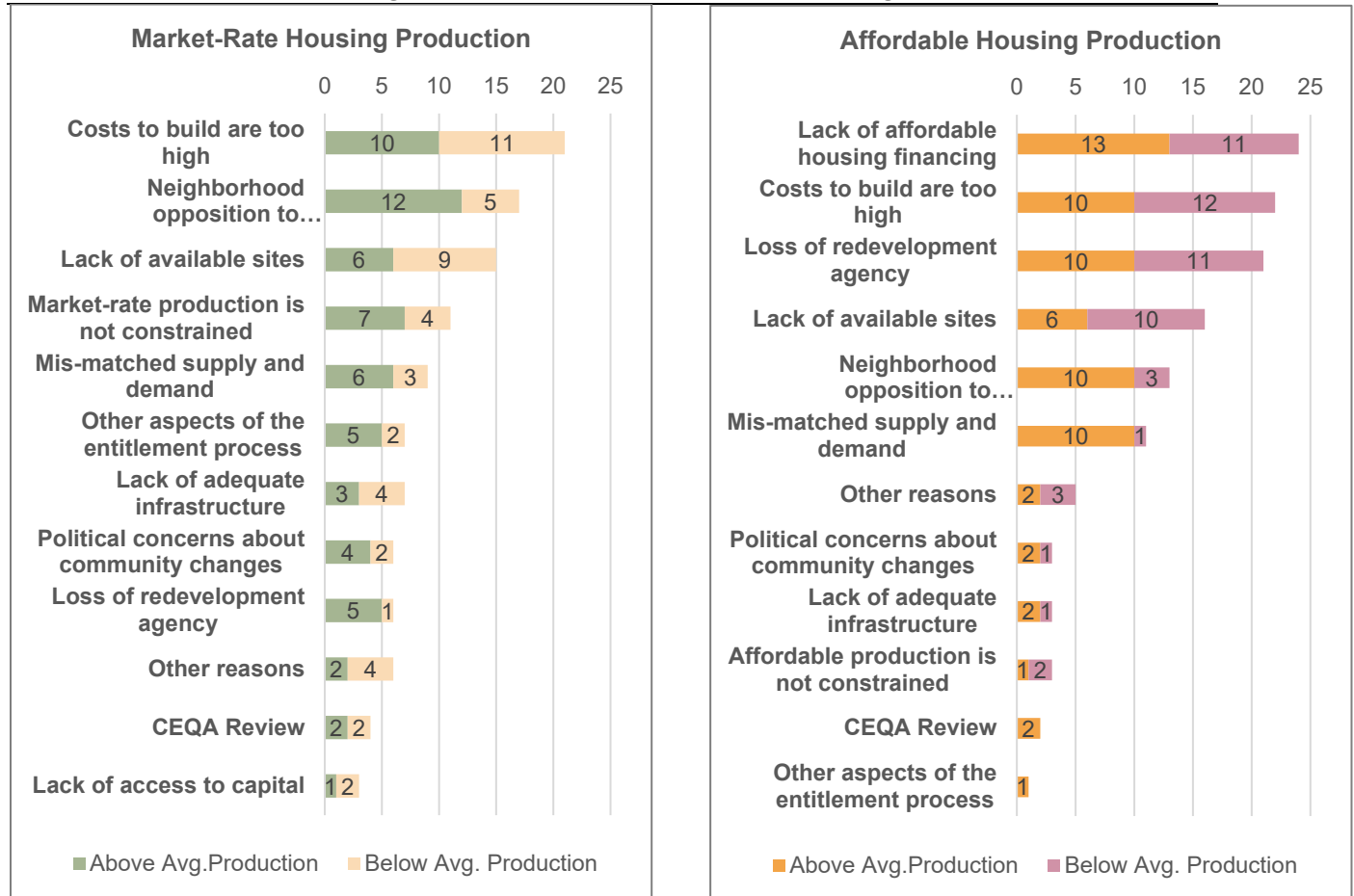
<sup>11</sup> See page 18, *California’s High Housing Costs Causes and Consequences*, Legislative Analyst’s Office, 2015

# 4. Opinions: CEQA & Housing

## Factors Constraining Housing Production

The survey included a series of opinion questions posed to respondents (who were either senior staff responsible for environmental review and/or long-range planning). First, a pair of multiple-choice questions asked respondents to select up to the top 3 factors affecting market-rate housing production in the respondent’s jurisdiction, and separately, asking for the top 3 factors affecting affordable housing production in their jurisdiction. As shown below, the most frequently-selected factors constraining market-rate housing production were high development cost, neighborhood opposition, and lack of available sites. CEQA review was selected just 4 times out of the 112 responses selected. For affordable housing production, most frequently selected factors included lack of financing, high development costs, and loss of redevelopment agencies; for this type of housing, CEQA review was attributed just 2 times out of 124 selections.

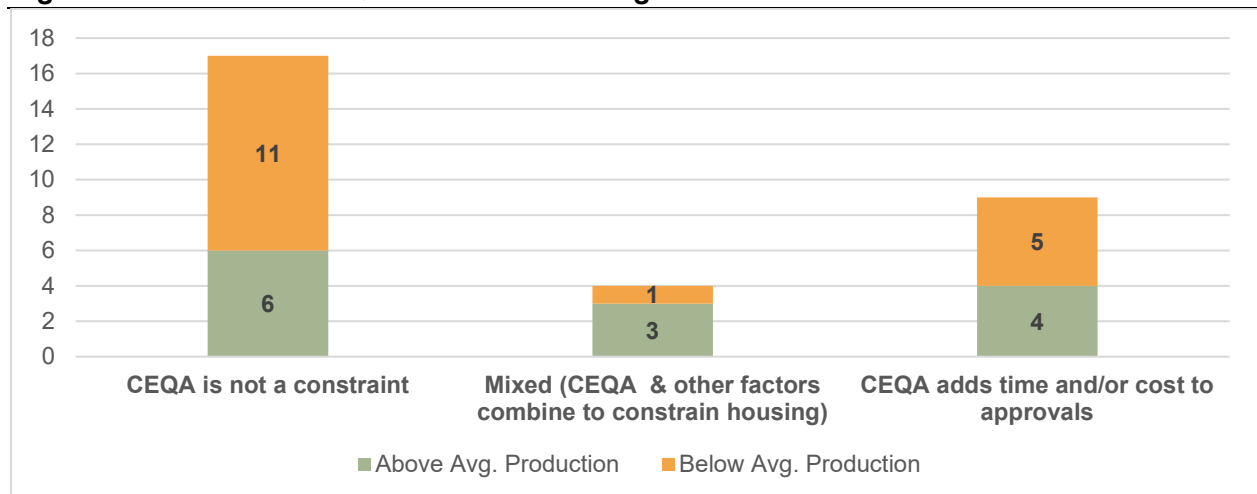
**Table 6: Factors Constraining Market-Rate and Affordable Housing Production**



## Comments Regarding CEQA as a Constraint on Housing Production

As a follow-up to the above question, the survey requested comments regarding how CEQA constrains new housing production in the respondent’s jurisdiction. As shown below, comments from many respondents (17 out of 30) felt that CEQA did not constrain housing in their jurisdiction. Four respondents had mixed opinions, citing issues including CEQA mixed with other development challenges and general political and resident concern. Nine respondents felt that CEQA was a key constraint to more housing production in their community, with comments generally stating that CEQA added time and/or cost to the approval process for housing. Interestingly, these opinions about CEQA and housing production did not seem to vary by the jurisdiction’s Production Index rating (see Production Index in Chapter 2). In fact, 11 of the 17 respondents that felt that CEQA did not impact housing production in their city or county were working in “below average production” jurisdictions, suggesting that other factors were impacting production in substantial ways (see prior section).

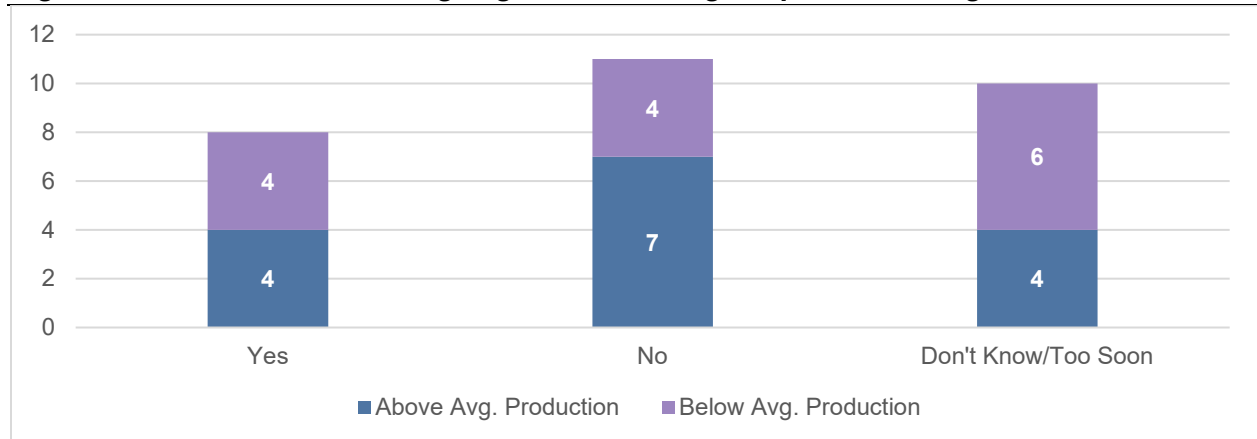
**Figure 10: How Does CEQA Constrain Housing Production?**



### ***2017 Housing Legislative Package***

The survey also asked respondents' opinions regarding whether the 2017 California Housing Legislative Package will improve housing production in their jurisdiction. A substantial portion of respondents (10 out of 29) felt it was too soon to evaluate the impacts of the new legislation. Just 8 of the respondents felt that the package would improve housing production, while 11 felt it would not.

**Figure 11: Will CA 2017 Housing Legislation Package Improve Housing Production?**



### **Key Changes to Improve CEQA for Housing Production**

The survey queried about key changes that could be made to CEQA to further support housing production. Responses included:

#### **Modify CEQA:**

- Expand Infill Exemption
  - Allow infill exemption to apply to projects in unincorporated areas (note this occurred through AB 1804 signed 9/22/18, after the survey was completed)
  - Create two infill categories: small and large, with the large applying to lots up to 10-acres
  - Increase max lot from 5 to 10 acres
  - Remove cap on max number of units
  - Allow infill to apply to projects in suburban or village settings
  - Remove requirement for General Plan and zoning conformance
- Broaden Affordable Housing Exemption by relaxing requirements so more projects qualify
- Expand categorical exemptions:

- Create a categorical exemption for stand-alone multi-family housing projects on adopted housing element land use inventory sites zoned for multi-family residential use by right consistent with CA Government Code Section 65580
- Create a categorical exemption for affordable housing projects
- Create more Streamlining Exemptions: exempt high-density housing in dense areas; exempt housing projects in zones designated for residential; exempt sites in the Housing Element not needing a General Plan/zoning change
- Simplify Small Projects Analysis by eliminating Caltrans traffic study for weaving and merging on smaller projects.
- Mandate timelines for review / reduce time limits for appeals
- Lower legal standard of review for a defensible document from fair argument to substantial evidence
- Change cumulative impact analysis for individual projects

#### **Improve Implementation:**

- OPR staff should create a CEQA Roadshow for training and provide technical assistance to cities and counties on streamlining tools, when they apply, standard for review, and how to use them.
- Promote greater use of exemptions, including infill exemptions to shorten the process (responds to cities who said during interviews that they don't always use streamlining even if available due to concern the environmental review will not be thorough enough)
- Provide more funding for the creation of specific plans
- Eliminate Level of Services (LOS) from CEQA Guidelines

#### **Simplify Litigation Processes:**

- Create a dedicated system of judges who work exclusively on CEQA cases with a streamlined process
- Expedite litigation: provide legislation to expedite cases similar to streamlining judicial review pursuant to AB 900 by making the requirements to certify and maintain certifications less burdensome
- Require opposition to disclose who is funding litigation
- Shift court fees so loser pays
- Reduce opportunities for lawsuits

## Other Non-CEQA Changes to Improve Housing Production

Finally, the survey asked respondents to provide suggestions to increase housing production outside of the CEQA process. Responses included:

- Bring back redevelopment (12 mentions)
- Streamline entitlement process (6 mentions)
- Create funding and improve subsidies for affordable housing (6 mentions)
- Enhance by-right approvals by shifting to codified objective and quantitative standards that can be administered ministerially (5 mentions)
- Further ways to allow administrative approval of housing projects (4 mentions)
- Lower development/impact fees (3 mentions)
- Invest in the creation of specific plans (2 mentions)
- Lower constraints to higher-density housing (e.g. min parking ratios) (2 mentions)
- Actively involve community participation (2 mentions)
- Find ways to lower construction costs (2 mentions)
- Up-zone for housing in area plans or other efforts that include a robust community benefits package (1 mention)
- Expand rent stabilization and just cause eviction protections in local jurisdictions and statewide (1 mention)
- Expand or establish state oversight (HCD) of local inclusionary ordinances to prevent jurisdictions from using them as a veiled means of slowing or preventing housing development (1 mention)
- Zone appropriately for housing (1 mention)
- Make housing projects, regardless of size, by right in residential zones (1 mention)
- Eliminate Proposition 13 (1 mention)
- Invest in infrastructure (1 mention)
- Combat public misconceptions about affordable housing (1 mention)
- Develop adaptive reuse ordinances (1 mention)
- Reduce regulations (1 mention)
- Give jurisdictions the ability to assemble parcels (1 mention)
- Create a state tax credit (similar to the 9% LIHTC) to finance affordable housing (1 mention)

# Appendix A: Data Tables

**Table A 1: California Residential Building Permits 1960-2017**

	<b>1 to 4</b>	<b>5+</b>	<b>Total</b>
	<b>Housing Units</b>	<b>Housing Units</b>	<b>Housing Units</b>
<b>1960</b>	135,743	56,632	192,375
<b>1961</b>	135,121	72,932	208,053
<b>1962</b>	146,271	97,425	243,696
<b>1963</b>	179,548	124,660	304,208
<b>1964</b>	149,619	108,423	258,042
<b>1965</b>	115,621	62,479	178,100
<b>1966</b>	74,543	24,137	98,680
<b>1967</b>	77,653	32,539	110,192
<b>1968</b>	99,324	59,738	159,062
<b>1969</b>	97,034	87,409	184,443
<b>1970</b>	90,204	104,629	194,833
<b>1971</b>	140,701	114,552	255,253
<b>1972</b>	156,864	122,449	279,313
<b>1973</b>	125,747	90,543	216,290
<b>1974</b>	87,440	39,900	127,340
<b>1975</b>	101,467	29,195	130,662
<b>1976</b>	163,162	56,520	219,682
<b>1977</b>	202,418	68,491	270,909
<b>1978</b>	171,099	74,203	245,302
<b>1979</b>	153,585	57,895	211,480
<b>1980</b>	101,900	42,475	144,375
<b>1981</b>	72,043	32,162	104,205
<b>1982</b>	59,384	25,647	85,031
<b>1983</b>	116,969	54,920	171,889
<b>1984</b>	132,850	91,839	224,689
<b>1985</b>	133,802	137,594	271,396
<b>1986</b>	166,556	148,085	314,641
<b>1987</b>	151,437	100,387	251,824
<b>1988</b>	174,056	79,313	253,369
<b>1989</b>	174,967	62,727	237,694
<b>1990</b>	114,515	48,660	163,175
<b>1991</b>	80,781	25,175	105,956
<b>1992</b>	82,152	15,629	97,781
<b>1993</b>	73,364	10,977	84,341
<b>1994</b>	82,277	14,705	96,982
<b>1995</b>	72,198	11,666	83,864
<b>1996</b>	77,127	14,933	92,060
<b>1997</b>	87,627	21,962	109,589
<b>1998</b>	97,295	26,740	124,035
<b>1999</b>	106,344	31,695	138,039
<b>2000</b>	109,259	36,316	145,575
<b>2001</b>	111,289	35,450	146,739
<b>2002</b>	126,968	32,605	159,573
<b>2003</b>	145,771	46,177	191,948
<b>2004</b>	158,796	48,594	207,390
<b>2005</b>	161,906	43,114	205,020
<b>2006</b>	114,221	46,281	160,502
<b>2007</b>	73,268	36,805	110,073
<b>2008</b>	35,039	27,642	62,681
<b>2009</b>	26,916	8,153	35,069
<b>2010</b>	27,410	16,306	43,716
<b>2011</b>	23,131	22,340	45,471
<b>2012</b>	29,861	28,688	58,549
<b>2013</b>	39,475	41,267	80,742
<b>2014</b>	41,460	42,197	83,657
<b>2015</b>	48,452	49,736	98,188
<b>2016</b>	53,500	48,850	102,350
<b>2017</b>	61,438	53,342	114,780



**Table A 2: Respondents by Production Index Ranking (a)**

<b>Below Avg. Production</b>	<b>Production Index</b>	<b>Above Avg. Production</b>	<b>Production Index</b>
City of Pleasant Hill	0.2%	City of Anaheim	5.0%
City of Benicia	0.4%	City of Corona	5.3%
City of Monterey	0.6%	City of Fontana	6.1%
City of Modesto	0.8%	City of Los Angeles	6.2%
City of Salinas	1.2%	City of Saint Helena	6.2%
City of Richmond	1.4%	City of Livermore	6.2%
City of Long Beach	1.6%	City of Fremont	6.4%
City of Merced, CA	1.6%	City of Oxnard	6.6%
City of Santa Barbara	2.5%	City of West Sacramento	6.8%
City of Napa	2.5%	City of Winters	7.0%
City of Moreno Valley	2.6%	San Francisco	7.1%
City of American Canyon	2.8%	City of San Jose	7.4%
County of San Diego	3.2%	City of Elk Grove	7.9%
City of Santa Monica	3.3%	City of Los Altos Hills	7.9%
City of Riverside	3.3%	City of Foster City	7.9%
City of Santa Rosa	3.4%	City of Chico	9.2%
City of La Habra	3.4%	Town of Truckee	9.4%
City of Santa Clarita	3.9%	City of Bakersfield	9.5%
County of Santa Barbara	4.0%	City of Santa Clara	10.9%
City of Sacramento	4.1%	City of Mountain View	13.4%
City of Watsonville	4.1%	City of Dinuba	15.1%
City of Loyalton	N/A	City of Chino	19.2%
		City of Irvine	36.0%
<b>State of California</b>	<b>5.0%</b>		

a) Production Index based on residential building permits issued 2010 – 2017 as percentage of “baseline” 2010 number of households in each jurisdiction.

Note: City of Loyalton does not have production index due to extremely small size (population of 700 residents) and non-reporting of building permits.

Sources: US Census 2010, and US Census Residential Building Permits 2010 – 2017; The Housing Workshop, 2018.

**Table A 3: CEQA Review by Market-Rate vs. Affordable Units, 2015-2017**

	Market-Rate		Affordable		Total	
	Number	Percent	Number	Percent	Number	Percent
<b>EIR</b>	29,415	22.8%	4,236	28.0%	33,651	23.4%
<b>Mitigated Negative Declaration</b>	42,275	32.8%	3,887	25.7%	46,162	32.0%
<b>Negative Declaration</b>	1,430	1.1%	82	0.5%	1,512	1.0%
<b>Categorical Exemption (a)</b>	5,416	4.2%	608	4.0%	6,024	4.2%
<b>Statutory Exemption (b)</b>	176	0.1%	4	0.0%	180	0.1%
<b>Streamlining and Other Exemptions</b>	34,423	26.7%	5,180	34.3%	39,603	27.5%
<i>Tiering from Specific or Community Plans (c)</i>	20,578	16.0%	2,649	17.5%	23,227	16.1%
<i>Infill Exemption (d)</i>	11,561	9.0%	1,883	12.5%	13,444	9.3%
<i>Transit Priority Project Exemption (e)</i>	2,212	1.7%	261	1.7%	2,473	1.7%
<i>Affordable Housing Exemption (f)</i>	72	0.1%	387	2.6%	459	0.3%
<b>Other (g)</b>	15,861	12.3%	1,118	7.4%	16,979	11.8%
<b>Total</b>	<b>128,996</b>	<b>100.0%</b>	<b>15,115</b>	<b>100.0%</b>	<b>144,111</b>	<b>100.0%</b>

- a) CEQA Guidelines §15301-15333  
b) CEQA Guidelines §15260-15285  
c) CEQA Guidelines §15183 and §15152; Govt Code §65457  
d) CEQA Guidelines §15332 and §15183.3; PRC §21094.5  
e) PRC §21155.1  
f) CA Govt Code §15194  
g) "Other" includes addendas to previous EIRs.  
Data collected by online survey + follow up, March - August 2018.

Source: The Housing Workshop, 2018.

**Table A 4: CEQA Review by Units by Jurisdictions with Above- or Below-Average Production Index**

	Above-Average Production		Below-Average Production		Total	
	Number	Percent	Number	Percent	Number	Percent
<b>EIR</b>	29,872	24.5%	3,779	17.1%	33,651	23.4%
<b>Mitigated Negative Declaration</b>	40,068	32.8%	6,094	27.6%	46,162	32.0%
<b>Negative Declaration</b>	679	0.6%	833	3.8%	1,512	1.0%
<b>Categorical Exemption (a)</b>	5,273	4.3%	751	3.4%	6,024	4.2%
<b>Statutory Exemption (b)</b>	32	0.0%	148	0.7%	180	0.1%
<b>Streamlining and Other Exemptions</b>	32,125	26.3%	7,478	33.9%	39,603	27.5%
<i>Tiering from Specific or Community Plans (c)</i>	21,202	17.4%	2,025	9.2%	23,227	16.1%
<i>Infill Exemption (d)</i>	10,250	8.4%	3,194	14.5%	13,444	9.3%
<i>Transit Priority Project Exemption (e)</i>	406	0.3%	2,067	9.4%	2,473	1.7%
<i>Affordable Housing Exemption (f)</i>	267	0.2%	192	0.9%	459	0.3%
<b>Other (g)</b>	14,021	11.5%	2,958	13.4%	16,979	11.8%
<b>Total</b>	<b>122,070</b>	<b>100.0%</b>	<b>22,041</b>	<b>100.0%</b>	<b>144,111</b>	<b>100.0%</b>

- a) CEQA Guidelines §15301-15333  
b) CEQA Guidelines §15260-15285  
c) CEQA Guidelines §15183 and §15152; Govt Code §65457  
d) CEQA Guidelines §15332 and §15183.3; PRC §21094.5  
e) PRC §21155.1  
f) CA Govt Code §15194  
g) "Other" includes addendas to previous EIRs.  
Data collected by online survey + follow up, March - August 2018.

Source: The Housing Workshop, 2018.

**Table A 5: Timing of CEQA Review Methods**

	Total Sample				Above-Avg. Production				Below- Avg. Production			
	Neg Dec	MND	EIR	Stream-lined/Exemptions	Neg Dec	MND	EIR	Stream-lined/Exemptions	Neg Dec	MND	EIR	Stream-lined/Exemptions
0 to 3 months	7	4	-	11	4	3	-	7	3	1	-	4
3 to 6 months	12	8	1	7	7	4	-	5	5	4	1	2
6 to 9 months	10	15	1	7	4	9	-	3	6	6	1	4
9 to 12 months	4	7	6	5	2	3	3	3	2	4	3	2
12 to 18 months	1	4	19	3	-	-	12	1	1	4	7	2
18 to 24 months	-	-	5	-	-	-	3	-	-	-	2	-
More than 24 Months	-	-	2	-	-	-	-	-	-	-	2	-
<b>Weighted Avg. Time (Months)</b>	<b>6</b>	<b>8</b>	<b>15</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>15</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>15</b>	<b>7</b>

Source: The Housing Workshop, 2018.

**Table A 6: Factors Constraining Housing Production**

Market-Rate Production Constraints				Affordable Housing Production Constraints			
	Above Avg. Production	Below Avg. Production	Total		Above Avg. Production	Below Avg. Production	Total
Costs to build are too high	10	11	21	Lack of affordable housing financing	13	11	24
Neighborhood opposition to development	12	5	17	Costs to build are too high	10	12	22
Lack of available sites	6	9	15	Loss of redevelopment agency	10	11	21
Market-rate production is not constrained	7	4	11	Lack of available sites	6	10	16
Mis-matched supply and demand	6	3	9	Neighborhood opposition to development	10	3	13
Other aspects of the entitlement process	5	2	7	Mis-matched supply and demand	10	1	11
Lack of adequate infrastructure	3	4	7	Other reasons	2	3	5
Political concerns about community changes	4	2	6	Political concerns about community changes	2	1	3
Loss of redevelopment agency	5	1	6	Lack of adequate infrastructure	2	1	3
Other reasons	2	4	6	Affordable production is not constrained	1	2	3
CEQA Review	2	2	4	CEQA Review	2	0	2
Lack of access to capital	1	2	3	Other aspects of the entitlement process	1	0	1
<b>Total</b>	<b>63</b>	<b>49</b>	<b>112</b>		<b>69</b>	<b>55</b>	<b>124</b>

Source: The Housing Workshop, 2018.

# Appendix B: Survey Instrument

## Introduction

This survey is part of a study commissioned by the Association of Environmental Professionals (AEP). This survey is designed to collect quantitative data from your jurisdiction to analyze how CEQA affects housing project approvals and production. This important topic, while garnering a lot of media attention, has not been empirically analyzed across the state of California until now. Please help AEP collect data by providing information on your community. We will keep your information anonymous in publication, by grouping responses by population size of jurisdiction to the extent possible.

AEP is interested in collecting information about housing projects with 5 or more units (both market rate and affordable housing).

We strongly encourage you to print out the PDF version of the same survey, which was attached to the email to use as a guide. Please review the PDF so you can see the kind of data we are requesting. You may find it easier to answer some questions on paper first. When you are ready, enter the information in the following online survey pages. Once you begin the online survey, there is a tool at the upper right-hand corner to "Save and Continue" this survey later. If you need to pause while responding, please follow the online steps to obtain a link to be able to return later to the same survey.

Please also note: if you have data you can share, but do not have the resources to query your databases, please contact AEP's research team, and we can conduct that analysis directly as needed.

Thanks so much!

Lynne C Bynder, CMP  
Executive Director  
Association of Environmental Professionals

## Research Team

*If you have technical questions about the survey, please contact.*

Janet Smith-Heimer and Jessica Hitchcock

The Housing Workshop

[janetsmithheimer@gmail.com](mailto:janetsmithheimer@gmail.com)

**Respondent Information**

1) Name of Respondent: \_\_\_\_\_

Title of Respondent: \_\_\_\_\_

City or County: \_\_\_\_\_

Department: \_\_\_\_\_

**Housing Production**

2) Please indicate how many housing project applications - for projects with 5 units or more - were subject to each of the following environmental review processes in the years shown.

**Number of Applications for Housing Projects with 5+ Units**

		Streamlining Exemptions								
Environmental Impact Report	Mitigated Negative Declaration	Negative Declaration	Categorical Exemption	Statutory Exemption	Community & Specific Plans	Affordable Housing	Infill	Transit Priority Project	Other	
			CEQA Guidelines §15301-15333	CEQA Guidelines §15260-15285	CEQA Guidelines §15183 and §15152; Govt Code §65457	CA Govt Code §15194	CEQA Guidelines §15332 and §15183.3; PRC §21094.5	PRC §21155.1	(e.g. Addendums)	<b>Total</b>
2015										
2016										
2017										

Additional comments/notes on data:

\_\_\_\_\_

\_\_\_\_\_

3) For the projects identified in Question 2, please indicate **the number of market-rate and affordable housing units contained within those projects**. Affordable housing refers to income-restricted housing serving very-low through moderate-income households. *(Fill in all relevant cells; for mixed-income projects, please separate market-rate and affordable units)*

**a. Number of Market-Rate Housing Units**

					Streamlining Exemptions					
Environmental Impact Report	Mitigated Negative Declaration	Negative Declaration	Categorical Exemption	Statutory Exemption	Community & Specific Plan	Affordable Housing	Infill	Transit Priority Project	Other	
			CEQA Guidelines §15301-15333	CEQA Guidelines §15260-15285	CEQA Guidelines §15183 and §15152; Govt Code §65457	CA Govt Code §15194	CEQA Guidelines §15332 and §15183.3; PRC §21094.5	PRC §21155.1	(e.g. Addendums)	<b>Total</b>
2015										
2016										
2017										

**b. Number of Affordable Housing Units**

					Streamlining Exemptions					
Environmental Impact Report	Mitigated Negative Declaration	Negative Declaration	Categorical Exemption	Statutory Exemption	Community & Specific Plan	Affordable Housing	Infill	Transit Priority Project	Other	
			CEQA Guidelines §15301-15333	CEQA Guidelines §15260-15285	CEQA Guidelines §15183 and §15152; Govt Code §65457	CA Govt Code §15194	CEQA Guidelines §15332 and §15183.3; PRC §21094.5	PRC §21155.1	(e.g. Addendums)	<b>Total</b>
2015										
2016										
2017										

Additional comments/notes on data: \_\_\_\_\_

4-7) Please estimate the typical or average time to complete each type of environmental review (i.e. from initial application to final action) in your jurisdiction for housing projects of five units or more. (Select one answer for each environmental review type).

<u>Negative Declaration</u>	<u>Mitigated Negative Declaration</u>	<u>Environmental Impact Report</u>	<u>Streamlined Exemptions</u>
<input type="checkbox"/> 0 to 3 months	<input type="checkbox"/> 0 to 3 months	<input type="checkbox"/> 0 to 3 months	<input type="checkbox"/> 0 to 3 months
<input type="checkbox"/> 3 to 6 months	<input type="checkbox"/> 3 to 6 months	<input type="checkbox"/> 3 to 6 months	<input type="checkbox"/> 3 to 6 months
<input type="checkbox"/> 6 to 9 months	<input type="checkbox"/> 6 to 9 months	<input type="checkbox"/> 6 to 9 months	<input type="checkbox"/> 6 to 9 months
<input type="checkbox"/> 9 to 12 months	<input type="checkbox"/> 9 to 12 months	<input type="checkbox"/> 9 to 12 months	<input type="checkbox"/> 9 to 12 months
<input type="checkbox"/> 12 to 18 months	<input type="checkbox"/> 12 to 18 months	<input type="checkbox"/> 12 to 18 months	<input type="checkbox"/> 12 to 18 months
<input type="checkbox"/> 18 months to 2 years	<input type="checkbox"/> 18 months to 2 years	<input type="checkbox"/> 18 months to 2 years	<input type="checkbox"/> 18 months to 2 years
<input type="checkbox"/> More than 2 years	<input type="checkbox"/> More than 2 years	<input type="checkbox"/> More than 2 years	<input type="checkbox"/> More than 2 years
<input type="checkbox"/> Not Available	<input type="checkbox"/> Not Available	<input type="checkbox"/> Not Available	<input type="checkbox"/> Not Available

8) Some stakeholders argue that CEQA is used intentionally to kill housing projects. This study seeks to measure this premise. First, we will ask you how many projects and units were completely withdrawn, and then, we will ask for reasons for withdrawal, to track primary reasons for these events.

Between 2015 and 2017, please estimate the number of housing projects and units (both market-rate and affordable) where developers withdrew their projects completely due to CEQA? (Please provide figures below; if zero, please enter zero and proceed to the next question. Please do not count projects that were delayed or slowed down but not clearly dead. For mixed-income projects, please separate these in the Housing Units cells, if possible).

	Market-Rate	Affordable	Total
Number of Housing <u>Projects</u> Withdrawn (2015-2017)			
Number of Housing <u>Units</u> Withdrawn (2015-2017)			

If housing projects were withdrawn, please estimate the percent of Total Units withdrawn by primary reason (fill in percentages)

Reason Withdrawn	Percent of Total Units



Unavoidable adverse environmental impacts	
Opposition arising through environmental review process	
Non-CEQA related opposition	
Developer-related reasons (bankruptcy, changed project, etc).	
Other (fill in reason): _____	

**Streamlined CEQA Review for 2015-2017 Period**

**9) Does your jurisdiction utilize streamlining exemptions when possible? If not, please explain why streamlining is not always used (e.g. full EIR process is elected officials' preference, etc.)?**

\_\_\_\_\_

**10) During the 2015 – 2017 study period, did your jurisdiction have the ability to streamline environmental review through the use of exemptions due to Community Plans, Specific Plans, or Tiering (per CEQA State Guidelines §15183, §15152, or Government Code §65457)?**

Yes

No (please skip to next question)

**If yes, how many of these Plans with streamlining exemptions did you have in place by the end of 2017? *Select one answer.***

1 plan

2 plans

3 plans

4 plans

5 or more plans

**About how much (percentage) of your General Plan’s housing buildout potential (e.g., future housing production) is covered by Community Plans (CPs) or Specific Plans (SPs) allowing for streamlined CEQA review? *Select one answer.***

- Less than 5% of our General Plan housing buildout is located in CP/SPs
- 5% to 20% of our General Plan housing buildout is located in CP/SPs
- 20% to 50% of our General Plan housing buildout is located in CP/SPs
- 50% to 75% of our General Plan housing buildout is located in CP/SPs
- 75% to 100% of our General Plan housing buildout is located in CP/SPs

## Opinion Questions

**11) For your jurisdiction, what are the top 3 reasons that market-rate housing production is constrained? *Please select up to 3 reasons***

- Lack of available sites
- Costs to build are too high (land, labor, materials, impact fees)
- Mis-matched supply and demand (e.g., developers only proposing luxury housing, etc.)
- The CEQA environmental review process
- Other aspects of the entitlement process (non-CEQA related)
- Neighborhood opposition to new development
- Political concerns about changes to the community
- Loss of Redevelopment Agency (which had powers to assemble land, provide financial subsidies, and invest in infrastructure)
- Lack of adequate infrastructure to support new development (roads, transit, schools, etc.)
- Lack of access to capital
- Other (write in): \_\_\_\_\_
- Market-rate housing production is not constrained in my jurisdiction

**12) For your jurisdiction, what are the top 3 reasons limiting affordable housing production? *Please select up to 3 reasons***

- Lack of available sites
- Costs to build are too high (land, labor, materials, impact fees)
- Mis-matched supply and demand (e.g., developers only proposing luxury housing, etc.)
- The CEQA environmental review process
- Other aspects of the entitlement process (non-CEQA related)
- Neighborhood opposition to new development

- \_\_\_ Political concerns about changes to the community
- \_\_\_ Loss of Redevelopment Agency (which had powers to assemble land, provide financial subsidies, and invest in infrastructure)
- \_\_\_ Lack of adequate infrastructure to support new development (roads, transit, schools, etc.)
- \_\_\_ Lack of affordable housing financing
- \_\_\_ Other (write in): \_\_\_\_\_
- \_\_\_ Affordable housing production is not constrained in my jurisdiction

13) Please provide any comments you would like to make regarding how CEQA affected housing production in your jurisdiction in the past 3 years. We are particularly interested in how CEQA affected market rate housing, and separately how CEQA affected affordable housing.

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14) Do you think that the package of 2017 housing legislation now being implemented will affect the twin policy goals of environmental preservation and increased housing production? (For a summary of how the 2017 housing legislation interacts with CEQA, see: <https://www.ceqadevelopments.com/2017/12/07/year-end-ceqa-legislative-and-regulatory-roundup-december-2017>)

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15) If one change could be made to CEQA to boost housing production, what would it be?

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16) Do you have any suggestions about non CEQA-related ways that your jurisdiction could increase both market rate and affordable housing production? (e.g., streamlining other parts of the entitlement process, bring back redevelopment, local bonds for subsidies, inclusionary programs, by-right zoning, etc.)?

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# Appendix C: About the Authors

## *Janet Smith-Heimer, MBA, Principal of The Housing Workshop*



Janet founded The Housing Workshop in 2017 to provide focused housing policy consulting services to research institutions, professional organizations, foundations, and public agencies. This new firm builds on Janet's more than 35 years in consulting, primarily as founder and President of BAE Urban Economics, a national award-winning urban economics consulting firm. Janet managed BAE since founding the firm in 1986 through her departure in January 2017.

Janet's affordable housing work spans three decades of policy and feasibility studies for the nation's largest cities, including the *NYC Mandatory Inclusionary Housing Market & Financial Feasibility Study* (2015), and the City of Los Angeles *Affordable Housing Linkage Fee Nexus Study* (2016). She is the author of *CEQA in the 21<sup>st</sup> Century*, prepared for the Rose Foundation in 2016. During her career, Janet has also prepared Housing Elements, Consolidated Plans, and market/financial feasibility studies on all types of affordable and market rate housing projects for public agencies throughout the US. She has also managed feasibility studies for developers, resulting in built projects including artist lofts, TOD, university faculty, and federal employee housing.

In addition to housing, Janet has led engagements for some of the largest P3 projects in the US. Her work includes transaction structuring, negotiations, and agency support for projects ranging from the redevelopment of Pier 40 in NYC, to Hotel Vitale (a flagship boutique hotel on public land) on the San Francisco waterfront, to P3 deals at the Presidio of San Francisco and for the LA METRO. She also directed numerous downtown and business district revitalization strategies. Her work has been used by cities as diverse as Los Angeles, Phoenix, Seattle, Portland, Denver, Oakland, San Francisco, New York City, Washington DC, and throughout Silicon Valley.

Janet received her MBA with a specialization in Real Estate Development from Golden Gate University, and a Bachelor of Urban Planning from the University of Cincinnati. She served as a lead instructor for the ULI Real Estate School for seven years and speaks regularly at conferences and seminars. She is past Founding Board Chair of Sustainable Agricultural Education (SAGE) and served for 9 years as an appointed Member of her hometown's Sustainability Commission.

***Jessica Hitchcock, MCP, Principal of Urban Math***



Jessica is the founder of Urban Math, where she leads all projects, incorporating advanced skills in data trends and financial analysis. She has almost 20 years of experience in housing policy, small business development, and workforce training. She has worked at community non-profits, local government, and the private sector, and brings this unique perspective to the practice.

Prior to launching Urban Math, Jessica was a Vice President at BAE Urban Economics, where she led a variety of projects across the country spanning economic development, housing policy, market analysis, strategic planning, and P3 transactions. Her experience at BAE gave her a deep understanding of how markets play out in urban environments.

One of Jessica's specialized skills is an advanced capability to convert large data sets into digestible morsels. For example, she developed a tool that categorized all neighborhoods in New York City and Los Angeles by market-strength, depicted on maps, and applied this categorization to assess the efficacy of inclusionary housing/linkage fees within market and financial feasibility constraints. In Los Angeles, the City used her framework to apply in-lieu fees on a sliding scale.

Before joining BAE, Jessica was a project manager for RiseBoro, a non-profit housing developer based in Brooklyn, NY, where she developed over 500 units of mixed-income housing that won the Phoenix Award for Excellence in Brownfield Redevelopment. In addition to demonstrating financial acumen and a skill for collaboration, she developed a respect for approaches to community development. At RiseBoro, she learned the importance of deploying an array of tools to empower communities, combat displacement, and address homelessness.

Jessica also worked for the City of Oakland Redevelopment Agency, where she administered over \$2 million of revitalization grants to small businesses in Uptown. She built relationships and provided funding to new businesses around Oakland's Fox Theater, many of which continue to thrive. Jessica also has an entrepreneurial streak. She has run two small businesses, including a restaurant to provide jobs for immigrant families in Hayward.

Jessica earned a BS in Business Administration from the Haas School of Business at UC Berkeley, and a Master's in City Planning (MCP) from UC Berkeley. She is active in her local community, including current business planning work to create a model co-operative preschool. She is also an active rental real estate investor and property manager.