



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: March 11, 2015
Board Meeting Date: March 17, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Peggy Jensen, Deputy County Manager

Subject: Affordable Housing Study Session

RECOMMENDATION:

Accept this informational report.

BACKGROUND:

In October of 2014, your Board requested a report back on ways to address the lack of affordable housing in San Mateo County. In response to that request, staff from the Department of Housing, Planning and Building Department, County Counsel, Health System and the County Manager's Office prepared a white paper titled "Affordable Housing: Preventing Displacement and Promoting Affordable Housing Development in San Mateo County". The white paper outlines the steps the County has already taken to promote affordable housing and also describes eleven additional steps for your Board to consider. Those steps include establishing a countywide tenant's rights education and assistance program, exploring rent stabilization, promoting second units, amending zoning regulations and development impact fees.

The white paper executive summary is attached to this memo. A complete copy of the paper is available on the Department of Housing website. That website address is: The address is <https://housing.smcgov.org/affordable-housing-white-paper>.

DISCUSSION:

Supervisors Horsley and Slocum are convening a study session so that the Board can discuss the white paper and hear public comment on the affordable housing situation in the County. The study session will be held March 17, 2015 in the Board chambers, starting at 1:30 pm.

A press release announcing the study session was issued on March 3, 2015. In addition, information about the study session and the white paper web link was emailed to over 400 individuals and organizations on the Department of Housing mailing lists.

Affordable Housing White Paper

Preventing Displacement and Promoting Affordable
Housing Development in San Mateo County

San Mateo County Board of Supervisors
January 22, 2015

Executive Summary

San Mateo County is experiencing an affordable housing crisis. The demand for housing affordable to all but the wealthiest residents far exceeds the available supply.

Over the years, the Board of Supervisors has taken a number of steps to promote the development of affordable housing.

- Since 2003, the county has contributed to the development of 1,554 units of affordable housing located in projects throughout the County. The majority of these projects provide family housing, but five projects are for seniors, two were for special needs populations and two projects serve the homeless. A complete list of the projects is included in Appendix A to this White Paper.
- The Affordable Housing Fund, created by the Board of Supervisors in 2013, has distributed \$13 million. Of those funds, \$8 million was for the construction of 325 affordable units and \$5 million is assisting with the renovation or expansion of 330 emergency shelter and transitional housing beds. An additional \$12 million is being recommended by staff for FY 2015-17 which will help fund an estimated additional 330 housing units.
- In October of 2014, all County owned property was reviewed to identify potential affordable housing development sites. One parcel on the coastside is currently being evaluated and long terms plans are being developed for other parcels.
- To promote the construction of more affordable housing, San Mateo County has second unit and density bonus programs as well as an inclusionary housing ordinance.
- In 2004, a rent control ordinance for mobile homes was approved.

While important steps have been taken, more can be done. This paper identifies measures the Board of Supervisors could take to address the housing crisis. The measures range from funding tenant outreach and education to adopting a rent control ordinance, amending zoning regulations and imposing developer impact fees. Some of the measures could be implemented quite soon while others would require additional research, community input or resolution of a State Supreme Court case.

The measures are summarized below in bold followed by suggested direction to staff if the Board wants to pursue the measure. The measures are presented in two groups. The first group of actions would help current tenants remain in homes they can afford. The second group of actions promotes the development of new affordable housing. Each of these groups of actions – keeping people in homes and building more units that are affordable to all members of our community – are equally important components of a plan to address the housing crisis.

Options to Assist Current Tenants

- 1. Establish a countywide tenant's rights education and assistance program. The program would provide legal advice, help residents resolve their housing issues and prevent and defend evictions.**

Direct staff to assess the current resources devoted to landlord and tenant rights education and assistance in San Mateo County. Working with community partners, develop a work plan, timeline and budget for a Landlord and Tenant Information and Referral Program that includes an estimate of the number of tenants to be assisted and units that would remain affordable.

- 2. Conduct additional research and community outreach on the potential adoption of rent stabilization and just cause eviction ordinances. The rent stabilization ordinance would limit the annual increase in rent for units that can be rent stabilized under state law which includes units in multifamily buildings constructed prior to 1995. The just cause eviction ordinance would define the possible causes for eviction. This would protect tenants in rent controlled units from being evicted just because the landlord wants to raise the rent. Develop options for a rent board or other entity to oversee enforcement of the ordinances, which would apply in the unincorporated areas of the County.**

Direct County Counsel and Housing Department staff to research rent stabilization and just cause eviction ordinances and assess enforcement programs. Request that staff draft a sample ordinance and develop a staffing and budget structure to support and enforce the ordinances. To obtain community input on the proposal, request staff to develop a public comment process and bring all this information back to the Board of Supervisors for consideration.

- 3. The 21 Elements program, jointly sponsored by the County Department of Housing and the San Mateo City and County Association of Governments (C/CAG) is a nationally recognized collaboration that has brought the County and all 20 cities in the County together to work on the Housing Elements of their general plans. Through 21 Elements, jurisdictions have shared resources for consultants and jointly researched best practices. Funding for the 21 Elements ends June 30, 2015, when the implementation of the housing elements begins.**

Direct the Department of Housing to work with C/CAG to develop a budget and funding proposal for two more years of the 21 Elements program. The program would continue the countywide collaborative work on affordable housing and the cost sharing. An added potential benefit could be more consistent housing policies countywide.

Options for Creating More Affordable Units

- 4. Second units, also called accessory dwelling units (ADUs) are units located on the same parcel as another dwelling unit and may be detached, separate structures, or attached to the primary residence. But, they are functionally separate and tend to be more affordable than other forms of housing. To promote the development of second units, revise the County Second Unit Ordinance zoning and parking requirements and develop a Second Unit Program that with pre-approved design templates, a second unit guidance manual for builders and a financing program. Publicize these changes via a community outreach campaign.**

Direct Planning and Building staff to develop a work plan and proposed budget for developing a Second Unit Program modeled on the Santa Cruz program, which includes the components listed above. The work plan time line will include a public outreach and comment period.

- 5. To maintain housing while ensuring that it can be occupied safely, take steps to legalize unpermitted second units. Those steps would include facilitating and streamlining the process to legalize second units, amending zoning provisions that may impact legalization, such as set back requirements, reducing permit fees and providing rehabilitation loans.**

Direct Planning and Building to work with the Department of Housing and County Counsel to develop a Second Unit Amnesty program including regulatory relief, permit fee subsidies and a rehabilitation loan program. The program will include a deed restriction requirement to ensure that units remain affordable for a specified number of years after owners benefit from the program.

- 6. Develop a small residence prototype program that offers property owners pre-approved plans for small residences.**

Direct Planning and Building to develop a budget and work plan for a small home prototype project to be considered as part of the Planning and Building Department budget for FY 2015-2017.

- 7. Adopt a “no net loss” policy for affordable units that establishes replacement requirements for affordable units lost to new development**

Direct Planning and Building, County Counsel and the Department of Housing to further research best practices and then develop a “No Net Loss” policy for consideration by the Board.

- 8. Create an affordable housing overlay zone that provides incentives to developers to increase the number of affordable units in projects within the zone.**

Direct Planning and Building and County Counsel to develop an affordable housing overlay zone for the North Fair Oaks community in connection with the zoning changes needed to implement the North Fair Oaks Community Plan. Further direct staff to report back to the Board of Supervisors on the adoption process and application of the overlay so that the Board of Supervisors can consider expanding the areas covered by the overlay if the pilot in North Fair Oaks is successful. Analysis of the overlay zone, if adopted will include assessment of impacts on public infrastructure and data on the number of affordable units developed.

9. Revise, as needed, the San Mateo County inclusionary zoning ordinance based on the results of the pending legal cases.

If the California Supreme Court upholds the ability of communities to enforce inclusionary zoning, County Counsel will work with Planning and Building and the Department of Housing to draft any necessary revisions to the current County inclusionary zoning ordinance. All recommended changes will be brought to the Board of Supervisors for consideration. The Board will also be provided with an estimate of the number of affordable units that could be created through this process.

10. Develop legally defensible policies for commercial and residential impact fees for affordable housing.

To be legally defensible, commercial and residential impact fees require a “nexus” study that connects the use of the fee to the proposed development. The 21 Elements Project, sponsored by C/CAG and the County Department of Housing, has commissioned a “Nexus Study and Impact Fee Feasibility Study”. After the results of that study are available in June of 2015, staff will present the results to your Board and outline options for next steps.

11. In collaboration with community partners, expand and promote shared housing programs throughout the County to recruit and retain shared home providers.

HIP Housing operates a Home Sharing program throughout San Mateo County. HIP recently reported that they have 10 individuals interested in shared housing for each homeowner that is interested in sharing their home. A countywide marketing campaign to recruit and retain more home providers would create “affordable units” within the existing housing stock.

