

COUNTY_{OF} SAN MATEO



Affordable Housing Study Session

Preventing Displacement, Promoting Affordable Housing Development

March 17, 2015

COUNTY OF **SAN MATEO**



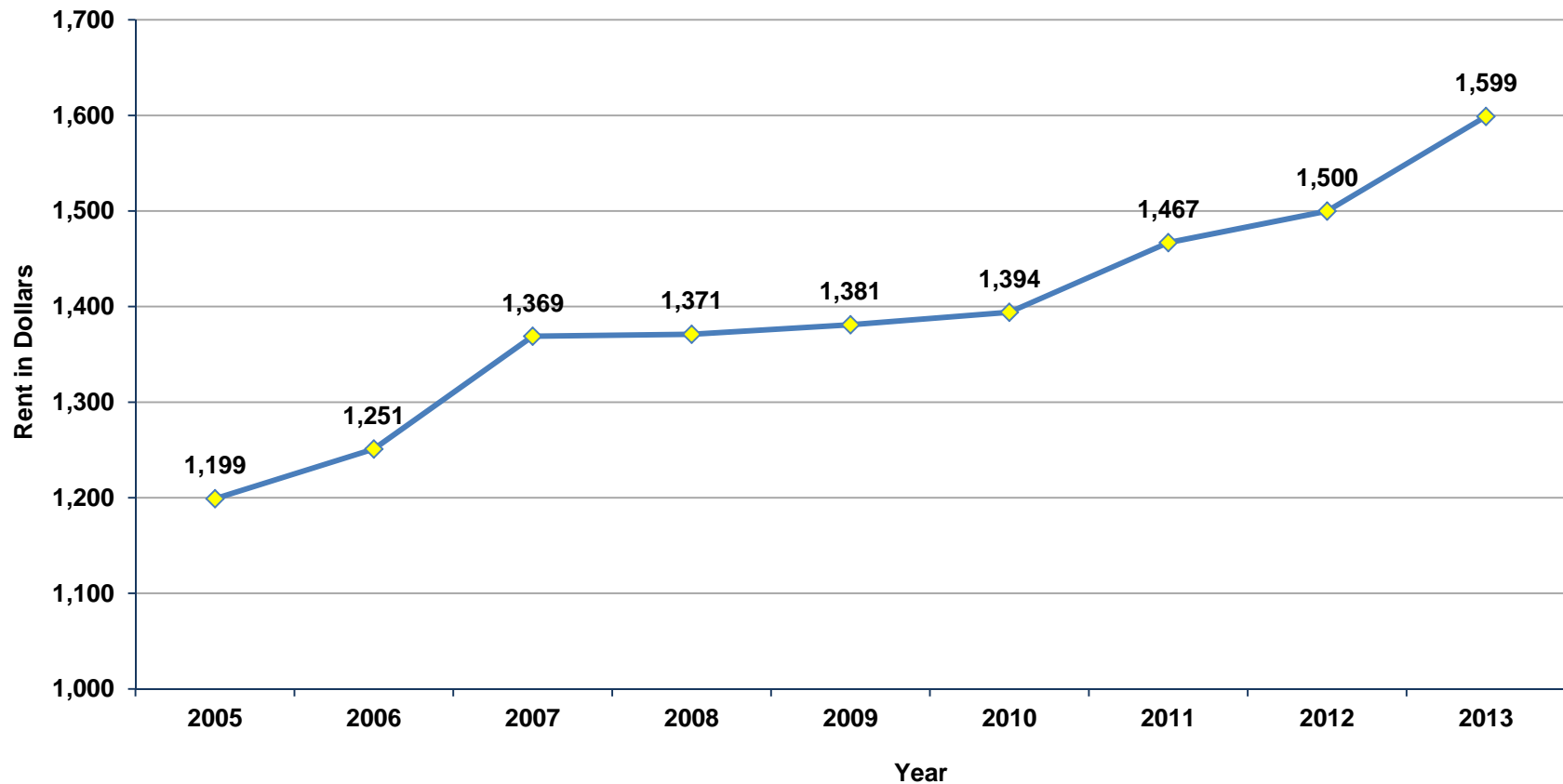
Agenda

- 1:30 Welcome and Introduction
- 2:00 White Paper Discussion
- 2:45 Break
- 2:55 Resume White Paper Discussion
- 3:50 Public Comment
- 4:40 Board Wrap-up
- 5:00 Adjourn

The Affordable Housing Challenge

William Lowell, Director, Department of Housing

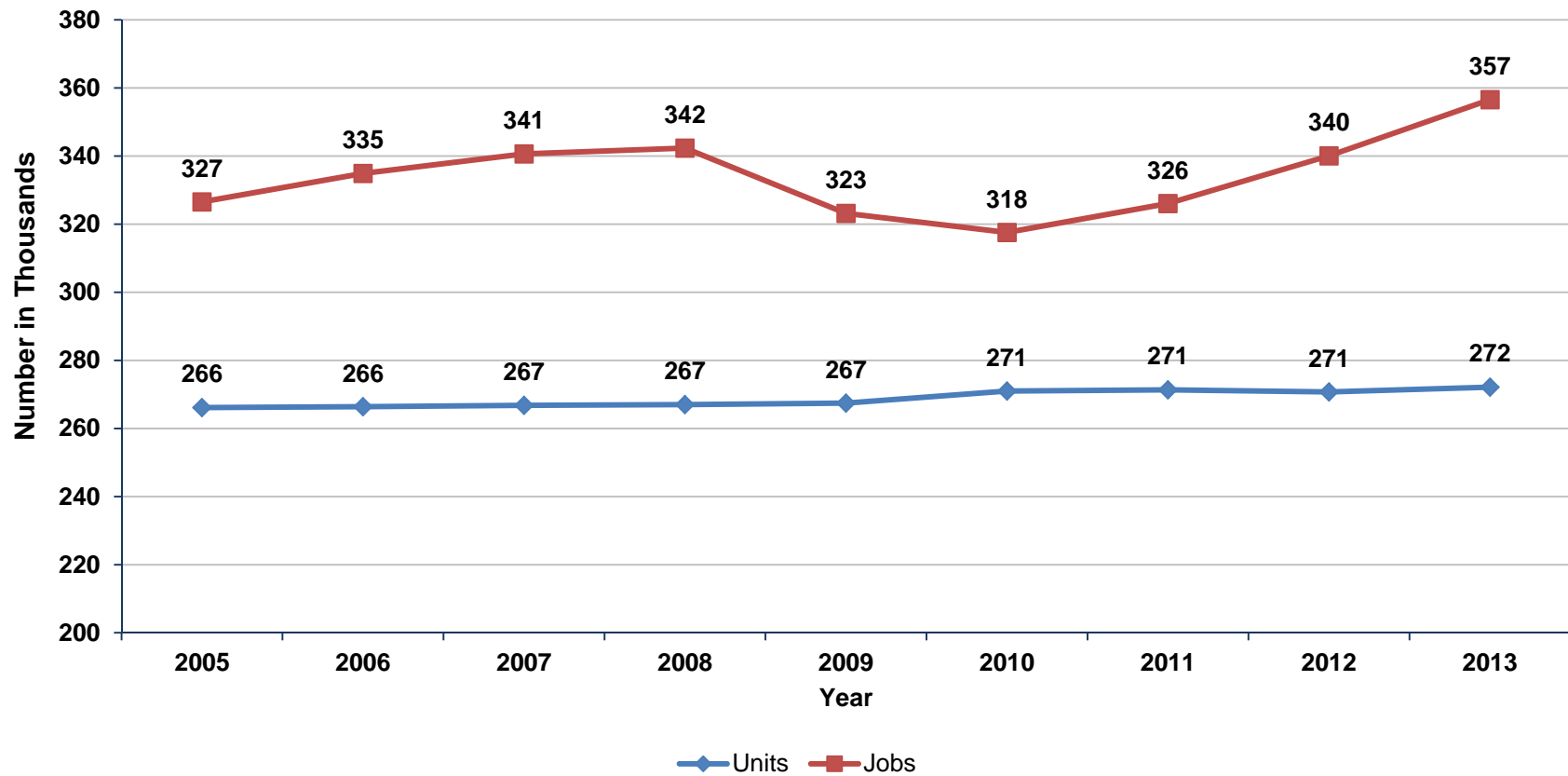
Median Contract Rent - San Mateo County 2005 to 2013



COUNTY OF SAN MATEO



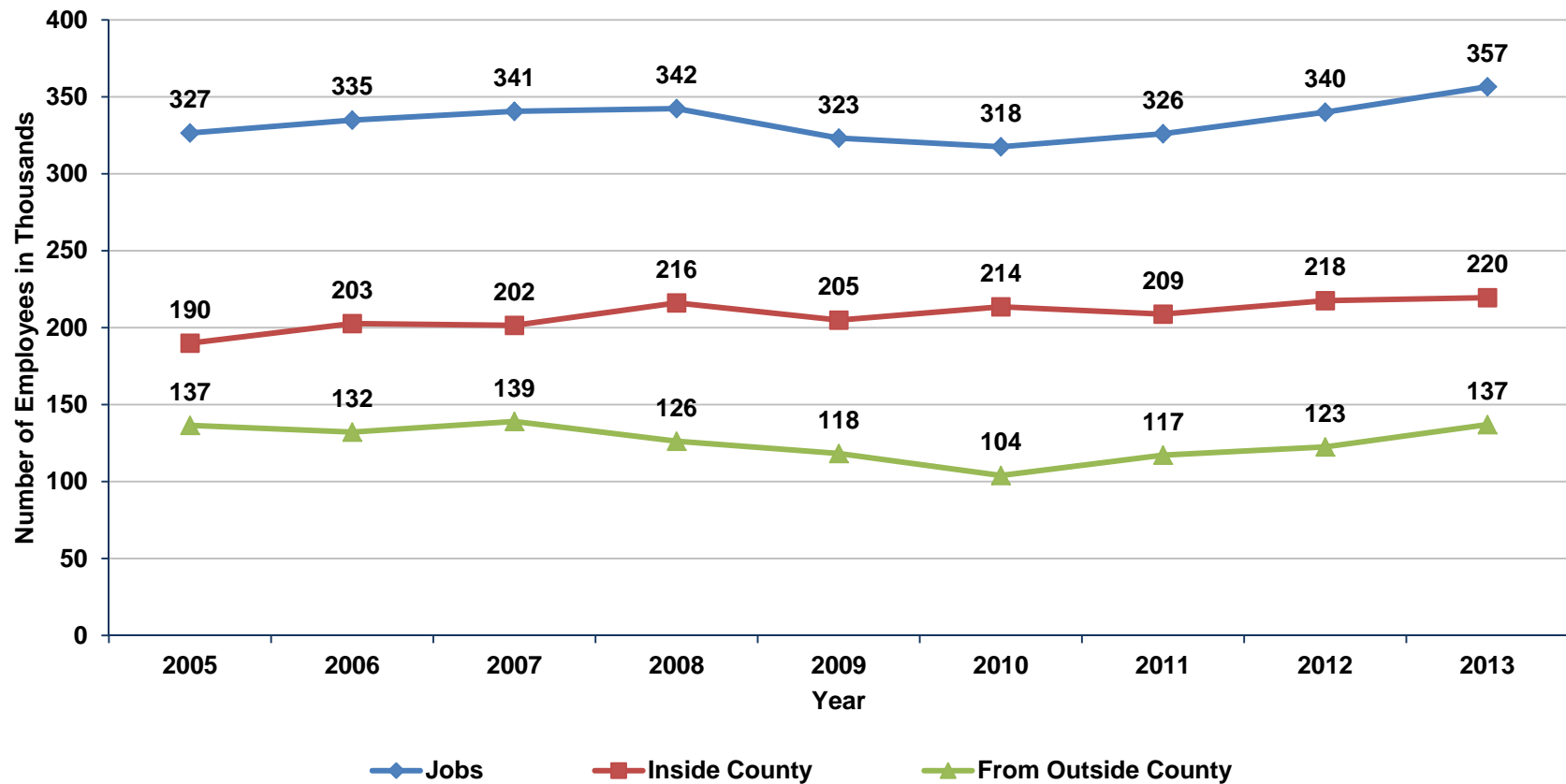
Number of Jobs in San Mateo County vs. Total Number of Housing Units



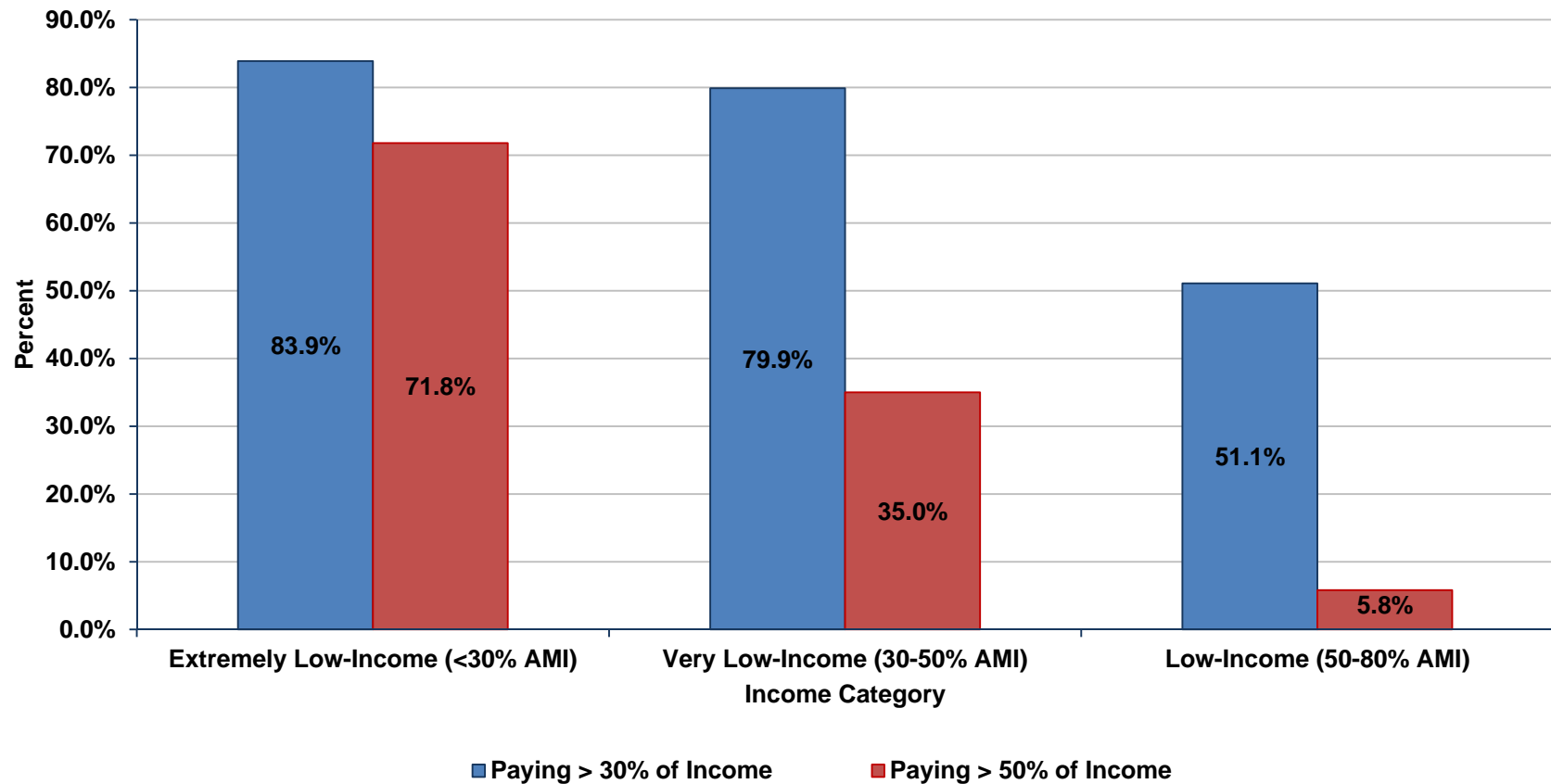
COUNTY OF SAN MATEO



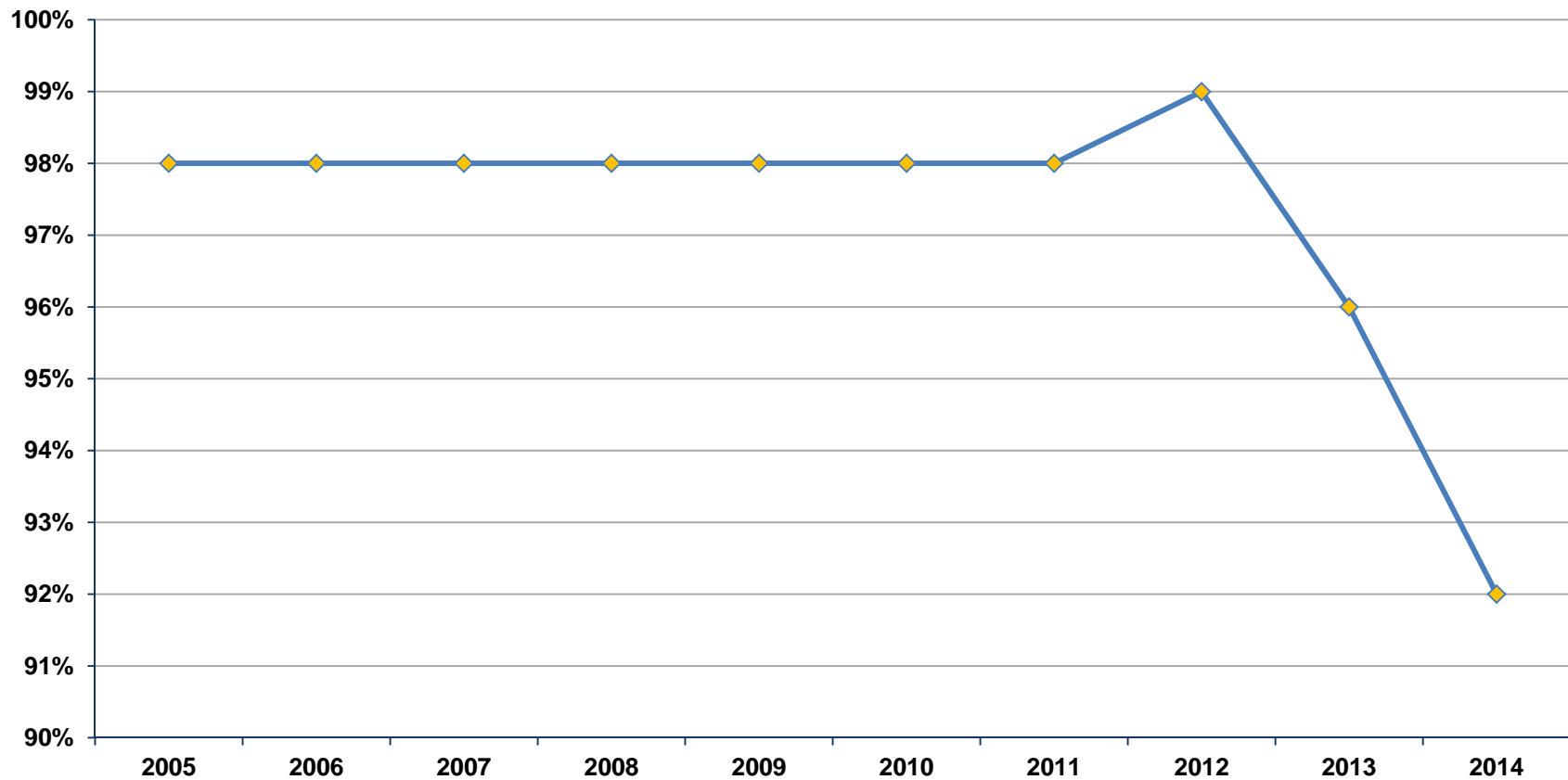
Comparison of Employees from Within the County and from Outside



Cost Burden and Severe Cost Burden by Income Category, 2013



Vouchers In Use 2005 to 2014



Actions on Voucher Utilization

- Increased subsidies 10/14 and 2/15
- MTW Plan amendment submitted
 - Housing locator services
 - Landlord incentives
 - Deposit assistance
- Loosened restrictions on second units
- Increasing PBA
- Increasing shared housing

Affordable Housing Units Under Construction (March 2015)

• Half Moon Bay	115	Senior
• Menlo Park	60	Homeless Veterans
• Foster City	<u>66</u>	Senior
	241	

Affordable Housing Units Due to Start Construction in 2015

• Daly City	52	Family
• East Palo Alto	41	Senior
• Menlo Park	90	Senior
• North Fair Oaks	<u>15</u>	Disabled
	198	

At least 7 projects are in early development with approximately 1,000 units

Plus additional city inclusionary units

Federal Funding Outlook

- CDBG and HOME Programs - continuing cuts
- National Housing Trust Fund - starting small
- Low Income Housing Tax Program improvements could produce a modest boost

State Funding Outlook

Enacted

- 1) \$600 million Veterans Bond reallocation
- 2) \$120 million (ongoing) slice of Cap and Trade revenue for housing-related greenhouse gas reduction
- 3) \$47.5 million (one-time) State Multifamily Program for Special Needs Population

State Funding Outlook

Proposed

- 1) Permanent Source: \$400 - 600 million per year recording fee
- 2) Low Income Housing Tax Credit: \$300 million from state plus leveraging \$300-\$600 million from federal LIHTC Program
- 3) Prop 47 savings for rapid rehousing of formerly incarcerated: \$50 - 80 million per year

The Affordable Housing White Paper

Peggy Jensen, Deputy County Manager



Authors

- **County Manager's and Counsel's Offices**
 - Peggy Jensen and John Nibbelin
- **Department of Housing**
 - Doug Frederick, William Lowell and Janet Stone
- **Health System**
 - Maeve Johnston, Shireen Malekafzali and ST Mayer
- **Planning and Building**
 - Lisa Aozasa, Will Gibson and Steve Monowitz

The Affordable Housing White Paper

- What has the County done?
- What more can be done?
 - To assist tenants?
 - To promote the development of more affordable housing units?

What has Been Done?

- San Mateo County Board of Supervisors
 - Over the past 12 years, contributed to development of 1,554 affordable units
 - Created the County Affordable Housing Fund
 - Adopted second unit, density bonus and inclusionary zoning regulations
 - Adopted rent control for mobile home parks

What More Can Be Done?

- 11 Recommendations
 - Brief staff presentation
 - Board discussion and questions to staff
 - Direction to staff
 - Implement
 - Study further and report back
 - No further action at this time

Recommendation 1
**Countywide Landlord & Tenant
Information and Referral Program**

Peggy Jensen, Deputy County Manager

Recommendation1

- Assess current resources
- Work with community partners to develop a work plan, time line, budget and performance measures for a **Countywide Landlord and Tenant Information and Referral Program**

Recommendation 2

Rent stabilization and just cause eviction ordinances

John Nibbelin, Chief Deputy County Counsel

Rent Control

- Historically, at least two general types of rent control in California:
 - Vacancy Control
 - Vacancy Decontrol-Recontrol
- Prior to 1995, some California jurisdictions had vacancy control ordinances

Rent Stabilization – Costa-Hawkins Rental Housing Act

- In 1995, the Legislature adopted Costa-Hawkins, which preempted local vacancy control type ordinances and permitted vacancy decontrol-recontrol ordinances
- Allows owners to set an initial rent at **vacancy/the commencement of a tenancy**, but rent increases may be limited during the term of the tenancy

Rent Stabilization – Costa-Hawkins Rental Housing Act

- Certain properties exempt from rent stabilization:
 - Certificate of occupancy issued after February 1, 1995
 - Exempt from residential rent control on or before February 1, 1995
 - Single family homes and condos with separate title

Just Cause Evictions

- Under Costa-Hawkins, owners may set a new, market rent upon a change in occupancy
- Costa-Hawkins does not limit jurisdictions' ability to regulate the basis of evictions
- Most (if not all) jurisdictions with rent control have adopted ordinances to regulate evictions

Just Cause Evictions

- Under just cause eviction ordinances, grounds for eviction generally limited to material breaches of a lease:
 - Non-payment of rent
 - Continued violation, after written notice, of another material term of lease
 - Allowing substantial damage to premises
 - Etc.

Rent Stabilization Boards

- Jurisdictions with rent stabilization and just cause eviction ordinances typically establish rent stabilization boards to oversee implementation of the ordinances
 - Register units
 - Adjusts rent ceilings/adjusts individual rents when appropriate
 - Sets rules and regulations for board

Recommendation 2

- Research **rent stabilization and just cause eviction ordinances**
- Develop staffing plan and budget needed for implementation
- Develop a public comment process
- Report back to the Board of Supervisors for direction on next steps

Recommendation 3

Fund 21 Elements, the City/county collaborative affordable housing planning program

William Lowell, Director, Department of Housing

Recommendation 3

- C/CAG and the Department of Housing develop a two year funding proposal to continue the 21 Elements program
- Submit a proposed budget to C/CAG and the Board of Supervisors

Recommendation 4
Promote the development of second units

Steve Monowitz, Acting Director, Planning
Department

Recommendation 4

- Revise second unit ordinance
- Develop a **Second Unit Program** that includes:
 - Pre-approved design templates
 - Second unit guidance manual
 - Financing program
 - Publicity campaign

Recommendation 5

Legalize unpermitted second units

Steve Monowitz, Acting Director, Planning
Department

Recommendation 5

- Develop **second unit amnesty program** that includes:
 - Regulatory relief
 - Permit fee subsidies
 - Rehabilitation loan program
 - Deed restrictions on affordability for a specific number of years

Recommendation 6

Small houses

Steve Monowitz, Acting Director, Planning
Department

Recommendation 6

- Develop a budget and work plan for a small house prototype program that includes pre-approved plans

Recommendation 7

**“No Net Loss” policy for existing
affordable units**

Will Gibson, Planning Department

Recommendation 7

- Research best practices for “no net loss” policies that require replacement of affordable units lost to new development

Recommendation 8

Affordable housing overlay zone

Will Gibson, Planning Department

Recommendation 8

- Develop an **affordable housing overlay zone** for North Fair Oaks for consideration by the Planning Commission and Board of Supervisors

Recommendation 9

Revise the county inclusionary housing ordinance as needed due to the pending California Supreme Court decision

John Nibbelin, Chief Deputy County Counsel

Inclusionary Housing Ordinance (current)

- Section 7908, et seq., of the Ordinance Code
- Developments creating 5 or more units, at least 20% must be designated for sale (or rent) to extremely low, very low, or moderate-income households
 - In lieu fees authorized and assistance available to developers

Inclusionary Housing Ordinance

- California Building Industry Association v. City of San Jose
 - Association challenged city's inclusionary housing ordinance based on lack of a proven nexus between proposed development and the legislative exaction/fee
 - Trial court agreed with the association; court of appeal reversed; case now on appeal to the California Supreme Court

Inclusionary Housing Ordinance

- Court of Appeal held that the inclusionary housing ordinance is a valid exercise of police power and no need to establish a nexus
- Possible outcomes at Cal. Supreme Court:
 - Affirm Court of Appeal decision
 - Nexus needs to be established between the ordinance and need for affordable housing

Inclusionary Housing Ordinance: Next Steps

- Nexus study under way per 21 Elements
- If California Supreme Court requires nexus re inclusionary housing, County could revise its ordinance to reflect study results
 - In any event, County may want to incorporate study findings
- Current ordinance needs edits, re rental housing; preempted by Costa-Hawkins

Recommendation 9

- Monitor the pending California Supreme Court case on **inclusionary housing**
- Draft all required changes to the County ordinance
 - Incorporate findings from nexus study
 - Address rental housing

Recommendation 10

**Adopt legally defensible residential impact
fee policies**

John Nibbelin, Chief Deputy County Counsel

Residential Impact Fees

- Fees levied on new developments to cover the cost of infrastructure/facilities that are necessitated by the new development
- Propositions 218/26 do not apply; covered by Mitigation Fee Act
- Examples: school impact fees; parks

Residential Impact Fees – Nollan and Dolan

- **Nollan v. Cal. Coastal Commission**
holds that exaction must advance a legitimate state interest and mitigate adverse impacts otherwise resulting from a project
 - Gov't must establish a nexus between the exaction and the state interest being advanced
 - Nexus established by objective evidence

Residential Impact Fees – Nollan and Dolan

- Dolan v. City of Tigard requires a “rough proportionality” between the proposed exaction and the anticipated project impacts
- Again, objective evidence needed to establish this proportionality

Recommendation 10

- Analyze the 21 Elements nexus study, to be completed in June of 2015
- Present results to the Board and outline next steps to implement impact fees for the unincorporated area

Recommendation 11

Expand and promote shared housing

William Lowell, Director, Department of Housing

Recommendation 11

- Fund a countywide marketing campaign to recruit and retain homeowners willing to “share” their homes
- Consider funding Measure A proposal for \$300,000 from HIP to implement this recommendation

Public Comment



Board Discussion



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Single-Family Rental within Rental and All Housing Units 2013 American Community Survey

