
PENDING, APPROVED AND UNDER CONSTRUCTION HOUSING PROJECTS

Summary of Pipeline Projects

This memo summarizes how pending, approved, or under construction projects factor into the Housing Element’s site inventory.

Approved Projects and Projects Under Construction

Approved housing projects and those under construction can be counted in a jurisdiction’s site inventory and deducted from the RHNA based on the actual affordability and unit count of the development.

To count these projects in the site inventory, they:

1. **Must be approved or under construction** – has been approved, has been issued a building permit, or is still under construction on June 30, 2022.
2. **Must be an active project** – the project is active and is expected to be built within the planning period (by January 2031). If the approval has expired, or for another reason the project is unlikely to proceed, place the site on the vacant/non vacant sites list.
3. **Must not be completed before the start of the projection period** – the project cannot receive its certificate of occupancy or final inspection or be reported as a completed project (to either the Department of Commerce or California Department of Finance) before June 30, 2022.

Pipeline Projects*	Non-Pipeline Projects
Project with building permit	Certificate of occupancy before June 30 th , 2022
Project under construction	Projects with approvals that are likely never to start construction
Approved projects	Projects reported to the Department of Commerce or DOF as completed projects

* Assumes project will not receive certificate of occupancy or final inspection before June 30th, 2022.

Pending Projects

Pending projects are generally those that have already submitted either an SB 330 preliminary application or a formal application. If it appears likely that the project will be approved by the time the housing element is approved, an agency may want to list them as pipeline projects and deduct them from the RHNA. Otherwise, it may be best to place them on the vacant/non vacant sites list. If the application is controversial, it would be best to place the site on the vacant/non vacant sites list. In either case, the application can provide evidence of the site’s capacity for housing development.

Possible Pipeline Projects*	Non-Pipeline Projects*
Project with complete application or in hearings	Controversial project
Project likely to be approved before housing element adopted	Preliminary application with little detail
	Conversations with developers
	Likely to be approved after housing element adopted

*If not shown as a pipeline project, the site can be included in the site inventory (vacant/non vacant sites list).

Calculating Units and Affordability Levels

Jurisdictions must use details from the actual proposal or approved project when reporting pipeline projects in their Housing Element. For example, if a jurisdiction has received an application for 30 units on a site and elects to include the proposal as a pipeline project, it must report that number in the site inventory. Jurisdictions cannot use default densities, theoretical capacity, zoning allowances or similar measures to show a site’s capacity.

Jurisdictions must also use the affordability based on the proposal. If the project specifies the affordability level or rents or sales prices, use those. If the project has an inclusionary housing requirement or provides affordable units to receive a density bonus, count those units based on the affordability level that is required. If there is no information on the rents or sales prices or the affordability level, estimate it based on comparable projects.

Example: A city has approved an application for a one-acre site that include 50 rental units (40 market rate and 10 low income). Rental units in the city rent for above moderate income prices. The zoning allows 100 units per acre. The city must report 40 above moderate income units and 10 affordable units on its sites inventory.

Jurisdictions are not required to use proposed units and affordability until the project is approved and may use default densities to estimate affordability levels before approval. However, if a site is estimated to be 100 percent affordable to lower income households in the site inventory, but an application is proposed that is only 20 percent affordable, when the project is approved the jurisdiction will need to make “no net loss” findings and have an adequate buffer in the inventory to make up for the reduction in lower income units.

Housing Elements and Annual Progress Reports (APRs)

Depending on the timing, projects could be included in a RHNA 5 APR *and* a RHNA 6 Housing Element. This is because the APRs measure date of project approval, building permit issuance, and completed projects. A building permit could be issued for a project in RHNA 5 and reported in the APR, but if it is still under construction after June 30, 2022, it can be included as a pipeline project in RHNA 6.

Helpful Links

- HCD Housing Element Site Inventory Guidebook: pg. 5 (Government Code § 65583.2)
- ABAG Training, Housing Inventory Deep Dive Webinar: Minute 11:00