

NCHB

"committed to affordable housing"

Northern California Association of Home Builders

NCHB Speech Number 1 for the 2009 Housing Element: 1/8/09 Planning Commission

Good evening ladies and gentlemen, my name is Julie Williams and I am speaking tonight on behalf of the Northern California Association of Home Builders. Thank you for the opportunity to speak.

How can the County Planning Department defend drafting a Housing Element without having gone through the Regional Housing Needs Assessment process completed by Humboldt County Association of Governments first? How can the County hit a target they cannot see?

How can the County Planning Department defend drafting the "Housing Element Lot Inventory" you are slated to hear on January 22nd without having a comprehensive financial analysis completed by those outside the County with financial expertise in light of the global economic meltdown? In the State's Housing and Community Development department's Housing Element Guidelines, the final paragraph says that, "... (t)he element must analyze the impacts of the cost of land, construction costs, and the availability of financing."

In November of 2008, the County issued 4 building permits for single family residences, which brought the 2008 total to 154 through November; the lowest annual number of single family residential building permit total that date in over 30 years.

Recently, the government reported housing starts are down 19% from year to year in November. In Humboldt County, housing starts are down 31% from 2007 to 2008.

As a community, we need to be asking how Planning staff translates this Housing Element into new housing starts. If there is an inadequate supply of lots, and because infrastructure is old and decaying, because financing is hard to find or non-existent and because government is not building, then what? If this recession lasts 3-5 years or longer, how will the Housing Element plans be modified to make up for the backlog in inventories required to meet the Housing Element goals? If the 10-year average of 255 housing starts in the County was floating on the formerly existing wide-open lending market, how will the Housing Element plans analyze the changed lending environment, and how that changed lending market will affect housing starts during the plan period?

Money is the mother's milk of housing and it appears it will be in short supply for the foreseeable future, and it is highly unlikely that the former lending market conditions will ever recur. That said, how does the County think we can return to even 255 starts per year average? In January 2008, the County total number of single family residences was at 40,843, so the County's 10-year average of 255 new units was about .63% new houses per year. What will happen when market conditions (sales) and financing constraints (lack of willing lenders with tighter underwriting criteria applied) drive that number of starts to ever lower percentages?

We should consider forming a new theme in these discussions. The so-far 9-year GPU planning process evolved in an economic time and condition that does not now, nor will it likely ever again, exist. Planning goals set to be achieved within those former market conditions is economic suicide now.

Does anyone seriously believe that a large project hoping for an absorption rate of over 250 units sold per year with over 400,000 square feet of proposed new commercial development in a residential neighborhood with an underground parking garage will ever be viable from a lender's perspective in the new economy with all of the existing empty store fronts in our commercial centers?

The General Plan process should be stayed pending development of a comprehensive forward-looking economic analysis that fairly predicts what market conditions will be in the changed economy at the point in time we have an accurate land inventory of available sites.

Of course, no one can predict with any reliable accuracy what those conditions will be, except to make this point: it will not be as it was.

Attachment for NCHB Comments, 1/8/09

Preparation of housing element

In the preparation of its housing element, each city and county is to consider the guidelines adopted by the department pursuant to Health and Saf. Code, § 50459. Those guidelines are to be an advisory to each city or county in the preparation of its housing element.[FN1] At least 90 days prior to adoption of its housing element, or at least 45 days prior to the adoption of an amendment to this element, the planning agency shall submit a draft element or draft amendment to the Department of Housing and Community Development. The department shall review the draft and report its written findings to the planning agency within 90 days of its receipt of the draft in the case of an adoption or within 45 days of its receipt in the case of a draft amendment.[FN2] In the preparation of its findings, the department may consult with any public agency, group, or person. The department shall receive and consider any written comments from any public agency, group, or person regarding the draft or adopted element or amendment under review.[FN3] In its written findings, the department shall determine whether the draft element or draft amendment substantially complies with the requirements of the article on housing elements.[FN4] Before the adoption of its draft element or draft amendment, the legislative body of the city or county shall consider the findings made by the Department of Housing and Community Development. If the department's findings are not available within the time limits set by this section, the legislative body may act without them.[FN5] If the Department of Housing and Community Development finds that the draft element or draft amendment does not substantially comply with the requirements of this article, the legislative body shall take one of the following actions: (1) change the draft element or draft amendment to substantially comply with the requirements of the article on housing elements;[FN6] or (2) adopt the draft element or draft amendment without changes, in which case the legislative body shall include in its resolution of adoption written findings which explain the reasons the legislative body believes that the draft element or draft amendment substantially complies with the requirements of this article despite the findings of the department.[FN7] Promptly following the adoption of its housing element or amendment, the planning agency shall submit a copy to the Department of Housing and Community Development.[FN8] The department shall, within 120 days, review the adopted housing elements or amendments and report its findings to the planning agency.[FN9]

[FN1] Gov. Code, § 65585, subd. (a).

[FN2] Gov. Code § 65585, subd. (b).

[FN3] Gov. Code, § 65585, subd. (c).

[FN4] Gov. Code, § 65585, subd. (d).

[FN5] Gov. Code, § 65585, subd. (e).
65589.8.

[FN6] Gov. Code, §§ 65580 through

[FN7] Gov. Code, § 65585, subd. (f).

[FN8] Gov. Code, § 65585, subd. (g).

[FN9] Gov. Code, § 65585, subd. (h).