

## **8. CONSTRAINTS ON HOUSING PRODUCTION**

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### **8.0 CONSTRAINTS ON HOUSING**

The analysis of constraints on housing is an important part of the Housing Element. The Housing Element is required by state law to include an analysis of governmental and nongovernmental constraints upon the maintenance, improvement or development of housing for all income levels and for persons with disabilities, including the availability of financing, the price of land, the cost of construction and other nongovernmental constraints. The law also requires that the analysis demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need.

This section of the Housing Element looks at constraints to housing availability and affordability. The constraints on housing are divided into two parts: governmental and nongovernmental. The governmental constraints are policies, standards, requirements or actions imposed by the various levels of government upon land and housing ownership and development. The roles of federal and state agencies relative to governmental constraints are beyond the influence of local governments and are therefore not addressed in this document.

The analysis of governmental constraints in this document refers to the policies and regulations that the city applies to the approval of land use proposals. Growth management policies that may be constraints to housing, such as Measure J and Phase Allocation Program, are discussed in detail. Also, the governmental constraints analysis looks at city regulations and development practices, such as permitted residential densities, the inclusionary ordinance, the building code, fees and exactions, development processing fees and development standards to determine their potential impacts on housing availability and affordability. While these regulations were adopted to protect community character, some may inadvertently affect housing availability or affordability, or may encourage the loss of existing affordable housing, contrary to community goals. The analysis in this section includes:

- The city's land use controls including General Plan, Specific Plan and Zoning regulations.
- The city's building codes and enforcement - addressing the city's application of the state Uniform Building Code (UBC) and its enforcement on housing.
- The city's entitlement conditions of approval.
- The city's development processing fees and exactions on housing.
- The city's processing and permit procedures.
- The city urban growth boundaries and growth management policies and ordinances.
- Additionally, Senate Bill 520 requires the governmental constraints analysis to analyze potential and actual constraints upon the development, maintenance, and improvement of

housing for persons with disabilities and demonstrate local efforts to remove governmental constraints that hinder the locality from meeting the need for housing for persons with disabilities. It also requires the constraints program to remove constraints or provide reasonable accommodations for housing designed for persons with disabilities.

Nongovernmental constraints are those factors limiting the availability of affordable housing over which local government has limited or no control. State law requires that this Housing Element contain an analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction. The nongovernmental analysis includes:

- Land costs.
- Construction costs.
- Availability of financing.

## **8.1 GOVERNMENTAL CONSTRAINTS**

### **8.1a. Land Use Controls**

The General Plan Land Use Element and Land Use Map designate particular areas within the city for residential development. The General Plan also establishes residential densities for the designated areas. Also the General Plan establishes density bonuses as incentives for the provision of affordable housing and special needs housing consistent with state law.

Table 59 contains the General Plan residential densities and density bonuses. As discussed in Section 7 of this document, the General Plan residential densities have been increased from those in the 1987 General Plan. The increased densities have created opportunities for infill development, which is not a constraint to housing availability and affordability.

#### General Plan

General Plan Land Use Element policies set forth densities for a mix of all types of housing, including single-family, mobile homes, split-lots, and multi-family units, as shown in Table 59 below. The General Plan establishes residential density ranges that together with limits on land to be urbanized define the number of housing units to be added.

Table 58 shows that the density range for a residential single-family housing project is 3 to 7.99 units per gross acre. The density range for cluster housing is 8 to 13.99 units per gross acre. The range for multifamily housing is 14 to 25 units per gross acre.

<b>TABLE 58</b>			
<b>2001 GENERAL PLAN RESIDENTIAL DENSITIES WITH DENSITY BONUS</b>			
<b>Types of Housing</b>		<b>2001 General Plan Densities</b>	
Single-family		Low Density: 3.0 to 7.99 units per gross acre.	
Cluster housing		Medium Density: 8.0 to 13.99 units per gross acre.	
Multifamily		High Density: 14.0 to 25.0 units per gross acre.	
<ol style="list-style-type: none"> <li>1. The maximum allowable “pre-bonus” density would be 6.4 units per gross acre in the low-density category; 11.2 in the medium density category, and 20.0 in the high-density category.</li> <li>2. The maximum allowable “post-bonus” densities would be 7.99 in the low-density category, 13.99 in the medium density category, and 25.0 in the high-density category (assuming a 25% density bonus).</li> <li>3. The maximum “pre-bonus” density would be 2.4 units per gross acre in the low-density category. The minimum “post-bonus” density would be 3.0 units per gross acre in the low-density category.</li> <li>4. The maximum allowable density in the core area shall be retained as provided in the Core Area Specific Plan; maximum density for the portion of the Core Area east of B Street is 30 units per net acre.</li> <li>5. Cluster housing includes single-family and multi-family developments; single-family consists of a mix of all types of ownership housing, such as condos, duplexes, and split lots.</li> </ol>			
		<b>Gross</b>	<b>Net**</b>
Low Density	Without density bonus	2.40 - 4.79	2.88 - 5.75
	With density bonus*	3.00 - 5.99	3.60 - 7.19
Medium Density	Without density bonus	4.80 - 11.20	5.76 - 13.44
	With density bonus*	6.00 - 13.99	7.20 - 16.79
High Density	Without density bonus	11.21 - 20.00	13.45 - 24.00
	With density bonus*	14.00 - 25.00	16.80 - 30.00
<b>Notes:</b>			
<ol style="list-style-type: none"> <li>a. With density bonus * is assumed to be 125% of without density bonus for the purpose of this table. Net density ** is assumed to be 120% of gross density for the purpose of this table.</li> <li>b. Some of the non-residential land use categories (that is, Neighborhood Retail, Business Park, and Office) allow limited residential uses to the extent that the residential uses do not conflict with the primary use of the area. The residential component in a mixed use project in one of these land use categories is limited to an additional 15% floor area ratio (in addition to the 50% allowable floor area ratio in these land use categories).</li> <li>c. The allowable residential densities in the Core Area shall be retained as stated in the Core Area Specific Plan.</li> <li>d. There is a separate General Plan policy interpretation document titled "Residential Density Yields and Neighborhood Greenbelts" for additional information.</li> </ol>			
<b>Source:</b> May 2001 General Plan			

The highest density permitted by the General Plan is 30 units per net acre with density bonus. Even with the 30 units per net acre density, the city encourages high quality residential densification, including in the Core Area.

Densities in Davis, as is generally the case elsewhere, are determined solely on a per-unit basis. A small studio unit counts just as much as a five-bedroom unit. Table 59 below contains residential densities for a sample of apartment complexes in the city. The table shows that there is an average of 22 units to the net acre for apartment projects in the city. Given the current General Plan allowing 30 units to the net acre permitted density, there may be room to add more units to existing complexes.

<b>Complex</b>	<b>Address</b>	<b>Total Units</b>	<b>Units/Acre</b>
Adobe	1500 Shasta Drive	120	16
Alhambra	4500 Alhambra Drive	180	21
Allegre	1659 Drew Circle	150	15
Aspen Village	2323 Shasta Drive	88	18
Arlington Farms	2901 Portage Bay	138	15
Cambridge House	619 Pole Line Road	140	32
Campus Manor	230 A Street	19	54
Brushcreek	1333 Arlington Blvd	80	22
Davis Villas	2505 5 <sup>th</sup> Street	163	26
Drake, The	919 Drake Dr	93	2
El Macero Village	4735 Cowell Blvd.	104	22
Heather Glen	2324 Shasta Drive	621	15
Heritage House	515 Sycamore Lane	161	52
Le Tournesol	2640 Portage Bay East	45	16
Meadow Ridge	4447 Cowell Blvd.	84	14
Oakshade Commons	2120 Cowell Blvd.	42	12
Owendale	3023 Albany Avenue	45	20
Oxford Parkside	1434 Wake Forest Dr	63	57
Parkside	1420 or 1310 F Street	200	17
Pinon Apartments	555 Guava Lane	70	23
Serville	4501 Alhambra Drive	83	15
Sun Tree	2033 F Street	95	11
Tanglewood	1880/202 Cowell Blvd.	216	15
Temescal	2477 Sycamore Lane	100	15
Saratoga West	2121 Glacier Dr	98	19
Viking Apts, The	801 D St	35	45
Waggener Ranch	1660 Drew Circle	132	22
Walnut Park	1540 Valdora Street	108	16
Willows, The	1959 Lake Blvd	160	22
<b>Average Units/Density</b>		<b>125</b>	<b>22</b>

Table 60 below contains unit size and number of bedrooms in some recently built apartment projects in the city. The table shows a trend toward larger units ranging from three to five bedrooms per unit. There are a total of 322 one- and two-bedroom units, and 408 three, four and

five-bedroom units. It is believed that the units with more bedrooms accommodate many students at relatively higher rents as opposed to families. This is because students often rent by the room. The large units with more bedrooms can also benefit large families.

Complex	1-bedroom		2-bedroom		3-bedroom		4-bedroom		5-bedroom		Total No.
	No.	Sq Ft	No.	Sq Ft	No.	Sq Ft	No.	Sq Ft	No.	Sq ft	
Alhambra	24	709	72	912	48	1,156	16	1,409	-	-	160
Adobe	-		40	1,024	40	1,312	40	2,199	-	-	120
Allegre	-		35	1,084	55	1,382	62	1,382	-	-	152
Oakshade Commons	-		1	1,260	1	1,300	39	1,957 2,013 2,220	1	2,741	42
Seville	-	-	35	1,188 1,311	40	1,350	8	1,645	-	-	83
Saratoga West	16 16	770 500	24	1,000	18	1,470	24	1,730	-	-	98
Owendale	14	634	15	759	16	1,202	-		-	-	45
<b>Total/Average</b>	<b>100</b>	<b>704</b>	<b>222</b>	<b>1,067</b>	<b>218</b>	<b>1,310</b>	<b>189-</b>	<b>1,819</b>	<b>1</b>	<b>2,741</b>	<b>700</b>
<b>Notes:</b>											
1. Saratoga West has 16 studios.											
2. Seville has two sizes for 2-bedroom units.											
3. Oakshade Commons has three sizes of 4-bedroom units and 5-bedroom units.											

Specific Plan. The Specific Plan is used to further define the parameters of development within an area. The plan is always consistent with the General Plan. There are four Specific Plans in the city. They are East Davis Specific Plan, South Davis Specific Plan, Gateway/Olive Drive Specific Plan and Core Area Specific Plan. These plans establish standards for development within the plan areas. The plans allow residential densities consistent with the General Plan, therefore, are not an impediment to availability and affordability of housing.

Zoning Ordinance. Zoning regulations control development by establishing requirements related to height, density, lot area, yard setbacks and minimum parking spaces. Site development standards are comparable to other community requirements and ensure a quality living environment for all households in the city including special needs groups. The residential districts in the city are:

- Residential One-Family District -- principally permitting single-family dwellings among others. The minimum lot area ranges from 6,000 to 15,000 square feet.
- Residential One and Two Family District -- principally permitting up to two single-family dwellings per lot, or a duplex, or two-family dwellings. The minimum lot area is 6,000 square feet.

- Core Area Residential Infill District -- principally permitting single-family dwellings, a duplex, or two-family dwellings. The minimum lot area is 5,500 square feet.
- Residential Restricted District -- principally permitting single-family. The minimum lot area is 8,800 square feet.
- Residential One and Two-family and Mobile Home District - principally permitting single-family dwellings, a duplex, or two-family dwellings. No minimum lot area is prescribed.
- Residential Garden Apartment District -- principally permitting single-family dwellings, duplexes, or multiple dwellings. The minimum lot area is 7,500 square feet.
- Residential Planned Development Districts -- the city has a significant portion of its residential districts zoned as planned development. This allows for deviations from the standards of conventional residential districts listed above. In planned development (P-D) districts, the minimum lot areas are often reduced from the minimum of the conventional district. In some subdivision in the city with P-D zoning lot sizes range from 3,500 to 15,000 square feet. Also, other zoning standards, such as building height, yard setbacks, lot width and open spaces are reduced. The P-D district promotes and encourages innovative design, variety and flexibility in housing types that would not otherwise be allowed in conventional districts. It ensures the provision of open space as part of a development and provides a greater diversity in housing choices. The densities of P-D districts are required to be consistent with the General Plan.

Parking standards vary by the number of bedrooms in the unit for both single-family and multifamily developments. The city has historically used planned development zoning to reduce the required parking for some projects. The parking requirements of the city do not hinder the availability and affordability of housing. Often affordable multifamily projects have received parking reductions. The affordable housing multifamily projects with parking exceptions include Homestead, Twin Pines, Owendale, Pacifico and Windmere developments.

The multifamily conventional parking standards are as follows:

Studio Unit	1.00 space per unit
One Bedroom Unit	1.00 space per unit
Two-Bedroom Unit	1.75 space per unit
Three Bedroom or more Unit	2.00 space per unit

In general, the parking requirements under this standard do not provide adequate parking to meet current vehicle ownership standards. Additional parking has been provided in new multifamily projects.

Design standards such as roofing materials, architectural enhancements and landscaping may increase the costs of housing. However, these features are necessary to ensure the quality of life and maintain properties in good condition, which are essential to the community at large.

The flexibility built into the city's zoning allows for provision of housing to all income levels. The zoning standards are necessary to ensure appropriate quality of life for the community.

### **8.1b. Building Code Requirements**

Like other cities in California, the city has adopted the Uniform Building Code (UBC). Under state law, this code can be amended by local governments only due to geographical, topological or climatological reasons. The UBC that the city operates under consists of Uniform Building, Plumbing and Mechanical Codes. The building code may be considered to increase housing costs above the cost of nonstandard development. However, its benefits, including health and safety benefits, outweigh its disadvantages.

### **8.1c. Entitlement Approval Conditions**

The required entitlement applications for the development of residential and commercial land are usually subject to conditions. These conditions of approval are in place to protect community character, or ensure privacy of adjacent neighbors, or for health and safety reasons, or environmental protection, among other reasons. The conditions of approval are usually acceptable to the project proponents. Thus, the conditions of approval are necessary and not believed to impede the availability and affordability of housing.

### **8.1d. Fees and Exactions**

One effect of Proposition 13 in Davis, as in many California cities, has been an effort to require that new developments pay for themselves. The city has imposed a number of fees on new commercial, industrial, and residential development: Development Impact Fees; Construction Taxes; and Building and Planning Fees. In addition, the city collects a school fee for the Davis Joint Unified School District.

The physical infrastructure needs of the city are identified and defined as capital facility projects in the city conducted Development Impact Fee Study. The study provides detailed information on the expected costs of these facilities, and allocates costs appropriately based on the type of development that trigger the need for the project. State law limits the extent to which local governments can place the burden for new facilities on new development. The law requires that fees show a "reasonable" relationship or nexus between the type of development on which the fee is imposed and the public facilities being financed by the fee revenue.

Residential developers are required to bear much of the cost of the development review and approval process as well as to pay fees to provide services and insure adequate facilities for the residents of new projects. Given strong housing demand, fees and exactions are unlikely to limit the amount of housing built in the city, but they do increase the cost of producing housing. The impact on consumer home prices and rents is likely more influenced by market forces than the costs of production.

The City Council through ordinances and resolutions establishes fees for building permits and planning and engineering services. These include the full cost of the preparation of environmental impact reports when necessary, and payment based on amount of city staff time spent for plan checking, inspection of improvements and other necessary services. The fees are based on studies that analyze staff time and prevailing fees in the surrounding localities.

The fees collected by the Davis Building Division at the time of permit issuance, which are associated with new residential construction relative to building code, include the following:

- State of California Strong Motion Fee. This is a state-mandated tax for seismic monitoring, and it is applied to residential construction.
- Davis Unified School District Impact Fee. The school impact fee is assessed using the following formula: 1) Residential = sq. ft. x \$2.49. **Residential addition over 500 sq. ft.** = sq. ft. x \$2.14; 2) Commercial = sq. ft. x \$.34; and 3) Industrial = sq. ft. x \$.27.
- Yolo County Development Impact Fee of \$1,414.60 for new homes (commercial and industrial rate varies) is paid at Yolo County Planning Department in Woodland prior to issuance of building permit.
- Construction Water Fee of \$81.75 is paid for valuation of construction from one dollar up to \$100,000, and scaled for valuations over \$100,000.
- Water Meter and Backflow Preventor Permit Fees of \$106 for residential construction.
- Construction Tax Fee of \$2.16 per square foot for residential and commercial and \$1.72 per square foot for multi family.
- Plan Check Fees are collected for the review of plans for the projects. The fees charged often depend on the level of review involved prior to approval of the plans. Stock plans are charged \$175.00 administrative fee in lieu of the full plan check fee.
- Development Impact Fee is approximately \$7,000 to \$10,000 for a new single family dwelling. Development impact fees are enabled by state law to provide funding for capital facilities needed to adequately serve new development. The fees established by the development impact fee resolution adopted by the city are adjusted to account for the following factors: 1) normal cost increases associated with annual changes in the Engineer News Record Construction Cost Index, 2) the share of existing project cost increases and decreases assigned to future development, 3) the share of new project costs assigned by the Public Works Department on a case-by-case basis to future development, and 4) General Plan changes that alter a parcel's expected development potential or densification. Thus, the exact amount of development impact fee will depend on the factors as evaluated in the city resolution establishing a schedule for increasing development impact fees. The October 2002 Schedule for Increasing Development Impact Fees indicated increases for January 2003 through January 2004 in the range of \$11,978 to \$15,596 for a single-family residential unit.

### **8.1e. Processing Fees**

State law requires that local permit processing fees charged by local governments not exceed the estimated actual cost of processing the permits. In addition to fees and taxes imposed on new construction, the city imposes fees on developments requiring city approvals. These fees vary based on discretionary approvals required (e.g. rezoning or General Plan Amendment) and complexity of the project. To ensure that projects are charged fees commensurate with actual costs of the development process, major fees charged by the Planning Division are established on an hourly basis rather than a flat rate. Although this adds to the uncertainties experienced by the applicant, it means that projects that require limited processing or public review are charged lower fees than the average flat fees would be.

The Planning Division Fee Schedule is comprised of fixed/flat fees and hourly deposit fees. Fixed fee applications are minor planning applications that typically do not require an extraordinary amount of time to process. The hourly deposit fees are applied to more complex and time-consuming applications. When a fixed fee application is filed, a flat fee is collected, and staff hours are not charged to the project, regardless of the number of hours worked on processing the application. The Planning Division only receives the flat fee amount. The fee methodology was based on the average time it takes to process a specific application type. Also, the hourly deposit application projects are assessed a deposit fee and staff hours are billed against the deposit. If the deposit is not completely used, all remaining funds are refunded to the applicant. The fee schedule is flexible in that the Planning and Building Director have the authority to reduce deposit amounts if he/she deems it appropriate.

According to the June 2002 Fees Schedule Update report produced by Planning and Building Department, the hourly rates charged by the city are comparable to similar agencies and professionals. The management/supervisor staff hourly rate is \$109.00. The hourly rate charged by professional staff is \$77.00, while the hourly rate charged by clerical/support staff is \$47.50. Administrative approvals, such as design review applications for signs, garage conversion, or minor modification have a fixed fee of \$1,110.00. A fixed fee of \$154.00 is charged for environmental determination, while a deposit of \$500.00 is charged for Negative Declaration documentation. Environmental Impact Report preparation requires full payment of the cost estimate, or a contract plus 20% percent administrative fee.

### **8.1f. Processing and Permit Procedures**

The city permit processing time and procedures do not serve as a constraint to housing production. The city has made a commitment to facilitate expeditious processing of various entitlement applications. It is not unusual for city staff to start processing incomplete applications to expedite the public hearing process and date.

Land use entitlements necessary for development generally include pre-zoning, annexation, and tentative subdivision maps. Developers may also request General Plan or Specific Plan Amendments. To reduce overall processing times for residential and commercial developments, the city allows concurrent processing of land use applications, such as General and Specific Plan

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Amendments, Rezoning, and Tentative Subdivision Maps. Although concurrent processing may increase processing time for each individual approval, the total processing time for the entire development is usually reduced.

Table 62 below contains a typical planning entitlement application processing time line. The table does not contain all application types. Some application types, such zoning verification, temporary use permit and public convenience or necessity determination, are not included in the table. These are not highly critical entitlement application types for a residential development. The environmental documentation performed depends on the application type and subject site location. The environmental documentation may prolong the processing time. The "Measure J" voter approval process for conversion of agricultural land to housing is discussed separately.

It is not unusual for major applications such as amendments to the Zoning Ordinance, Specific Plans, and General Plan to be processed and acted upon by City Council within three months. Table 61 shows a range rather than an average time it takes to process the application types listed. The city has not conducted a formal assessment of how long it takes to process application types in recent years. The time line for processing and acting on the various application types depends on a number of factors that include: 1) completeness of the application, 2) sensitivity and compatibility of the project with existing projects and neighborhoods, 3) oppositions or lack of oppositions to the project, and 4) the submission time of the project applications.

Administrative Approvals:	
<ul style="list-style-type: none"> <li>▪ Design Review</li> <li>▪ Minor Modification</li> <li>▪ Minor Improvement</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1½ month</li> <li>▪ 1½ month</li> <li>▪ Same day - five to ten minutes</li> </ul>
Design Review - referred to Planning Commission	1 to 2 months
Minor Modification - referred to Planning Commission	1 to 2 months
Lot Line Adjustment/Merger/Tentative Parcel Map	1 to 2 months
Vacation of Easements	1 to 2 months
Tentative Subdivision Map	1 to 4 months
Conditional Use Permit	1 to 2 months
Variance	1 to 2 months
Final Planned Development	1 to 2 months
Revised Final Planned Development	1 to 2 months
Prezoning/Rezoning/Preliminary Planned Development	2 to 12 months
Zoning Ordinance Amendment	2 to 6 months
Specific Plan Amendment	2 to 6 months
General Plan Amendment	2 to 12 months
Annexation	6 to 24 months
Environmental Documentation	Depends on the application

## **8.1g. Urban Growth Boundaries and Growth Management Policies and Ordinances**

State law requires localities to consider the effect of growth management policies and ordinances on the housing needs of the region and balance those needs against the public service needs of its residents and available fiscal and environmental resources. The way land is used in the city, today and in the future, is at the heart of the General Plan. Land use decisions affect all other aspects of the city including traffic, noise and air quality; opportunities for jobs, housing and businesses; community character and design; and the need for public facilities and services of all types. The city considered all aspects required by the law when adopting policies and ordinances that manage growth. The 2001 General Plan Land Use Element has some growth management policies that could be seen as constraints to housing provision, which are:

**Policy LU 1.1** Recognize that the edge of the urbanized area of the city depicted on the land use map under this General Plan represents the maximum extent of urbanization through 2010, unless modified through the Measure J process.

### **Standards**

- a. The General Plan Map is a representation of the ultimate geographic size of the city in the year 2010. No expansion of the city beyond those areas shown for urban use on the land use map will be permitted unless authorized through the Measure J process.
- b. All developments, including those entering into development agreements, are subject to the Phased Housing Allocation Ordinance or a similar ordinance.

### **Actions**

- d. Maintain a growth management system that regulates the timing of residential growth in an orderly way considering the following: infrastructure, geographical phasing, local employment increases, environmental resources, economic factors, DJUSD school enrollment and sustainability. Such a system shall pursue programs and partnerships which will allow the City to target residential development to meet identified needs (e.g., University students and staff, faculty housing, senior housing, housing for low and very low incomes, school district staff, City employees).
- e. Create and maintain an effective growth management system designed to keep the population of the City below 64,000 and the number of single-family dwellings below 15,500 in 2010, which corresponds to a sustained 1.81 percent annually-compounded growth rate from January 1, 1988 to January 1, 2010 and a sustained 1.4331 percent annually-compounded growth rate from January 1, 1996 to January 1, 2010 due to "front loading".

**Policy LU 1.3** Establish and require a citizens' vote process for any proposed amendment to the Land Use Map as amended through August 1, 1999 from an agricultural or urban reserve designation to an urban designation, or from an agriculture designation to an urban reserve designation; or for any development proposal on the Covell Center and

Nishi properties<sup>1</sup>; to ensure full public participation and consideration of issues related to such decisions, including impacts on policies calling for compact urban form, preservation of agricultural lands surrounding the City for long term agricultural use, and provisions of an adequate housing supply to meet internal needs of the City. This policy and land use designations affected by this policy shall remain in effect in the General Plan or any update to the General Plan until December 31, 2010 or as long as the Citizens' Right to Vote on the Future of Agricultural and Open Space Lands Ordinance remains in effect.

This policy is intended to assure full participation in land use decisions by the citizens and voters of the City, including but not limited to public debate and a vote of the people, and to assure that the principles set forth in the General Plan relating to land use, affordable housing, open space, agricultural preservation and conservation and the like are fully implemented.

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<sup>1</sup> (a) The property known as Covell Center, or any portion of said property, bordered by Covell Boulevard on the south, the Hunt property and County Road 101A on the west, County Road 102/Pole Road on the east, and the southern edge of the City owned property (old closed landfill) and extending to F Street on the north.  
(b) The Nishi property, or any portion thereof, the boundaries of which are established in the Gateway/Olive Drive Plan, dated January 1996.

Measure J and the Phased Allocation system are the two current tools that the city uses to manage its growth other than the land use map. The city had community visions and goals, and public health, safety, and welfare concerns in mind when it adopted these two forms of growth management measures. Since UC Davis became a general campus of the University of California in the early 1950's, Davis' average growth rate has been among the highest in the Sacramento Metropolitan Area. Concern about this growth rate were expressed by the electorate in June 1986, when 58 percent of those voting approved an advisory measure calling for Davis "to grow as slow as legally possible." The chronology of City Council and community decisions on growth in the past two decades as presented in the 2001 General Plan is as follows:

- |                |   |
|----------------|---|
| 1973:          | General Plan adopted with an anticipated population of 50,000 by the year 1990.   |
| June 1982:     | General Plan text amended to reflect revised goal of 50,000 in the year 2000.   |
| February 1984: | General Plan adopted, anticipating a population of 50,000 in the urban area by the year 2000.   |
| June 1986:     | City of Davis voters approve Measure L, an advisory measure to "grow as slow as legally possible."  |
| June 1987:     | South Davis Specific Plan approved, allowing 1,800 residential units.   |
| November 1986: | Pass-through agreement among City, Redevelopment Agency, and Yolo County. Agreement requires Agency to pass through a portion of its property tax revenues to Yolo County. The Agency may stop payments if the County |

approves urban development within the City's planning area, but only if the City maintains an average population growth rate of 1.78 percent per year.

- December 1987: General Plan adopted, accommodating a population of 75,000 in the Davis Planning Area by 2010 and 27,390 total units within the City of Davis, for an approximate city population of 65,500.
- February 1989: South Davis Specific Plan amended to be consistent with the General Plan, including a reduction to 1,510 residential units.
- 1989-1994: Several Development Agreements approved, including Mace Ranch, Oakshade, Evergreen, and Wildhorse.
- May 1995: Voters ratify the Wildhorse Development Agreement.
- March 2000: Voters approved Citizens' Right to Vote on Future Use of Open Space and Agricultural Lands Ordinance. The ordinance, commonly called Measure J, is believed to provide for a balance between the preservation of agricultural lands and open space and the housing needs of the city.
- November 2000: The citizens of Davis voted to tax themselves to protect open space and agricultural resources in the Davis area, commonly known as Measure O.

The 2001 General Plan land use map is not included in this document but can be found in the plan itself. It portrays the ultimate uses of land in and around Davis. The land use map shows areas intended for urban development during the term of the General Plan, 2010. The 2001 General Plan land use map was created to implement principles that include the following (see the General Plan document for the full principles that form the foundation for land use planning in Davis):

- Provide land use and zoning categories to generally reflect existing densities and to allow for a broad range of housing types, configurations and densities.
- Focus growth inward to accommodate population increases. Infill development is supported as an appropriate means of meeting some of the city's housing needs.
- Create and maintain housing patterns that promote energy conserving transportation methods.
- Accommodate new buildings with floor area ratios that can support transit use, especially within ¼ mile from commercial areas and transit stops, but maintain scale transition and retain enough older buildings to retain small-city character.
- Support the opportunity for efficient public transit by siting large apartment complexes on arterial streets, in the core and near neighborhood centers and the University.

- All neighborhoods, both new and existing, should include a centrally located hub or activity node within walking distance of housing in the neighborhood...
- Protect residences and other sensitive uses from noise, air pollution and traffic related impacts.
- Maintain lands for open space land uses including outdoor recreation, natural habitat preserves and agriculture within and beyond the proposed urban-development boundaries.
- Create an open space buffer between urban and agricultural uses to maintain the integrity of the adjoining agricultural/natural areas, to serve as a transitional space between urban and rural lands, to provide a visual edge, and to be an aesthetic and recreational resource.
- To preserve existing agriculture and control growth, relocate the boundary of the General Plan Area farther to the west from the current County Road 97D (one mile west of Stonegate) to County Road 96 (2½ miles west of Stonegate). This is intended to increase Davis' area of planning concern farther into the possible growth area of the city of Dixon, not to expand the urban growth area.
- Designate land within one mile of the new Davis landfill as Agriculture in order to prohibit urban development on it.

The chronology of Davis growth management decision-points and the principles for the land use map above show that Davis has continued to address unplanned growth that could lead to sprawl and mismanagement of agricultural and open space lands over the years.

### **8.1h. Measure J Ordinance as a Growth Management Measure**

The purpose of the Measure J Ordinance (Ordinance No. 2008) was "to establish a mechanism for direct citizen participation in land use decisions affecting City policies for compact urban form, agricultural land preservation and an adequate housing supply to meet internal City needs, by providing the people of the City of Davis the right to vote, without having to evoke referenda, on general plan land use map amendments that would convert any agricultural, open space, or urban reserve lands, as designated on the Land Use Map of the City of Davis General Plan, dated August 1, 1999, to an urban or urban reserve land use designation and on any development proposal on the Covell Center or Nishi properties.

The purpose of this Article is to ensure that the purposes and principles set forth in the City of Davis General Plan relating to voter approval, land use, affordable housing, open space, agricultural preservation and conservation are fully considered by establishing an expanded land use entitlement process for proposed conversion of properties to urban use that are designated or in agricultural or open space use. This action recognizes that continued conversion of agricultural lands to meet urban needs is neither inevitable nor necessary, and that any land use decision affecting such properties shall be subject to a public vote."

Measure J Process. Any proposal submitted to the voters through Measure J must first be approved by the City Council, after review by the Planning Commission. This process ensures that the proposal must provide the required inclusionary units among other concerns in order to be approved by the city, prior to voters' action. Projects may undergo modification during the initial review process to ensure consistency with community goals, including affordable housing, before being submitted to the voters. The process envisions community outreach for proposed developments, which may include notification through the local newspaper, direct mails, neighborhood meetings, the city web site, and local cable television.

Since adoption of Measure J in 1999, there has been no evidence that the measure has limited the number of developable market-rate and/or affordable housing units produced. Consistent with state law, the city has the capacity to meet its allocated regional housing allocation for this period. It should be noted that no project applications have been submitted, and undergone the Measure J process and failed. There is no hard evidence available at this time to support that Measure J alone has materially constrained the supply of housing, or hindered the city from meeting its regional fair share. In fact, entitlement applications for Covell Center now called Covell Village have been submitted and are undergoing the initial review. This project would undergo the Measure J review processes.

Is Measure J a Constraint on Housing? Again, the city has capacity to meet and exceed its fair share allocation for this planning period. The debate regarding whether Measure J would functionally impede housing supply and affordability is strictly academic. It does not change the fact that the city has capacity to meet and exceed its regional housing need allocation for this planning period.

It has been argued by some that Measure J will functionally impede future housing development because the voter approval process could discourage residential development proposals. This argument could be countered by the recent submittal of entitlement applications for Covell Village project, which will undergo the Measure J process. This application is still in its preliminary stage.

It should be noted that considerable investigation and discussion of possible impacts of Measure J occurred through the discussion and debate prior to passage of Measure J in 1999.

Measure J, by itself, would not automatically limit housing supply in the city. Several factors influence the supply and demand of housing in Davis, just as any other city or local agency in the state. Measure J may serve as a deterrent or barrier to inappropriate development being annexed to the city.

The goal of Measure J is to encourage proposals that meet the city's goals of agricultural preservation, energy-efficiency, and affordable housing to improve the likelihood that the voters will support the project. Additionally, units needed to meet fair share requirements are explicitly exempt from Measure J. Most importantly, the City Council must determine that new development is consistent with the General Plan and its policies on agricultural preservation, managed growth, and subdivision design. Proposed projects that do not meet

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the city's goals for energy-efficiency, affordable housing, or other community goals and design requirements may be rejected by either the City Council or the voters through the Measure J process. This rejection could have occurred without the Measure J process.

The Measure J requirement contributes to the city's managed growth system. Measure J encourages compatible infill development, which will provide needed housing, while protecting the region's farmland. It encourages compatible infill development and explicitly excludes infill projects from the requirement for voter approval. Measure J recognizes that through infill, appropriate housing will be provided to meet the city's housing needs. Other potential benefits of Measure J include reduction of school overcrowding that often result from unplanned growth; improved traffic conditions often due to managed growth; potential improvement to air quality due to reduced adverse traffic impacts associated with unplanned growth; and better management of natural resources such as water.

However, it has been argued that Measure J could constrict the supply of housing due to the perceived fear that the voters may reject a potential new residential development. This argument is based on the perceived difficulty of Measure J processes because it is an additional process to the entitlement approval. Also, it has been argued that Measure J is an impediment to housing provision. This position is not supported by the approval of the only two major residential development proposals brought before the voters through the referendum process in the past two decades, Mace Ranch and Wildhorse. These two proposals were approved. Their approval by the electorates had set a precedent. There is no evidence that this precedent could not be reversed in the future. However, it certainly does not support the argument that the voter approval process will impede all future residential proposals. The voters certainly would have the ability to reject a development proposal.,

It has been argued that Measure J could potentially add costs to the development review process and extend the time for approval. The added costs and time are seen as limiting to the housing supply. There may be some truth to this argument. However, there are counter arguments. It is possible that the time and cost associated with a Measure J election could be less than or equal to that of a potential referendum. It is speculative to conclude that election costs will adversely affect the cost or supply of new housing, given the other known factors that affect housing costs and supply. Given that the developers have knowledge of Measure J, it is reasonable to expect that the costs associated with Measure J would be factored into the purchase price of the agricultural land proposed for conversion to residential development. Developers would reasonably include other factors as well, such as market conditions, in considering costs for new residential development to be annexed into the city. This argument, however, does not address the potential added costs and time. Had Measure J not been approved and a new major residential proposal is proposed but does not require a referendum, then the argument of added costs and time is legitimate. Given the history of the two referenced most recent projects and the known vision of most residents of the city, it is unlikely that a major residential project could be approved without some form a challenge.

Also, it has been argued that Measure J is an unnecessary step as the citizens should not be involved in the review of proposed new residential developments. The reason for this argument is that the general public is not educated in the land use processes in order to make

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an informed decision. Also, it is believed that "not in my backyard" (NIMBY) attitude is encouraged by Measure J. The counter to this argument is that the citizens have the opportunity to voice their opinions on new development projects that would impact their health, safety and general welfare.

There are several arguments and counters to Measure J. The exact impacts of Measure J are unknown at this time. Measure J has not been tested. The key question to be answered here is whether the city would meet its regional fair share for this planning period, and if not, how would the city go about reducing constraints to meet its fair share allocation? Again, the answer is simply that the city would meet and exceed its fair share numbers. State law requires that growth management measures not preclude any local entity from meeting its regional housing fair share. Measure J will not impede the city's ability to meet its fair share of the regional housing need for this planning period. The law does not require that the city evaluate impacts beyond the current planning period.

### **8.1i. Phased Allocation Ordinance as a Growth Management Measure**

The City adopted its first "slow growth" General Plan in 1973. The ability to build housing in Davis has been phased since 1975. The Phased Allocation Ordinance has five stated goals, which are:

1. Prevent premature development in the absence of necessary utilities and municipal services.
2. Coordinate city planning and land regulation in a manner consistent with the General Plan.
3. Facilitate and implement the realization of General Plan goals, which cannot be accomplished by zoning alone.
4. Provide significant incentives to developers to include very-low, low and moderate-income housing in their development.
5. Prevent unplanned growth, which has no relationship to community needs and capabilities. (Ordinance No. 1638, adopted May 20,1992.)

All active subdivisions in the city have full allocations, except one (Willowbank 9, 24 units). Below is a general discussion of the effects the housing allocation has had on previous housing production. Following adoption of the 1973 General Plan, a new housing allocation system was adopted. The system has been in place since then.

Programs and policies included in the Housing Element ensure that various types of needed affordable housing are exempted from any allocation system that has been adopted, and would be adopted. The discussions below are on the impacts of the allocation system on housing.

Competition. The allocation system, in effect since 1975, was designed to control both the rate and character of development in Davis. Some see the system as the embodiment of the city's goals and the tool that enables it to demand quality development. The allocation system limits the number of units approved within a given time period and establishes high expectations for development projects. Apartment units were previously exempt from the allocation system. In May 1992 the city re-exempted multi-family rental developments. Residential developments in the Core Area are also exempt from the allocation system.

The allocation system allows developers to compete for a limited number of units to be allocated by proposing projects that best meet the city's needs as expressed through standard conditions of project approval. This positive aspect of the competition created by the system contrasts with those parts of the system that effectively reduce the number of developers operating in the city.

The scarcity of residential land within the city limits competition. The city has experienced a significant growth in residential development from 1997 to the present. This growth substantially depleted the number of residential developable lots in the city. The reasons for the fast paced residential development include the fact that the allocation system is a five-year "rolling" system. Some allocations were granted through development agreements, which rolled from the early to the mid 1990s to the late 1990s. All residential projects that are designated for development in the General Plan currently have all units allocated, except for Willowbank 9. The allocation system is based on eleven criteria. They include the number of units approved and actually constructed in prior years and residential needs report.

Housing Supply. The allocation system has regulated the number of units to be built in the city in accord with policies that emphasize internal needs, presumably generated by increases in local employment and UC Davis student enrollment. Whether housing growth would have been greater during the past three decades if the allocation system had not been in place is particularly difficult to judge. This is largely because other General Plan policies have impacts on the potential residential developments that occur in the city. The current General Plan policies include agricultural and open space preservation, which limit the extent of the urban area, thereby limiting developable land availability.

Since the initiation of the allocation system, more units have consistently been proposed than allocated. However, the difference between the two has steadily narrowed. This may be partly due to increasing familiarity with the system by members of the development community, resulting in a better ability to gauge in advance the number of allocations to be granted and scale their proposals accordingly. It also can be partly attributed to scarce developable land or development agreements. Other contributors to narrowing gap include environmental reviews and slow real estate market conditions.

Even within the allocation system, developers have had some ability to respond to market forces. Historically, this has occurred through delay in construction of allocated units until market conditions were favorable. This was the situation with Mace Ranch, Wildhorse, Oakshade, and Willowcreek subdivisions. In the last two decades, the number of unbuilt allocations was greatest during 1981-82 and 1991-96, when high interest rates and real estate

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market conditions discouraged construction. With lower mortgage interest rates and resulting strong market demand, the excess was reduced, as developers took advantage of favorable conditions. This delayed construction of allocated units is a form of speculation. For instance, in 1991-96, there were a large supply of unbuilt allocations, particularly in the Mace Ranch, Wildhorse, Oakshade, Willowcreek, and Crossroads developments. These were eventually built from 1997 to present as mortgage interest rates and market conditions improved.

Development of multifamily units is not controlled by the Phased Allocation system. It is controlled by factors such as market conditions and land availability. The Phased Allocation Ordinance excludes "Small urban parcels" from its requirements. "Small urban parcels" is defined by the ordinance to mean development with the all of the following characteristics:

- Ten (10) or fewer gross acres,
- Created prior to January 1, 1989,
- Designated for residential land use on the general plan map, and
- Surrounded or substantially surrounded by non-agricultural development that is consistent with the applicable General Plan designation.

The 2001 General Plan Growth Management Policy 1.1 Action "a" requires modification of the Phased Allocation to make smaller projects subject to allocation requirements and to give preference to infill and redevelopment of urban areas within the community over the development of agricultural and open space lands, to the extent feasible. When the ordinance is amended to include this policy action requirement, infill development would still receive preference over new development projects.

Not all units allocated have been built yet. There are 117 units (as of February 28, 2003) from the Phased Allocation Plan, which have received allocation to build but have not yet applied for building permits. This number does not include 22 lots allocated but not effective till January 1, 2004. Willowbank Unit 9 subdivision does not have allocation for 19 units.

Effect of Allocation System on Housing Prices. The components of market-rate housing cost cannot be easily identified. The desirability of Davis as a place to live strengthens housing demand, increasing home values and cost. The city's strong identity, compact form and open-space surroundings all contribute to its quality and market demand.

With regional growth, planned enrollment increases at UC Davis and low interest rates, Davis, Dixon and Woodland are currently experiencing housing demand pressures and rising home prices. Davis has put in place a growth-management system in response to these pressures. However, the current housing demand pressure is a national trend and is not unique to Davis and its surrounding cities.

Elements of the allocation system that have been identified in the past by developers, lenders and realtors as increasing housing cost include lack of competition among developers and developers' inability to respond to favorable market conditions, as discussed above. Additional identified concerns were lengthy processing time and piecemeal allocations, which are discussed below. However, the contrasts to these arguments include the fact that the rolling of allocations often results in fast-paced development during favorable market conditions. Also, the scarcity of developable residential land affects the allocation system.

Effect of Allocation System on Development of Affordable Housing. The Phased Allocation Plan exempts from allocations all of the following:

- Housing units granted allocations under the previous growth limitation program;
- All commercial and industrial development;
- Residential development within the downtown Core Area;
- Infill residential development; and
- Affordable housing for very-low and low-income households.

The growth management policies and ordinances contribute to the restriction excessive housing development, including affordable housing in the city. However, given the recent residential housing growth in Davis, it can be argued that the limitation of the growth management policies and ordinances are moderate. In May 1992, the city exempted multi-family rental projects from any allocation requirements. This action allows apartment complexes consistent with zoning and the General Plan to be built at any time.

Lengthy Allocation Processing Time. Since 1980, the shortest period between an allocation approval and the issuance of a first building permit was three months and the longest was 41 months. Some delays are caused by developers' response to market conditions, changes in project applications, or securing financing. Since 1989, the amount of time between first allocation and building permit issuance has been as small as the next fiscal year and as long as three years. For instance, the Wildhorse subdivision amended its development agreement to receive accelerated allocation, which resulted in units being built and occupied within a 12-month period.

Piecemeal Allocations. In the early years of the allocation system, many projects receive several allocations over a period of years, with as few as three units approved in a given allocation and no assurance of future allocations. The city has stated, however, its intent to allow developments to fully build out within fifteen years of the first allocation. Each allocation requires regulatory and financing applications, which could be done at one time if a total project approval were granted, even if phasing were to require development at the same pace as results from the allocation system. Because production construction techniques cannot be used in small-size projects, housing cost for such projects are higher. Phasing programs would not affect this.

However, the most recent major subdivisions in city received their allocations through development agreements. There were no piecemeal approaches in the allocation of units to the subdivisions, which include Wildhorse, Mace Ranch and Evergreen.

### **8.1j. Other Policies and Ordinances**

Other policies and existing zoning ordinance could be construed to impede housing availability and affordability. These are:

- The Affordable Housing policies and ordinance,
- The Right to Farm and Farmland Preservation policies and ordinance, and
- The Greenbelt and Open Space policies.

### **I. Affordable Housing Policies and Ordinance**

The General Plan has a policy that reads:

**"Policy HOUSING 4.1** Maintain and periodically review the Affordable Housing Ordinance to require the inclusion of affordable housing in all new development areas to the extent feasible.

#### **Standards**

- a. Twenty-five percent of all proposed new for-sale residential units should be affordable to very low, low and moderate-income households. The units should be as affordable rental or ownership.
- b. Continue to administer an affordable housing ordinance, which accomplishes the following:

Rental housing developments containing between 5 and 19 units inclusive shall provide, to the maximum extent feasible, 15 percent of the units to be affordable to low-income households (50-80% of the median income) and 10 percent of the units to be affordable to very low income households (less than 50% percent of median income) for a total requirement of 25 percent.

Rental housing developments containing 20 or more units shall provide, to the maximum extent feasible, 10 percent of the units to be affordable to low-income households and 25 percent of the units to be affordable to very-low-income households for a total requirement of 35 percent.

The city shall review the ordinance at least every five years to confirm its effectiveness."

The Affordable Housing Ordinance was initially adopted in 1990 and amended in 1993. The ordinance requirements are intended to implement the General Plan policies that require affordable housing for all income categories as stated above, and to meet the city's share of the regional housing need for these impacted households.

The ordinance has built-in flexibility to allow a "project individualized program", which is an alternative to the standard provisions. The program generates the same or more than the number of affordable units that would have been generated under the standard requirements.

Some have argued that provision of affordable housing adds to the costs of the market-rate units, thus, increases the cost of housing. This argument may be valid to some extent provided the cost of affordable housing contribution is not reflected in the value of land purchased by the developer or the profit made by the subdivider. However, to provide housing for all income segments of the city, it becomes necessary to require inclusion of affordable units in new residential development. The majority of the affordable units come at minimal direct cost to the subdivider, although they may have opportunity costs through reduced profit.

## **II. The Right to Farm and Farmland Preservation Ordinance**

The May 2001 General Plan has a policy that reads:

**"Policy AG 1.1 Action j.** In order to create an effective permanent agricultural and open space buffer on the perimeter of the City, immediately upon completion of the General Plan Update, pursue amendments of the Farmland Preservation ordinance to assure as a baseline standard that new peripheral development projects provide a minimum of 2:1 mitigation along the entire non-urbanized perimeter of the project. The proposed amendments shall allow for the alternate location of mitigations for such projects including but not limited to circumstances where the project is adjacent to land already protected by conservation easements or by some other form of public ownership that guarantees adjacent lands will not be developed."

The city adopted an ordinance on November 15, 1995, establishing the Right to Farm and Farmland Preservation requirements. The Right to Farm portion of the ordinance states that properly operated agricultural operations are generally not to be considered a nuisance, and requires that properties within 1,000 feet of agricultural lands carry a deed restriction that notifies owners and buyers of potential inconveniences associated with lawful agricultural operations when they are subjected to any discretionary permit issued by the city. It also requires that lands within 150 feet of an agricultural, greenbelt or habitat area shall be maintained in an agricultural buffer/agricultural transition area. The buffer is to be made up of a 100-foot agricultural buffer without public access, as well as a 50-foot transition area that may include bike paths, trails and other facilities for public access.

The Farmland Preservation portion of the ordinance requires agricultural mitigation by applicants for general plan or zoning changes or any other discretionary entitlement applications that would change the use of agricultural land to non-agricultural uses. Agricultural mitigation on a 1:1 replacement basis may include granting of a farmland conservation easement or similar conservation mechanism for lands not subjected to non-agricultural development or payment of a fee for purchase of farmland rights in another area. Mitigation lands must be within the Davis planning area. A portion of agricultural mitigation lands may be used for habitat mitigation.

Some have argued that this ordinance and the 2001 General Plan 2:1 requirements may impede housing development. It is anticipated that prospective developers would take into consideration this requirement in making offers for land to be developed that would be required to comply with the requirements. The city's agricultural mitigation policies reflect the public policy tension between affordable housing and agricultural preservation. The city has shown that it can be successful in protecting open space and farmland while meeting fair share housing allocation.

### **III. Greenbelt and Open Space Policies**

Land Use Element policies requiring the provision of greenbelts and other amenities may affect the cost to the developer of constructing housing. This in turn could affect the cost to the purchaser or renter of housing. The city requires that 10% of the land in a residential subdivision be dedicated and improved as neighborhood greenbelt. The greenbelt requirements do not reduce the number of units that may be built on a given parcel of land. Although a portion of the land is required to be built as greenbelt rather than housing, the number of allowed units is determined by the gross acreage of the parcel, including the greenbelt area. The greenbelts will reduce the lot size per unit, however, which may either reduce the market value of the unit or decrease developer profit. Similarly, on-site open space and parking requirements for multi-family developments also act to reduce the amount of land available for building.

Neighborhood greenbelts, like other recreational amenities, add to the cost of producing housing. They also add to the value of housing by increasing the desirability of the unit and the surrounding neighborhood. One of the reasons people want to live in Davis is the availability of bike paths and neighborhood greenbelts. Neighborhood greenbelts, by providing an off-street transportation system, also encourage travel on foot and by bicycle, reducing automobile congestion and assisting in the preservation of air quality. Thus, the costs associated with the greenbelt and open spaces are necessary and do not significantly impede housing provision.

### **IV. Persons with Disabilities Constraints Analysis**

Recently amended Chapter 671, Statutes of 2001 (Senate Bill 520) effective on January 1, 2002, amended the Housing Element law and Government Code Section 650008 to require that as part of a governmental constraints analysis, an element must analyze potential and actual constraints upon development, maintenance and improvement of housing for persons with disabilities and demonstrate local efforts to remove governmental constraints that hinder a locality from meeting the need for housing for persons with disabilities. The law requires the removal of the constraints or provision of reasonable accommodation for housing designed for persons with disabilities.

The city could not identify any specific governmental constraints that hinder the provision of housing for persons with disabilities. However, the city recognizes that persons with disabilities are one of the special needs group that must be accommodated consistent with the law. As a result, the city policies and programs include the following:

**"Policy HOUSING 1.4** Encourage a variety of housing types and care choices for disabled persons.

### **Standards**

- a. Units appropriate for disabled persons shall be included in all housing developments with 5 or more units, as required by state and federal law.
- b. Housing for disabled persons should be located near neighborhood centers in order to facilitate disabled persons' maximum participation in community life.

### **Actions**

- a. Facilitate the process for reasonable accommodations in land use, zoning, funding, development and use of housing for persons with disabilities and adopt an ordinance that specifies procedures and standards for granting reasonable accommodation for persons with disabilities. Consistent with policies that ensure a fair and equitable dispersal of group homes throughout the city.
- b. Complete a review of land use and zoning standards to promote housing for people with disabilities.
- c. Create incentives to encourage the establishment of fully accessible housing for people with disabilities in addition to requirements for accessible units otherwise mandated by federal and state law, including providing density bonuses for additional units that incorporate universal design or other similar design principles.
- d. Consider adopting an ordinance requiring basic access (visitability) features for 25 percent newly constructed single-family residences (that is in new subdivisions), and in all multi-family residential units with a ground-floor entrance, including, at a minimum: an accessible route through hallways and passageways on the first floor, at least one adaptable bathroom on the first floor with wall reinforcements, and accessible light switches, thermostats and other environmental controls on the first floor. Part of this consideration should be a cost analysis for the required reasonable accommodation, accessibility and visitability improvements."

The above policies would facilitate the provision of housing for persons with disabilities consistent with the law.

## **8.2 LOCAL EFFORTS TO REMOVE GOVERNMENTAL CONSTRAINTS**

The city recognizes the need to remove constraints to housing hence Section 9.4 of this document is devoted to it. In addition to the programs, policies, and actions in Section 9.4, the city has made the following local efforts to remove governmental constraints that might hinder housing availability and affordability:

- The city has exempted all affordable housing and multi-family projects from Phased Allocation Plan requirements under the city's growth management program.
- The city has granted density bonuses for provision of affordable housing and housing for seniors, consistent with state law and the Affordable Housing Ordinance.
- The city has continued to maintain a supply of land adequate to meet the five-year demand for housing at all income levels.
- The city has developed and implemented guidelines for infill development.

## **8.3 NONGOVERNMENTAL CONSTRAINTS**

Nongovernmental constraints can be anything outside the purview of government that negatively impacts the "maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction" (Gov't. Code §65583(a)(5)). Thus, the potential list of all constraints on housing development could be long and include information on regional and national economic conditions.

The analysis in this section focuses on non-governmental constraints that address the following:

- Land Costs,
- Construction Costs, and
- Availability of Financing.

### **8.3a. Land Costs**

Many factors and variables that include land scarcity, location, unique on site features, lot size, accessibility, availability of services, type of financing between buyer and seller, Zoning and General Plan designation influence the cost of land. Typically the cost of land is the largest component of housing cost. While the city can directly control the housing supply through Measure J and the Phased Allocation growth management program, there is little that it can do to influence the market price of land.

As of May 2003, the cost of an improved, or ready-to-build residential lot ranges from \$200,000 to \$400,000, depending on lot size, location, and other factors. For instance, locations next to open spaces, such as a golf course, greenbelts, or Putah Creek, demand higher land values, while locations near the freeways (especially 1-80) are less valuable, due to noise and traffic concerns.

### **8.3b. Construction and Improvements Costs**

The costs of construction are based on several factors that include labor, materials, development fees, and land. Construction costs vary depending on the type of development. Generally, single family housing is more expensive as compared to multifamily housing construction costs. As of May 2003, local realtors contacted by staff estimate that production-builders' construction cost for home ranges from \$70 to \$80 per square foot. The custom home built by small builders' construction cost is a range of \$125 to \$150 per square foot. Because builders often attempt to maintain a constant ratio of land to building cost, increasing land values can result in increases in proposed unit size and amenities, further increasing the cost of the completed home.

The range of construction costs for affordable multi-family projects in Davis as of April 2003, was \$100 to \$132. Affordable multi-family housing projects cost more than market-rate multi-family projects. The range of construction costs for market-rate multi-family projects was \$90 to \$125 for the same period. Production builders have low construction costs compared to non-production builders in both single-family and multi-family housing projects.

### **8.3c. Availability of Financing**

Given high housing demand and land costs in Davis, it is unlikely that established residential developers will encounter difficulty in obtaining construction financing for projects in the city. However, nonprofit developers face a different challenge. Most of their construction costs come from governmental sources. Government funds for affordable housing are limited. Nonprofit developers face nationwide and statewide competition for these funds. However, the city financially assists the nonprofits relative to construction costs. The city offers assistance from its Redevelopment, Housing Trust and CDBG funds.

For homebuyers, interest rates have a major impact on housing affordability, as discussed in sections 5, 6 and 7 of this document. Given the recent trend of lower mortgage and construction interest rates, prospective homebuyers and developers alike have easier access to lenders as compared to the early 1990s when there were higher interest rates.

There is no data to indicate that financing is less available in the Davis area than elsewhere in the region or state. Financing is generally available in Davis for new construction, rehabilitation and refinancing. The recent historic drop in the interest rates and the high demand for housing in Davis has resulted in higher appreciation of housing values. This has made the Davis area attractive to lenders similar to many other parts of the state.

It should be noted that the city has no control over the financial feasibility of any housing transaction relative to financing. Lenders will still weigh individual housing transactions on their merit.

It is not believed that financing would be an impediment to availability and affordability of housing in Davis because of the many institutions seeking to lend money at the current market conditions. This is based on the attractiveness of Davis to lenders due to the higher appreciation of housing values and the recent higher housing demand.

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