California Housing Element Policy Best Practices

Version 1.2

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Executive Summary:

Policies, programs, and parcels. Every eight years cities and counties across the Bay Area are charged with identifying policies, programs, and parcels that will help ensure their respective communities take stock of their current housing needs and identify how they will meet the challenges of changing demographics, new workers, and shifting funding sources in the future.

Given the changes that have taken place over the last several years, the need for robust housing policies in the Bay Area has reached critical levels. Cuts in local, state and federal funding sources; the continuing search to find an alternative to local inclusionary housing programs scuttled by the *Palmer v. City of Los Angeles* case; and the loss of local Redevelopment Agencies have created an environment in which the creation of inclusive communities that meet larger sustainability goals is becoming exceedingly difficult. In addition, while Plan Bay Area promotes greater sustainability and equity for the region in the long term, its emphasis on growth in Priority Development Areas has the potential to add to these challenges in the short term.

This compilation of policies is intended to serve as a resource for local government practitioners and housing stakeholders to help meet the community challenges that are felt so acutely here in the San Francisco Bay Area. The Bay Area is known across the globe for its innovation and dynamic culture and so this resource is also meant to be a living document that will help to capture policy innovations and best practices in the housing arena as they are identified and make them available to those who wish to make our region as livable, prosperous, and inclusive as possible.

The document is broken down into specific issue areas that have bearing on the ability of communities to provide housing for the spectrum of income levels that comprise its community members. These include:

- **Anti-Displacement** - With rents steadily increasing across the Bay Area long-time, lower-income community members are being priced out of the neighborhoods in which they live. With a chronically constrained housing supply, there is little opportunity to take advantage of "natural affordability" to maintain a diverse set of incomes in a community.
- **Inclusion** - Many major job centers in the Bay Area also have some of the highest home prices, thereby consigning large numbers of lower income workers who cannot afford to live near where they work to long commutes. For example, in 2011 61% of workers within San Mateo County lived outside of the county with 15% of them incurring "mega commutes" - commutes greater than 50 miles. This impacts these workers in a variety of ways (health, traffic, hiring and retention of employees, etc.) that ultimately affects local employers and the community as a whole.
- **Local Funding Sources** - The loss of Redevelopment in 2012, dwindling state affordable housing bond funds, and cuts to federal housing programs have left few funding options available to cities that wish to promote the creation of both new affordable housing and the preservation of existing stock. While state driven solutions are being sought, local policies to generate new funding for affordable housing will be needed too in order to maintain a pipeline of new affordable housing inventory.
- **Optimized Affordable Housing Sites** - Affordable housing creation also creates additional benefits when it is placed near transit-accessible areas with amenities. Those same locations also make project proposals more competitive for federal funding programs like Low-Income

Housing Tax Credits (LIHTC). Low scoring sites, like those that are not near transit opportunities and amenities, have little or no chance of receiving this vital source of funds and therefore have little or no chance of being built.

- **Site and Building Regulations** - Development projects can quickly become infeasible when certain constraints and stipulations are placed upon them. Issues like parking requirements, lengthy approval processes, and small parcel sizes may add expense that can deter projects from even being proposed. Policies that help to bridge this gap and streamline approvals can ensure that transit accessible land is developed to its full potential with a maximum of benefits to the community.
- **State Requirements** - Recent updates to Housing Element review procedures allows municipalities to apply for a streamlined review. Among the policies that need to be in place to be eligible are: complete SB 2 emergency/transitional/supportive housing rezonings, allow reasonable accommodation for people with disabilities, implementation of a density bonus consistent with state law. With this reduced level of Housing Element review it is important that these required policies be as robust as possible.
- **Miscellaneous** - This is a group of additional policies and programs that have utility in helping to meet a locality's ongoing need for affordable housing.

For updated revisions to this document see the Housing Leadership Council of San Mateo County's website at: http://www.hlcsmc.org/images/Policy_Best_Practices_Final.pdf

If you have comments, questions or additions to make, please contact Joshua Hugg, Program Manager, Housing Leadership Council of San Mateo County - (650) 872-4444, 2# or jshugg@hlcsmc.org..

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- East Bay Housing Organizations - www.ebho.org
- HIP Housing - www.hiphousing.org
- Law Foundation of Silicon Valley - www.lawfoundation.org
- Housing Leadership Council of San Mateo County - www.hlcsmc.org
- Northern California Land Trust - www.nclt.org
- Sierra Club, Loma Prieta Chapter - lomaprieta.sierraclub.org

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Anti-Displacement Policies

Summary and Benefits:

More intensive development in Priority Development Areas and other transit-served locations carry with it the risk of displacement of existing low income populations. To ensure that Transit Oriented Development (TOD) serves all economic levels, provisions need to be in place to protect against such displacement. Local Housing Elements should address the risk of both direct and indirect displacement and should include anti-displacement policies in their implementation programs.

Potential Policies:

- Establish a policy commitment and orientation to development without displacement.
- Consider displacement risks early in the development process. By the time displacement becomes apparent, the process may be too far gone to halt or reverse.
- Focus on both direct displacement (evictions, demolitions, etc.) and indirect displacement (rent increases, cultural displacement as existing retail/entertainment/services uses are replaced with uses serving higher income populations).
- Stabilize existing lower income residents/housing. Consider such policies as rent stabilization, just cause eviction ordinances, one-for-one replacement of any housing removed from the supply, condominium conversion controls.
- Make affordable housing a key component of development strategy from the beginning. It's far easier to include affordable housing early on than to try to incorporate after property values (and land costs) rise.

Specific policies/programs to consider:

- Rent Stabilization
- Just Cause Eviction Controls
- Relocation Benefits and First Right of Return
- Return Foreclosed Properties to the Lower Income Supply
- One-for-One Replacement Housing Requirements
- Preservation of Expiring Use Properties
- Small and Scattered Site Acquisition in PDAs and Other Transit-Served Locations
- Land Banking in PDA and Other Transit-Served Locations
- Infill Incentives Tied to Affordable Housing Provisions

Many of these policies are described in more detail elsewhere in this document.

Model Ordinances/Useful Sources:

- City of East Palo Alto, link: http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469

Condo conversion requirements

Summary and Benefits:

Condominium conversions refer to the process of converting a multi-unit rental property held in single ownership into one in which the units may be individually bought or sold. Jurisdictions generally receive condominium conversion requests when selling housing becomes more profitable than renting or leasing. Under California law, tenants have certain protections such as the exclusive right to purchase the property under the same terms that the unit is being offered to the general public and 180 days' notice of intent to end the tenancy (§66452.19). Though tenants enjoy these protections, they often cannot afford the necessary down payment or the monthly mortgage to own their home. Hence, while condo conversions may offer a more affordable homeownership opportunity for some households seeking to buy, they can displace existing tenants and reduce a jurisdiction's rental housing stock without increasing housing supply. Through their zoning power, jurisdictions have the authority to put in place additional restrictions on condominium conversions. These ordinances may be justified due to jurisdictions' limited housing stock and their state mandate to maintain an adequate housing supply for all economic segments of the population.

As of May 2013, 55 of the Bay Area's 109 jurisdictions have some sort of condominium conversion ordinance. These ordinances greatly vary in the types of protections they offer to tenants and may or may not impose numerical limits on condo conversions.

Potential Policies:

- Stricter provisions for condominium conversions through additional tenant protections including: relocation assistance, lifetime leases, restrictions on rent increases, discounts for tenants on the sale price of the property
- Limitations on the number of units that can be converted in any given year
- Provide one for one replacement of converted units
- Require that a percentage of converted condos be sold at affordable prices
- Mandate payment of a fee into an affordable housing trust fund

Model Ordinances/Useful Sources:

- League of California Cities Primer on Condominium Conversions: http://www.cacities.org/UploadedFiles/LeagueInternet/c5/c5e504c3-e261-4986-b983-c964db35d7c0.pdf
- City of Lafayette requires owners to pay tenants moving expenses and limits the number of conversions, link: http://ci.lafayette.ca.us/Modules/ShowDocument.aspx?documentid=742
- City of Larkspur imposes restrictions on rent increases, requires that some of the converted units be sold at below market rates, and limits the annual number of conversions, link: http://www.codepublishing.com/ca/Larkspur/html/larkspur18/larkspur1838.html#18.38.030
- City of San Carlos limits the number of annual conversions based on the vacancy rate and provides tenants with relocation assistance, link: http://www.codepublishing.com/ca/sancarlos/html/sancarlos17/sancarlos1748.html#17.48.020

Just Cause Eviction

Summary and Benefits:

Just cause eviction ordinances protect tenants from arbitrary, discriminatory or retaliatory evictions, while ensuring that landlords can lawfully evict tenants as long as they have a good reason. Just cause eviction ordinances are an important tool for promoting tenant stability, particularly in low-vacancy and expensive housing markets where landlords may be tempted to evict tenants in order to obtain higher rents. Benefits of just cause eviction ordinances include the following:

- limits the ability of landlords to evict existing tenants
- protects tenants who have short term (month-to-month) leases
- slows down rapid increases in rent
- stabilizes communities by slowing down evictions and decreasing turnover rates

Potential Policies:

- Partner with local non-profit to provide tenant rights education and mediation services
- Consider just cause eviction ordinances or provisions that:
    - Specify actions that can lead to a just cause eviction, such as:
        - Failure to pay rent
        - Use of premises for illegal purposes
        - Failure to follow rules and regulations the landlord has for the tenants of the building
        - Failure to meet obligations toward the property as required by state law
        - Landlord seeks to recover possession of the rental unit for landlord's own use as principal residence or for the use of landlord's family members as principal residence
        - Landlord seeks to permanently remove rental unit from the housing rental market
    - Require landlord to specify just cause in the notice of termination
    - Allow expedited review of unjust evictions

Model Ordinances/Useful Sources:

- City of East Palo Alto, link: http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469
- City of Oakland: http://www2.oaklandnet.com/Government/o/hcd/o/RentAdjustment/DOWD008793
- City of Berkeley: http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=9284
- PolicyLink - Just Cause Eviction Controls: http://www.policylink.org/site/pp.aspx?c=lkIXLbMNJrE&b=5138069

Preservation of Existing Affordable Housing

Summary/Current Problem:

Preserving the supply of affordable rental housing, both subsidized and unsubsidized, enables people to stay in their homes and communities (part of the larger anti-displacement strategy). Under programs such as Section 8 and the Low-Income Housing Tax Credit program (LIHTC), owners agree to maintain affordable rents for a set period, usually 15-30 years, in exchange for federal subsidies. When those agreements expire, owners can re-enroll in the affordability programs or convert their properties to market-rate units. In some cases, private owners can leave subsidized programs before rent restrictions expire by prepaying their mortgages after a set number of years. Another reason for loss in affordable units is when owners are ineligible due to financial/physical problems or the property is located in an area with high vacancy rents and high contract rents.

Based on the National Housing Preservation Database, CHPC compiled a list of federally-assisted properties at-risk of conversion due to the expiration date of a rental assistance contract or the maturing of a HUD mortgage with affordability restrictions. For San Mateo County, 430 affordable units are at-risk within the next year and another 164 affordable units will be at-risk by 2016.

Benefits:

- Preservation typically costs about one-half to two-thirds as much as new construction (HUD). According to a 2013 study by the Center for Housing Policy on affordable multifamily rental housing, savings from rehabilitation are realized even when accounting for the full lifecycle of a property. Although costs such as maintenance expenses may be higher over the life of a rehabilitated property, rehabilitation is still more cost effective than new construction. According to the study, when controlling for location, project size, average unit size, building type, and year of development, new construction costs between $40,000 and $71,000 more than acquiring existing developments.[1]
- Preservation has positive for the community. For example, in gentrifying neighborhoods, preserving affordable rental housing promotes economic diversity, creating/sustaining a mixed-income neighborhood. Helping residents stay in their neighborhoods allows them to take advantage of improvements such as increased access to transit, jobs, and services.

Potential Policies:

- Update inventory of at-risk and lost units/properties
    - Track changes in affordability levels, subsidy type, conversion status, building conditions, conditions that may cause loss of properties in 5, 10, 20, 30 years (tax-credit time limits, loan maturities, etc.)
- Require one-to-one replacement of any affordable units that are razed, removed from stock, or converted to condominiums
- Provide/require platform for public input (such as public hearings or comment period) during the 12 months when owner gives notice with intent to discontinue subsidies or expiration of rent restriction

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[1] Maya Brennan, Amy Deora, Anker Heegaard, Albert Lee, Jeffrey Lubell, and Charlie Wilkins. 2013. "Comparing the Costs of New Construction and Acquisition-Rehab In Affordable Multifamily Rental Housing: Applying a New Methodology for Estimating Lifecycle Costs," Center for Housing Policy, 11.

- Provide funding for rehabilitation and/or purchase of at-risk properties
    - Prioritize and utilize funds from HOME and CDBG for preservation (South San Francisco, Housing Element Policy 3-2, 3-3)
    - Early coordination to identify sources of financing to enable non-profit ownership
- Waive permit fees for affordable housing rehabilitation conducted through CDBG or other San Mateo County programs (San Bruno, Housing Element Program 1-I)

Model Ordinances/Useful Sources:

- California Housing Partnership Corporation, "Local Preservation Strategies": http://chpc.net/dnld/LocalPrezStrat012512.pdf
- City of South San Francisco, Housing Element Policy 3-2, 3-3
- City of San Bruno, Housing Element Program 1-1

Preservation of Mobile Home Park Housing

Summary and Benefits:

Mobile home parks are a hybrid of rental housing and ownership housing; in most parks, residents own their homes and rent the spaces where the homes are located. Mobile home parks represent one of the few remaining sources of unsubsidized affordable housing in California, and they also provide opportunities for homeownership to individuals and families who might not be able to afford other housing purchase options.

As the economy continues to rebound and development picks up, mobile home parks are particularly at risk for closure. Park owners, eager to profit off of rising land costs, seek to close parks so that the land can be sold and converted to other uses. Current examples from Santa Clara County include Buena Vista Mobile Home Park in Palo Alto[1] and Winchester Ranch Mobile Home Park in San Jose[2]. In both cases, owners have indicated their intention to close the parks and sell the land to real estate development companies who, in turn, will construct luxury apartments in their place.

Displacement of mobile home park residents due to rent increases, eviction, or closure of the park can have very serious consequences for the park residents and the community. Despite the terminology, mobile homes are generally not mobile—it is difficult to move a mobile home once it is installed in a park, and older mobile homes generally cannot be moved. As such, if a mobile home park resident is evicted, or if her park closes, she is likely to lose her investment in the mobile home in addition to losing the right to continue living in her community.

Pursuant to Government Code section 65583(a), which requires cities to analyze their existing housing stock, cities should do an assessment of their existing mobile home parks and identify mobile home parks that are at risk of closure during the planning period. Government Code section 65583 (c)(4), which requires housing elements to include programs to preserve and improve the jurisdiction's existing affordable housing stock, requires jurisdictions to develop and implement programs to prevent the conversion or closure of mobile home parks.

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[1] See, e.g., http://www.npr.org/2013/10/15/227807022/silicon-valley-trailer-park-residents-fight-to-stay

[2] See, e.g., http://www.mercurynews.com/opinion/ci_24927008/mobile-home-parks-san-jose-needs-retain-this.

Potential Policies:

Every city that has one or more mobile home parks should have the following types of local policies to preserve this important source of affordable housing:

- **Mobile home park rent control/rent stabilization protections**—the California Mobile Home Residency law provides mobile home park residents with certain protections above those afforded other tenants under California law, including protections against eviction without good cause. However, the state does not regulate rent increases by mobile home parks. Cities can and do impose local mobile home park rent control regulations—over 100 cities in California have rent control or rent stabilization for mobile home parks. Typical ordinances limit rent increases

to in-place residents to a certain percentage, although some may provide a procedure for larger increases where a park owner is seeking to recoup expenses of capital improvements to the property.

- **A stand-alone zoning category for mobile home parks**—zoning that makes mobile home parks the sole allowable by-right use for a particular parcel or area creates extra protection against the conversion or closure of mobile home parks to other uses.

- **An ordinance regulating the conversion of mobile home parks to cooperative/condominium ownership**—subdivision of mobile home parks to convert to resident ownership (similar to condominiums) is an increasingly common phenomenon. While some conversions may be initiated by residents as a means of preserving the park from sale or closure, others are initiated by the owner against the majority of residents' wishes. SB 510, passed in 2013, makes clear that local governments have the authority to block such conversions where they are opposed by park's residents. Cities should have local ordinances governing the subdivision of mobile home parks, and these ordinances should specify that the city will deny approval of the subdivision of the park where it has not been demonstrated that a majority of park residents support the subdivision.

- **An ordinance regulating mobile home park closures**—cities may place conditions on mobile home park owners' ability to close the park, including requiring substantial relocation benefits and assistance to park residents who are facing displacement. Every city that has a mobile home park or parks should have an ordinance that has strong protections for mobile home park residents, including requirements that a park owner who is seeking to close the park must provide financial and logistical assistance that will allow residents to access homeownership opportunities that are as good as or better than the housing that they are being forced to leave. The ordinance should take into consideration community amenities like schools, access to public transit, parks, jobs, and infrastructure. The ordinance should also lay out a clear process and procedure for how the city will determine whether or not to approve a park closure, and the process should be protective of residents' rights.

Cities that do not have one or more of these policies should incorporate programs for adoption of such policies into their housing elements.

Additionally, if a city has identified a mobile home park that is at risk of closure during the planning period, the housing element should include concrete programs for assisting in the preservation of that park. Cities may consider helping to facilitate a resident purchase of the park (if the residents are amenable), helping to facilitate a non-profit purchase of the park, and/or using city funds (e.g., CDBG) to help preserve the park.

Model Ordinances/Useful Sources:

- HCD's Building Blocks website has a sample housing element program here: http://www.hcd.ca.gov/hpd/housing_element2/PRO_conserve.php
- Sample Ordinances:
    - City of Sunnyvale Conversion Ordinance http://sunnyvale.ca.gov/Portals/0/Sunnyvale/CDD/Housing/Mobile%20Home%20Parks/2983-12.pdf
    - Santa Cruz County,

        - § Conversion Ordinance: http://www.codepublishing.com/ca/santacruzcounty/html/SantaCruzCounty13/SantaCruzCounty1330.html
        - § Rent Ordinance: http://www.codepublishing.com/ca/santacruzcounty/html/SantaCruzCounty13/SantaCruzCounty1332.html
    - City of San Jose Mobile Home Rent Ordinance: http://www.sanjoseca.gov/DocumentCenter/View/2096
    - City of Goleta Rent Control Ordinance: http://qcode.us/codes/goleta/ (Ch. 8.14)
    - City of Escondido Rent Control Ordinance: http://www.escondido.org/Data/Sites/1/media/pdfs/MobilehomeRentControlArticle5.pdf
- Resources for helpful input on policy options:
    - California Housing and Community Development Department (HCD), Housing Elements and Regional Housing Need Allocation, Link: http://www.hcd.ca.gov/hpd/hrc/plan/he/
    - Local legal services programs:
    - Residents' association as mobile home parks:
    - Golden State Manufactured-Home Owners League (GSMOL) http://www.gsmol.org/

RDA protections – Continue compliance with RDA protection.

Summary and Benefits:

Although redevelopment agencies were dissolved in early 2012, most of the State Community Redevelopment Law was not repealed. Of particular importance is making sure that existing redevelopment-assisted housing remains in compliance with long-term restrictions on rents and tenant incomes. Some advocates have argued that obligations for affordable housing production and provision of replacement housing are also still in effect.

Potential Policies:

- Housing elements should describe policies and procedures for ongoing monitoring of redevelopment-assisted units
- Noticing rules for eviction – 90 day vs. 30 day
- Continue to require one-for-one housing replacement in redevelopment areas, with displaced households having first priority for occupancy in replacement units and new affordable units.

Model Ordinances/Useful Sources:

- California Health & Safety Code § 33410 et seq. governing Redevelopment Agency relocation assistance, Link: http://www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=33001-34000&file=33410-33418
- City of Mountain View, Tenant Relocation Assistance: https://library.municode.com/HTML/16508/level3/PTIITHCO_CH36ZO_ARTIXTEREAS.html
- Cornerstone Partnerships, Strengths, Challenges & Opportunities: An Assessment of Affordable Homeownership Programs in San Mateo County, Link: http://affordableownership.org/publications/smc-assessment/

Relocation Benefits, Replacement Housing, and First Right of Return

Summary and Benefits:

Projects assisted with Federal and State funds are subject to requirements to provide relocation assistance to households displaced by those projects. And lower income housing units removed from the supply by such projects generally have to be replaced with new units that are comparable in size and affordability. Similar requirements also applied to redevelopment projects. As PDAs are developed with higher density housing, there is a risk that existing housing occupied by lower income households will be demolished and the tenants displaced.

While Federal and State law impose requirements on projects that receive public funds, privately financed development projects are often exempt from such requirements. Municipalities may fill this gap by enacting local tenant relocation laws. For example, East Palo Alto recently passed an ordinance to ensure that all tenants who are displaced by demolition receive relocation benefits, regardless of whether the redevelopment activity is publically funded. The relocation benefits include assistance in the search for suitable housing as well as monetary compensation to mitigate the disruption in the lives of displaced families. Under East Palo Alto's ordinance, qualifying tenants – such as those who are disabled, elderly, or low-income – are entitled to moderately increased benefits.

Relocation benefits ensure that displaced households are able to find comparable housing that they can afford. One-for-one replacement ensures that new development doesn't come at the expense of the affordable housing supply.

Potential Policies:

- Require relocation benefits at least at the same level as required by the Uniform Relocation Act for households displaced by new housing development, particularly within or close proximity to PDAs. These requirements should apply equally to publicly financed projects and private projects.
- Require that when units affordable to lower income households are removed from the supply, they must be replaced with comparable units on a one-for-one basis, within 3-4 years of demolition.
- Provide displaced tenants with the first right to return to replacement housing units and to affordable housing units in PDAs.

Model Ordinances/Useful Sources:

- California Health & Safety Code § 33410 et seq. governing Redevelopment Agency relocation assistance, Link: http://www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=33001-34000&file=33410-33418
- California Uniform Relocation Act, Government Code § 7260 et seq., Link: http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=07001-08000&file=7260-7277
- East Palo Alto Municipal Code § 14.02 ("Tenant Protection Ordinance"), esp § 14.02.150. https://library.municode.com/HTML/16328/level3/SUHITA_TIT14HO_CH14.02TEPR.html#SUHITA_TIT14HO_CH14.02TEPR_14.02.150TEREASWHUNARBEDERE

Rent stabilization

Summary and Benefits:

Deed restricted affordable housing properties offer protections from market vacillations and provide stability for families. In contrast, market-rate units fluctuate with changes in the housing market. With the Bay Area housing market bouncing back, rent increases have exceeded 20% per year in some municipalities. These rapid rent increases have made homes that were previously affordable to lower-income families and households on a fixed income too expensive.

Rent stabilization ordinances limit the amount that rents are allowed to increase as market values increase. Landlords continue to obtain ever higher returns on their rental properties while tenants have the certainty that their rents will not increase more than a certain amount each year. Once a tenant moves out vacancy decontrol takes effect, that is, rents "reset" to market rate values for new occupants. While the Costa-Hawkins Act of 1995 limits the use of rent stabilization for new construction, these rules can apply to units built prior to February 1, 1995.

Below are a few examples of the diverse approaches to rent stabilization undertaken by Bay Area jurisdictions:

Jurisdiction	Applicability	Maximum Allowable Rent Increase
East Palo Alto	Most Rental Properties	80% of the increase in the Consumer Price Index
Hayward	All rental properties	5% annual increase
Los Gatos	Properties with three or more rental units	Cannot exceed annual increase of 5% or 70% of the increase in the Consumer Price Index
San Rafael	Mobile Homes	75% of the increase in the Consumer Price Index
San Jose	Applies to triplex or larger units built before 1979. Does not apply to condominiums, single family homes, or properties paid by federal subsidies.	8% annual increase If rent is increasing for first time in 24 months limited to 21%

Potential Policies:

- Consider implementing controls on the rate of rent increases - note the distinction between rent *control* and rent *stabilization*. Rent control generally applies to setting the price of rent, while rent stabilization speaks to the rate of rent increase. New York City has both.
- Consider implementation of Just Cause provision for tenant evictions

Model Ordinances/Useful Sources:

- City of East Palo Alto, link: http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469

- City of Hayward Rent Stabilization Ordinance, link: http://www.echofairhousing.org/images/ResidentialRentOrdinance-1.pdf
- Town of Los Gatos, link http://www.losgatosca.gov/faq.aspx?tid=31
- San Rafael municipal code, link: http://library.municode.com/index.aspx?clientId=16610&stateId=5&stateName=California
- City of Berkeley Guide to Rent Control, link: http://www.ci.berkeley.ca.us/Rent_Stabilization_Board/Home/Guide_to_Rent_Control.aspx
- San Jose, link: http://www.sanjoseca.gov/index.aspx?NID=2313

Community Land Trusts

Summary and Benefits:

A community land trust (CLT) is a nonprofit organization formed to hold title to land to ensure long-term availability for affordable housing or other community uses. CLTs acquire property through public or private donations of land or use government subsidies to purchase land on which affordable housing can be built. The homes are sold to low or moderate-income families, in accordance with the deed restriction, and the CLT retains ownership of the land and provides long-term ground leases and stewardship to homebuyers in return for a minimal fee. The CLT restricts the resale of the home to a formula-driven price and retains an irrevocable option to purchase to ensure future affordability.

CLTs have been a particularly strong and unique development option in the San Francisco Bay area, where the land trusts are able to provide a variety of homeownership opportunities not often available to low and moderate income individuals in areas experiencing a rapid rise in land value. CLTs in the Bay Area have been able to provide housing opportunities in the form of single family homes, limited equity condominiums, limited equity housing cooperatives, and zero equity cooperatives to low and moderate income individuals. These options allow low and moderate individuals and families the opportunity for homeownership at a lower buy-in than many other formers of ownership.

Since the early 1970s, Community Land Trusts have been used to permanently preserve affordable ownership housing for low and moderate-income families. Recently, there has been a national boom in CLT formation with nearly 20 new community land trusts being created each year. Two key policy needs are driving this new interest in CLTs—particularly in jurisdictions with a social priority of promoting homeownership for lower-income families and a fiscal priority on protecting the public's investment in affordable housing:

- **Long-term preservation of subsidies**. With local governments now assuming greater responsibility for creating affordable housing, policy makers must find ways to ensure that their investments have a sustained impact. CLT ownership of land, along with long-term affordability constraints over the resale of housing units built on that land, ensures that municipally subsidized homes remain available for lower-income homebuyers for generations to come. In the Bay Area market rate home prices are outstripping growth in incomes, as shown by the median home price to median income ratio growing from 4.9 in 1999, to 6.8 by the end of 2012.
- **Long-term stewardship of housing**. Preserving affordability requires long-term monitoring and enforcement, an administrative burden that local governments are neither equipped for nor generally interested in taking on. CLTs are well positioned to play this stewardship role by administering the municipality's eligibility, affordability, and occupancy controls, while also backstopping lower-income owners to protect subsidized homes against loss through deferred maintenance or mortgage foreclosure.

Potential Policies:

- Promote the formation of start-up CLTs:
    - Facilitate public information/outreach activities
    - Create municipally supported CLTs

    - Provide start-up financing
    - Commit multi-year operational funds
    - Commit project funding and/or municipal property for permanently affordable ownership housing in the CLT model
- Subsidize affordable housing development by either donating land and buildings from the municipality's own inventory to a community land trust or selling the properties at a discount
- Regulatory concessions: Municipalities sometimes support development of CLT homes by reducing or waiving application and impact fees, relaxing zoning requirements for parking or lot coverage, and offering other regulatory concessions

Model Ordinances/Useful Sources:

- The City of Petaluma has encouraged developers of several subdivisions to meet its city-mandated inclusionary requirements by conveying homes to the Housing Land Trust of Sonoma County. Under these agreements, developers sell the homes to CLT-selected buyers and simultaneously donate the land under the homes to the land trust. This program allows developers to meet their inclusionary requirements without having to monitor and report. CLT oversight is also in the jurisdiction's best interest because many for-profit development companies dissolve after they complete their projects. See 2.3 page 9 of http://cityofpetaluma.net/cdd/pdf/housing-element-2009-2014.pdf
- A broad overview of how cities and CLTs are partnering to create and preserve permanently affordable ownership housing: "The City-CLT Partnership: Municipal Support for Community Land Trusts" https://www.lincolninst.edu/pubs/dl/1395_712_City-CLT-Policy-Report.pdf
- A very useful policy paper with several case studies of cities using the CLT model for TODs is "The Role of Community Land Trusts in Fostering Equitable, Transit-Oriented Development: Case Studies from Atlanta, Denver, and the Twin Cities" https://www.lincolninst.edu/pubs/dl/2243_1579_Hickey_WP13RH1.pdf
- The City of Irvine plans to place most of the inclusionary housing units constructed in future years into the CLT's portfolio.
- The city council of Washington, DC, committed $10 million in public funds to help subsidize the first 1,000 units of resale-restricted, owner-occupied housing developed by City First Homes, a District-wide CLT that plans to eventually create 10,000 units of affordable housing.
- The City of Minneapolis provides interest-free, deferred loans with a 30-year term to the City of Lakes CLT. The loans are forgiven at maturity as long as the CLT consistently meets the city's performance standards.

Housing Overlay Zone (HOZ)

Summary and Benefits:

Using a "carrot," rather than a "stick," approach to encourage the creation of additional affordable housing, Housing Overlay Zones (HOZ) provide a flexible tool that sits on top of conventional zoning designations. These areas offer developers incentives to provide the community with specific amenities and community benefits in exchange for specific concessions by the city. On sites where land is not zoned for residential use but a city would like to see affordable housing built, a housing overlay district may eliminate the time consuming process of amending a general plan to construct such housing.

Public Advocates, a Bay Area law firm specializing in social justice issues, points out:

> To achieve these goals, HOZ policies are centered around four basic parameters that can be customized to best fit local needs:
> 1. Geographic scope of applicability;
> 2. Baseline affordability qualifications for developments to access HOZ incentives;
> 3. Incentives given to qualified developments; and
> 4. The extent of exemptions from discretionary project-level approvals.

Determining the most effective balance of these factors will depend on work by local communities; however, in general, more effective HOZs will have broad geographic applicability including in lower-density or commercial zones, meaningful affordability qualifications, valuable incentives, and reliable exemptions from discretionary approvals.

Potential Policies:

- Consider the implementation of a Housing Overlay Zone over locally designated Priority Development Areas (PDAs), and transit-accessible areas, to incentivize affordable housing inclusion in areas close to amenities and transit alternatives.

- Among the potential incentives it could include:
  - Enhanced density bonuses - possibly to encourage parcel assembly as well
  - Reduced parking ratios
  - Expedited permit processing
  - Increased allowable heights
  - By-right zoning or administrative approval of projects
  - In-lieu fees
  - Impact fee waivers

Model Ordinances/Useful Sources:

- **City of Menlo Park**, link: http://www.menlopark.org/departments/pln/he/amendments/993_HE_Affordable_Housing_Overlay.pdf, http://www.codepublishing.com/CA/menlopark/?MenloPark16/MenloPark1698.html
- **City of Alameda**, link: http://alameda.granicus.com/MetaViewer.php?meta_id=37217&view=&showpdf=1
- **King County, Washington**, link http://www.kingcounty.gov/socialservices/Housing/ServicesAndPrograms/Programs/HousingDe

velopment/Incentives.aspx
- **Orange County**, Affordable housing incentive within commercially zoned properties, Link: http://library.municode.com/HTML/11378/level3/TIT7LAUSBURE_DIV9PL_ART2THCOZOCO.html#TIT7LAUSBURE_DIV9PL_ART2THCOZOCO_S7-9-148.1PUIN
- **Public Advocates**, *Factsheet: Housing Overlay Zones*, http://www.publicadvocates.org/sites/default/files/library/affordable_housing_overlay_zone_fact_sheet_7-27-10.pdf

Incentive Zoning/Density Bonus and Public Benefit Zoning

Summary and Benefits:

Incentive Zoning/Density Bonus and Public Benefit Zoning are two "market-based strategies" that confer property rights (such as additional density) to a developer in exchange for public benefits to the community. Incentive Zoning, also known as "Density Bonus," grants developers the right to build additional space in exchange for providing community amenities. This will work if the developer calculates that the value of the incentive provided is greater than the cost of providing the amenity. It is, therefore, voluntary. In addition to higher densities, other incentives commonly include reduced parking or modifications to height and setback requirements. Benefits range from affordable housing to accessible roof gardens, ground level public plazas, public art, miniparks, and other desired amenities.

Public benefit zoning (PBZ) – also known as Land Value Recapture - is based on the premise that land use changes and enhancement enacted by a public agency contribute to increased real estate values. It is reasonable to expect that if a private landowner benefits from public action that benefits are extended towards the community as well. In addition to the value created by the upzoning for the developer (as under incentive zoning) additional value is extracted from the landowner and dedicated to community benefits.

Both PBZ and Incentive Zoning can be based on negotiations, adjudicative and discretionary approvals, and ministerial entitlement based on compliance determination. But for PBZ, development agreements – in the case of significant developments - and areawide application, as in specific plans, work best. The tool of "tiers" of additional density/height has been utilized, with additional requirements for each additional tier. The benefits for PBZ are very similar to those of incentive zoning. In both cases, these benefits are in addition to existing Development Impact Fees, Inclusionary Housing, and Commercial Linkage Fees.

Potential Policies:

- For localities with Inclusionary Housing and/or Commercial Linkage Fees, both mechanisms can lead to additional units or fees required over existing regulations, either on a case-by-case basis or on the basis of a plan.
- For localities without, PBZ can lessen political opposition to Inclusionary Housing and/or Commercial Linkage Fees by tying those programs to increased densities and plan changes that increase the value of the land.

Model Ordinances/Useful Sources:

- Nico Calavita & Alan Mallach. 2009. Inclusionary Housing, Incentives and Land Value Recapture," in *Land Lines*, January 2009 (Available in the Lincoln Institute of Land Policy Website)
- Dyett & Bathia. 2012. "Santa Monica Zoning Ordinance Update. Community Benefits and Incentives: Issues, Options, and Case Studies;" Prepared for the City of Santa Monica, August 2012.
- Patrick J Rohan & Eric Damian Kelly. 2013, *Incentive & Bonus Zoning*. Matthew Bender & Co Inc.
- http://affordableownership.org/events/webinar-12613-using-upzoning-to-increase-affordability/ It includes a presentation on the differences and similarities between Incentive Zoning and LVR

Additionally, a White Paper on the Theory, Economics and Practice of Land Value Recapture is being finalized for publication in March 2014. The paper, authored by Nico Calavita and Marian Wolfe, is being prepared for the East Bay Housing Organizations and the Metropolitan Transportation Commission.

Inclusionary Housing

Summary and Benefits:

With the emphasis on Priority Development Areas under SB 375, the difficulty of eliciting any appreciable "natural affordability" in these targeted growth locations increases substantially. Dedicating a percentage of housing units produced to deed-restricted affordability ensures that lower income households have access to transit and helps increase transit ridership, since lower income households are more likely to use transit. The ability of jurisdictions to mandate inclusionary housing was severely restricted in 2009 with the California Appellate Court ruling *Palmer v. City of Los Angeles*, which determined that inclusionary requirements on rental units conflicted with the 1995 Costa-Hawkins Act, which regulates rent control. Ownership units are not constrained. The recent surge in construction of for-rent units, many of which, are being approved with "condo maps," may be an opportunity to ensure a degree of affordability should they convert to ownership units.

From Nonprofit Housing Association of Northern California's (NPH) *Inclusionary Housing Advocacy Toolkit*:

- [Inclusionary Housing] creates housing choices in communities: IH policies ensure that every community provides homes affordable to a range of income levels. By providing these housing options, a community's labor force—hospital workers, retail clerks, and childcare workers—can afford to live in the communities they serve. Hardworking families can have access to good schools and safe neighborhoods. Moreover, typical NIMBY opposition is often mitigated by creating both market-rate and affordable homes in a single development.
- [Inclusionary Housing] creates new affordable homes without needing new government funding: IH policies have broad appeal to local governments because these policies help provide affordable housing needs with little extra cost to governments. Furthermore, IH policies complement other affordable housing programs, like bond financing, rent and development subsidy programs, and tax credits.
- [Inclusionary Housing] levels playing field for all developers: By adopting IH policies, local governments remove uncertainty from the development process. It gives a clear message to landowners and developers so that all can make informed financial decisions before building.

Potential Policies:

- City adopts an inclusionary housing ordinance for ownership units with no less than 20% of affordable units in new construction. Tiered income policies should also be considered with a smaller percentage of affordable units required for deeper affordability, or a range of affordability levels that equate to 20%. Affordability should be maintained for a minimum of 55 years with an ideal of permanent affordability. Consider inclusion of an in-lieu fee sufficient to exceed the number of units that would have been built on-site. Consider affordable units specially set aside for seniors.
- City adopts a development impact fee that includes an option to build units in-lieu of paying the fee.
- City leverages Land Value Recapture concepts as part of a larger Community Benefits Program within Priority Development Areas or other areas targeted for growth.

Model Ordinances/Useful Sources:

- Nonprofit Housing Association of Northern California (NPH), *Inclusionary Housing Advocacy Toolkit*, http://www.nonprofithousing.org/pdf_toolkits/InclusionaryTool.pdf

- California Rural Housing Association, *Inclusionary Housing Database*: http://www.calruralhousing.org/?page_id=110
- Institute for Local Government (ILG), *California Inclusionary Housing Reader*: http://www.ca-ilg.org/sites/main/files/file-attachments/resources__California_Inclusionary_Housing_Reader.pdf
- Nonprofit Housing Association of Northern California (NPH), *Protecting Inclusionary Housing Requirements*, December 5, 2013, Link: http://www.21elements.com/Download-document/603-Protecting-Inclusionary-Requirements.html
- Goldfarb and Lipman Attorneys, *Presentation: Inclusionary Housing - Current Legal Issues*, January 23, 2014, Link: http://www.21elements.com/Download-document/653-The-Current-State-of-Inclusionary-Housing-1/22/13.html
- Poverty & Race Research Action Council, *Inclusionary Zoning: A selected annotated bibliography*, February 2014, Link: http://www.prrac.org/pdf/Inclusionary_Zoning_Bibliography_2-14.pdf
- San Mateo County 21 Elements, Development Impact Fee 21 Jurisdiction Grand Nexus Study, Link: ***To be added in 2014 to www.21elements.com.***

Source of Income Ordinance

Summary and Benefits:

Since the 2009 ruling on *Palmer v. City of Los Angeles*, which restricted local jurisdictions' ability to promote mixed-income housing, there have been few avenues available to ensure low-income households have the ability to live in to high opportunity areas. Federal rent subsidy programs like the federal Housing Choice Voucher program (Section 8) offer the ability for low income residents to pay market rate rents and more effectively compete for housing. The advantages of vouchers over project-based housing assistance depend on the ability of voucher recipients to locate a landlord who will accept the voucher. Some landlords wish to avoid the administrative burden associated with the voucher program. Other landlords perceive voucher recipients to be undesirable tenants and/or fear their other tenants would object to voucher recipients as neighbors.

Under California law, it is unlawful for a landlord, managing agent, real estate broker, or salesperson to discriminate against a person or harass a person because of the person's race, color, religion, sex (including pregnancy, childbirth or medical conditions related to them, as well as gender and perception of gender), sexual orientation, marital status, national origin, ancestry, source of income, familial status, or disability. They do, however, have the ability to choose not to accept Section 8 vouchers and thereby circumvent the law. Source of Income anti-discrimination laws make it illegal for landlords to discriminate against voucher recipients solely on the basis of their having a Section 8 voucher.

Potential Policies:

- Consider an ordinance similar to East Palo Alto's Source of Income Ordinance EPAMC § 14.16.010.A.4 which prohibiting Income-Based Rental Housing Discrimination.
- *For further consideration* - Consider requirement for the inclusion of Section 8 Housing Choice Voucher Program tenants in new developments within the plan area where a community benefit agreement or development agreement is negotiated.

Model Ordinances/Useful Sources:

- City of East Palo Alto, link: HERE
- Poverty and Race Research Action Council, Appendix B:State, Local, and Federal Laws Barring Source-of-Income Discrimination, link: http://www.prrac.org/pdf/AppendixB.pdf
- Fair Housing Law Project, *Housing Discrimination Based on Income*, link: http://www.lawfoundation.org/repository/Income.pdf
- U.S. Department of Housing, *The Impact of Source of Income Laws on Voucher Utilization and Locational Outcomes*, http://www.huduser.org/publications/pdf/Freeman_ImpactLaws_AssistedHousingRCR06.pdf
- 21 Elements Policy Best Practices: HERE
- California Department of Fair Employment and Housing, *Prohibited Housing Practices*, Link: http://www.dfeh.ca.gov/Publications_ProhibHousPrac.htm

Commercial Linkage Fee

Summary and Benefits:

A portion of jobs created by new commercial development – hotel, retail, office, etc.- are low-paying and the new employees cannot afford market-rate housing. With commercial linkage fees – also known as job-housing linkage fees - developers are expected to ameliorate some of the housing impacts generated by such projects. This impact is measured through a Job-Housing Nexus Analysis that shows the connection between the construction of new commercial buildings, employment, and the need for affordable housing. They are usually performed by consulting firms that have specialized in this type of analysis.

Methodologies vary, but in most cases the analysis begins with an estimation of the number of employees for a prototypical 100,000 sq.ft. building and ends with the cost per-square foot for that building to provide housing for those employees who would live in that locality but could not afford to live there. Consultants routinely recommend fee levels much lower than the maximum. Given that, depending on the land use, there are different concentrations of employees per area of buildings, fee levels vary, with office usually the highest, and warehousing the lowest. Some localities, heavily impacted by specific types of development, might exact fee from only those uses, as is the cases in some Silicon Valley cities targeting the high tech industry.

Commercial linkage fees are adopted at the local level, and as such they reflect the diversity of each locality's economic, political, and cultural traits. Linkage fees can vary by development type, fee level, exemptions, options/thresholds, terms of payment, and results. About twenty cities in California have enacted commercial linkage fees. Compared to the number of localities with inclusionary housing programs, the number of localities with commercial linkage fees is rather low. A possible explanation is fear of discouraging economic growth. However, reasonable fees enacted in areas experiencing high levels of economic growth and strong demand for commercial space should not negatively affect the rate of commercial development. This is especially true if one considers that the additional costs to developers will bring about a readjustment of land prices in a period of a few years, i.e., the landowner will pay the additional cost of development though a reduction of the price of land. (See below, Jobs-Housing Nexus Study Prepared for the City of San Diego by Keyser Marston associates, Inc. August 2013, page 62).

Potential Policies:

- Some cities in the Bay Area already have commercial linkage fees. Those cities experiencing high levels of growth should consider increasing their existing fees. In some cases there are no provisions for inflation adjustment, as in Berkeley. The City of San Diego passed legislation last year to increase their fees to reflect the failure in adjusting their fees since 1990, the date of adoption of their program. Finally, cities without commercial linkage fees but experiencing high rates of commercial growth should consider adopting a commercial linkage fee program.

Model Ordinances/Useful Sources:

- City of Menlo Park Commercial Development Fee - Zoning Code Chapter 16.96.030, Link: http://www.codepublishing.com/CA/menlopark/?MenloPark16/MenloPark1696.html
- City of Oakland Jobs/Housing Linkage Fee - Building Code Chapter 15.68. Link: http://library.municode.com/HTML/16308/level2/TIT15BUCO_CH15.68JOHOIMFEAFHOTRFU.html#TOPTITLE

- City of Oakland Jobs/Housing Linkage Fee Nexus Study and related reports. Link: http://www2.oaklandnet.com/Government/o/hcd/s/Data/DOWD008692#linkage
- Jobs- Housing Nexus Study Prepared for the City of San Diego by Keyser Marston associates, Inc. August 2013: http://sdhc.org/uploadedFiles/Real_Estate/Best_Practices_Task_Force/SDHC%20Job%20Housing%20Nexus%20Study%202013(1).pdf
- City of San Jose, Housing Needs and Strategy Study Session Follow-up Administrative Report, Link: http://sanjoseca.gov/DocumentCenter/View/12862

San Mateo County 21 Elements, Development Impact Fee 21 Jurisdiction Grand Nexus Study, Link: ***To be added in 2014 to www.21elements.com.***

Housing Impact Fee

Summary and Benefits:

In the wake of the Palmer decision, which limits the ability of cities to apply inclusionary zoning requirements to rental housing unless some form of financial assistance is provided, many cities have turned instead to the use of development impact fees charged on new, market-rate housing development. Known as "Housing Impact Fees," these fees are based on an assessment of the extent to which the development of new market-rate housing generates additional demand for affordable housing.

As is the case with Commercial Linkage Fees, adoption of a Housing Impact Fee requires the preparation of a nexus study. Typically, this study will assess the extent to which new market-rate development attracts higher income households who will spend more on retail and services. That increased spending creates new jobs, attracting new workers to live in the city, some of whom will be lower income and require affordable housing.

A financial feasibility study is also recommended to ensure that any Housing Impact doesn't render development infeasible.

Potential Policies:

- Commit to conducting a nexus study and financial feasibility study for a Housing Impact Fee to assess new market rate development for the increased demand that it creates for affordable housing.
- Adopt a Housing Impact Fee, with funds dedicated to an affordable housing trust fund to be used to preserve and expand the supply of affordable housing.

Model Ordinances/Useful Sources:

- City of San Carlos Housing Impact Fee, Affordable Housing Program - Zoning Code Chapter 18.16, Link: http://www.codepublishing.com/ca/SanCarlos/html/SanCarlos18/SanCarlos1816.html#18.16, Nexus Study and Fee Analysis: http://www.21elements.com/Download-document/492-San-Carlos-Nexus-Study-Fee-Analysis.html
- City of Fremont Housing Impact Fee, Affordable Housing - Establishment of Fees - Zoning Code 18.155.090, Link: http://www.codepublishing.com/ca/fremont/html/Fremont18/Fremont18155.html#18.155.090
- City of Berkeley Housing Impact Fee Nexus Study, Link: http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2011/01Jan/2011-01-25_Item_14a_Affordable_Housing_Impact_Fee.pdf
- San Luis Obispo County Housing Impact Fee Nexus Study, Link: http://agenda.slocounty.ca.gov/agenda/sanluisobispo/1612/QXR0YWNobWVudCBCIC0gUmVzaWRlbnRpYWwgSG91c2luZyBJbXBhY3QgRmVlIE5leHVzIFN0dWR5X0EucGRm/12/n/9978.doc
- San Mateo County 21 Elements, Development Impact Fee 21 Jurisdiction Grand Nexus Study, Link: ***To be added in 2014 to www.21elements.com.***

Rededication of "Boomerang Funds" to Affordable Housing

Summary and Benefits:

With the dissolution of Redevelopment Agencies (RDA), the State of California deprived local jurisdictions of their largest and most significant source of local funding for affordable homes. Across the state redevelopment was responsible for over $1 billion in direct funding for affordable housing with its 20% tax increment set-aside. These local funds often served as "first in" money that could be leveraged to acquire other sources of funding. Some Bay Area affordable housing developers report that over 75% of their projects in recent years involved some level of RDA funding. A portion of those former tax increment funds come back to local jurisdictions as both a one-time lump sum from their former Low and Moderate Income Housing Fund (LMIHF) and an ongoing bump to their property tax. Counties receive such funds from each former redevelopment agency within the county. These have been referred to as "Boomerang Funds."

Potential Policies:

- Consider dedication of 100% of the one-time lump sum distribution of former Low and Moderate Income Housing Fund money back into funding for affordable housing.
- Dedication of at least 20% of the ongoing year-over-year tax-increment distributions now realized as increased property tax distributions back into funding for affordable housing.

Model Ordinances/Useful Sources:

- County of San Mateo, Administrative Report, *Use of Unrestricted General Funds Derived from One-Time Distribution of Housing Trust Funds of Former Redevelopment Agencies*, Link: http://sanmateo.siretechnologies.com/sirepub/cache/2/e43oowhzorkxrqv2mzj3sagw/2976401302014051731203.PDF
- County of Santa Clara, Resolution, *Resolution establishing a policy regarding the use of new revenues from the dissolution of redevelopment agencies*, Link: http://sccgov.iqm2.com/Citizens/Detail_LegiFile.aspx?ID=68014
- City of Oakland, Ordinance establishing set aside of boomerang funds. Link: https://oakland.legistar.com/View.ashx?M=F&ID=2644368&GUID=D42A5E35-CC52-4D92-802B-ADE4629D4CE2

Federal HOME Funds Sharing

Summary and Benefits:

Federal HOME regulations permit a city to invest its HOME funds in a project outside of its boundaries if that project will serve its own population as well as that of the contiguous jurisdiction where the project is located.

Example: City of Redwood City

The City of Redwood City in San Mateo County had unallocated HOME CHDO set aside funds from a prior year that were at risk of being recaptured by HUD, as they must be committed to a certified CHDO within 24 months for an eligible activity. With this impending deadline City staff reached out to staff at the County and a local CHDO to determine if a project could be identified for use and allocation of the at risk funds. Coincidently these communications occurred at the same time that a local CHDO had a multifamily rehabilitation project underway, funded by the County and other sources.

The HIP Housing Development Corporation, a local CHDO, had an apartment rehabilitation project in need of additional funding. The project included the rehabilitation of an existing 12-unit apartment building located at 1157-1161 Willow Road, Menlo Park, CA 94025. The rehabilitation of the units included bathroom and kitchen fixture replacements, energy efficiency improvements, flooring replacement, heater replacements, and electrical and lighting upgrades. It also included the conversion of one unit to an ADA accessible unit and the addition of a community room. Common area improvements included seismic upgrade, repairs to stairs and walkways, exterior lighting and site improvements. This housing rehabilitation project created affordable housing units for low-income households. The objectives and outcomes for the Willow Road Apartment Rehabilitation project met the City's 2010-2015 Consolidated Plan and FY2012-2013 Annual Action Plan priorities, goals and strategies.

The CHDO had just discovered, after project commencement that due to the scope certain ADA requirements had been triggered that required additional work and consequent funds. The project was located in a contiguous jurisdiction to Redwood City and HOME regulations permit the expenditure and investment of funds in contiguous jurisdictions as long as it was clearly stated in the City's Consolidated Plan. After comprehensive review of the City's Consolidated Plan it was apparent that the provision for expenditure of funds for projects in contiguous jurisdictions was permitted for CDBG but it did not specifically include HOME. After consultation with HUD it was confirmed that in order to proceed to consider funding this project with the at risk CHDO funds to cover the financial gap created by the unanticipated ADA requirement the City would need to complete a substantial amendment to both the Consolidated Plan and Annual Action Plan, pursuant to the City's Citizen Participation Plan (CPP) requirements. The CPP requirements included a public hearing, publication of notices and a 30-day public comment period for the proposed amendments.

Due to the limited time constraints to commit the at risk HOME funds and the CHDO's need to quickly access funds to complete the ADA improvements the City expediently proceeded to complete the amendments through the prescribed process. After the amendments were completed the City executed a funding agreement with the CHDO and the project was successfully completed, including the ADA improvements.

The City of Redwood City completed a substantial amendment to its five year Consolidated Plan and subsequent Annual Action Plan in order to provide funding for a nonprofit Community Housing Development Organization (CHDO) to complete ADA improvements to a multifamily rehabilitation project that was located in a contiguous jurisdiction. The initial CHDO rehabilitation project was funded by other sources after work commenced the CHDO was informed that certain ADA requirements had been triggered, creating an urgent need for gap funding to complete the ADA improvements and subsequent project. The City had federal Home Investment Partnership Act (HOME) CHDO set aside funds available for affordable activities that were approaching a federal commitment deadline or risk of recapture by the U.S. Department of Housing (HUD). After conferring with the CHDO, the local HUD office and representatives from other project fund sources the City determined that if a substantial amendment to the Consolidated Plan and Annual Action Plan were completed it could proceed with providing gap financing to complete the ADA improvements for this project. The City expediently completed the amendments and executed a funding agreement with the CHDO and the project was successfully completed.

The process required significant diligence and cooperation of all parties. The benefits of this process were significant. The City preserved its at risk HOME funds by investing in additional units of affordable housing that are now available to Redwood City residents, helping to address an critical need and meeting goals and objectives of the City's Consolidated Plan, Action Plan and Housing Element of the General Plan. The CHDO was able to complete the project including the ADA improvements without delay, making the units available to very low-income families in desperate need of affordable housing. Further, one of the units is fully ADA accessible, addressing yet another significant community housing need.

Consolidated Plan and Annual Action Plan

The City of Redwood City receives federal funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) and Home Investment Partnership Act (HOME) entitlement programs. CDBG is designed to assist in the development of viable communities by supporting projects that provide decent housing, suitable living environments, and expanded economic opportunities primarily for low- and moderate income persons. HOME is designed exclusively to create affordable housing for low-income households. In order to receive CDBG and HOME funds the City is required to submit a 5-year Consolidated Plan to HUD. For each year of the of the five-year plan, the City is required to adopt an Annual Action Plan for the use of the CDBG and HOME funds.

Substantial Amendment to the Consolidated Plan and Annual Action Plan

Federal regulation 24 CFR 91.505 and the Redwood City's Citizen Participation Plan require a substantial amendment to the Consolidated Plan and/or Annual Action Plan if there is a change in the use of CDBG or HOME funds from one activity to another activity in excess of 25% of the total CDBG or HOME grant allocations for the program year, a change in allocation priorities or a change in the purpose, scope, location or beneficiaries of an activity.

Summary of Amendments

The City amended its 2010-2015 Consolidated Plan to expand the geographic targeting of HOME funds to include contiguous jurisdictions in addition to citywide targeting. The HOME regulations permit Redwood City to invest its HOME funds in a project outside of its boundaries if that project will serve its own population as well as that of the contiguous jurisdiction where the project is

located. The amendment provided the City with the opportunity to invest HOME funds in eligible housing activities physically located in contiguous jurisdictions when they will benefit Redwood City residents and address needs, strategies, and goals identified in the City's Consolidated Plan. This change required a substantial amendment to the 2010-2015 Consolidated Plan. In addition, the City completed a substantial amendment to the Annual Action Plan to include the addition of a new project to be funded that was not included in the original Action Plan.

Potential Policies:

- Include in local HUD Consolidated Plan provision to share HOME funds with adjacent jurisdictions. Future Redwood City Consolidated Plans will include geographic targeting of both CDBG and HOME funds to include contiguous jurisdictions in addition to citywide targeting, when a project outside of its boundaries will serve its own population as well as that of the contiguous jurisdiction where the project is located. This will provide the City with the opportunity to invest funds in eligible housing activities physically located in contiguous jurisdictions when they will benefit Redwood City residents and address needs, strategies and goals identified in the City's Consolidated Plan.

Model Ordinances/Useful Sources:

- City of Redwood City, Amended 2010-2015 Consolidated Plan and FY12-13 Action Plan, Link: http://www.redwoodcity.org/phed/housing/pdf/Substantial.Amendment.ConPlan.ActionPlan.2012.13.Final.pdf
- HUD OneCPD, HOME-CDGB Guidebook: Link: https://www.onecpd.info/resources/documents/HOME-CDBGGuidebook.pdf

Affordable Housing Sites:

Summary and Benefits:

A key part of every Housing Element is the identification of adequate sites to serve a range of incomes, including households at very low and low income levels. Since both Plan Bay Area and the RHNA site the majority of new growth within Priority Development Areas, local housing elements should identify affordable housing opportunity sites within PDAs. Also, while the law requires only that the sites be adequately zoned, for these sites to become affordable housing sites, they must be competitive for affordable housing funding, particularly Low Income Housing Tax Credits.

Potential Policies:

- Site the majority of affordable housing parcels entirely within local Priority Development Areas or Transit Priority Areas/PDA-like places
- Site affordable housing locations to maximize Low Income Housing Tax Credit (LIHTC) potential. Jurisdictions are encouraged to work with affordable housing developers active in their area to analyze whether identified sites would be competitive for tax credits.

Model Ordinances/Useful Sources:

- California Tax Credit Allocation Committee, Adopted Regulations (January 29, 2014) http://www.treasurer.ca.gov/ctcac/programreg/2014/20140129/regulations.pdf - Regulation Section 10325 - Application Selection Criteria
- ABAG GIS Catalog, Plan Bay Area Priority Development Areas, Link: http://gis.abag.ca.gov/
- San Mateo County 21 Elements, *LIHTC Fact Sheet*, Link: http://www.21elements.com/Download-document/553-Low-Income-Housing-Tax-Credit-Fact-Sheet.html

Priority Development Areas

Summary and Benefits:

Plan Bay Area - the regional land use and transportation plan designed to reduce greenhouse gas emissions by reducing vehicle miles traveled - identifies Priority Development Areas (PDAs) throughout the region where most growth is to be concentrated. These are areas close to transit stations or along major transit corridors. However, these PDAs were established voluntarily by cities and there are some areas well served by transit that have not been designated. In addition, it is up to localities to identify policies and establish plans for siting affordable housing in PDAs. Expanding PDAs to cover all "PDA-like" places and having strong policies for developing affordable housing in PDAs are critical for regional housing equity. Local housing elements should include such actions in their implementation program.

Potential Policies:

- Expand designated Priority Development Areas to additional locations that are transit accessible.
- Jurisdictions should identify specific policies that promote inclusion of affordable housing within PDAs

Model Ordinances/Useful Sources:

- ABAG, FOCUS: Priority Development Area, http://www.bayareavision.org/initiatives/prioritydevelopmentareas.html
- ABAG GIS Catalog, Plan Bay Area Priority Development Areas, Link: http://gis.abag.ca.gov/
- ABAG, *Inner Bay Area Corridors PDA Implementation Memo*, January 7, 2014, Link: http://www.abag.ca.gov/abag/events/agendas/e011614a-Item%2008,%20Inner%20Bay%20Area%20PDA%20Update.pdf

Parcel Assembly

Summary and Benefits:

Infill development is often difficult due to the presence of small, oddly-shaped parcels in older parts of cities and towns. Generally, to build sites that fit with the character of the neighborhood at densities that are economically feasible, developers assemble larger sites from smaller parcels. Parcel assembly can be problematic, however, as owners of the last parcel needed to assemble the whole site can exact significant financial concessions from developers in turn incentivizing all neighbors to be the last to sell. Jurisdictions have traditionally responded through the use of eminent domain, a highly unpopular and rarely invoked option.

Graduated density zoning provides jurisdictions with another tool to assemble larger sites from smaller parcels. Jurisdictions are able to keep lower-density zoning for sites less than a given size but allow higher density development on sites that exceed a certain "trigger" size. Owners are motivated to sell if the values of their assembled parcels at higher densities greatly exceed the current value of their parcel alone. All owners have to sell in order to achieve economic gains from their parcels as the density bonus is only triggered when the site reaches a certain minimum size. As a result there is an incentive to not be the last one to sell, as the last owner could be left with an oddly shaped parcel that would be difficult if not impossible to assemble into a larger site.

Potential Policies:

Jurisdictions can choose to institute an "abrupt" or "sliding" scale of graduated density zoning or even downzone in certain instances:

- Abrupt: If an assembled site achieves a minimum size then higher densities are triggered.
- Sliding: A site's density is increased with each subsequent increase in size up to a maximum density.
- Graduated density does not require upzoning. A neighborhood that is zoned at higher densities (i.e. 50 du/acre) but is holding out for higher prices could also be downzoned to allow the original density (50 du/acre) only on sites larger than a minimum size.

Table 1 Abrupt vs. Sliding Graduated Density Zoning:
Taken from Donald Shoup "Graduated Density Zoning" Journal of Planning Education and Research

	Abrupt		**Sliding**	
Area (Acres)	**Density (units/acre)**	**Units**	**Density (units/acre)**	**Units**
0.2	5	1	14	3
0.4	5	2	23	9
0.6	5	3	32	19
0.8	5	4	41	33

1.0	**50**	**50**	**50**	**50**
1.2	50	60	50	60

For either option the aim is to create a situation where the base density is much lower than developers want while offering a substantial density bonus for larger sites. The "abrupt" option creates a stronger incentive for the last owner to sell as the density bonus is not realized without the last parcel. By gradually increasing density, the "sliding" option creates stronger incentives for the initial owners to sell and puts less pressure on the owner of the last parcel.

Model Ordinances/Useful Sources:

- Shoup, Donald. "Graduated Density." *Journal of Planning Education and Research*. (2008): n. page. Web. 10 Dec. 2013. <http://its.ucla.edu/shoup/graduateddensityzoning.pdf>.
- City of San Bruno's 2009 General Plan allows for higher FARs on lots bigger than 20,000 sq ft, see section 2-8 "Multi-use Residential Focus": http://www.sanbruno.ca.gov/comdev_images/planning/General%20Plan/Approved/SBGP_CompleteGP.pdf
- City of Glendale provides a 25% density bonus in some neighborhoods: http://www.ci.glendale.ca.us/gmc/Zoning_Code/Chapter30-36.pdf
- Simi Valley provides a graduated density bonus in its Kadota Fig neighborhood on sites larger than 13 acres: http://its.ucla.edu/shoup/graduateddensityzoning.pdf

Parking

Summary and Benefits:

Parking policies impact the design, location, and financial viability of new developments. The costs of providing parking can affect whether a project is viable and the level of affordability that can be achieved, as providing a single parking space ranges from $5,000 per surface parking spot to as much as $60,000 per each underground parking space.

Also, even though such spaces come at great cost, they may not be fully utilized—particularly in affordable housing developments. Parking requirements have a disproportionate impact on housing for low income households because low income households consistently own fewer vehicles than their higher income counterparts and are more burdened by the extra expenses. In a study of affordable housing and parking needs, the City of San Diego found that residents of affordable housing owned cars at half the rate of residents of market rate rental housing. In addition to reducing housing costs, modifications to parking policies can encourage residents to own fewer cars, drive less, and increase use of transit, walking, and biking which contributes to better health.

In the Bay Area, Priority Development Areas (PDAs) are an excellent location for affordable housing development. The proximity to quality transit warrants lower parking levels for new housing, which lowers per-unit developmental costs and allows for more housing for a given budget, while providing other less expensive modes of access for residents.

Potential Policies:

1. *Reduce or eliminate unnecessary parking requirements:* Eliminate requirements for additional parking for new development in downtowns and town centers, allowing customized approaches.
    a. *Unbundle parking (residential and commercial):* Require the cost to own or lease a parking space to be unbundled from the price to rent or own a commercial or residential space. This increases housing affordability for households that do not use parking.
    b. *Share parking:* Adopt policies to encourage or require shared parking between uses rather than reserved parking for specific users and tenants.
    c. *Allow tandem parking* (when two spaces are located end to end) to count toward satisfying parking requirements.
    d. *Consider parking maximums* for very transit-rich, walkable, and congested areas to reduce local congestion and enhance the environment for walking and use of alternative modes.
2. *Promote alternative modes (with transit passes, car sharing, bike lanes, pedestrian amenities, etc.):* Incorporate requirements for free or discounted transit passes, carshare incentives, bicycle parking, and pedestrian amenities in lieu of some parking.
3. *Coordinate prices for on-street and off-street parking:* Pricing parking reduces parking demand, ensures that end-users carry more of the cost, and promotes turnover. Coordination of pricing between on-street and off-street is essential to achieve parking management goals. Adopt a parking availability target: Set a goal that parking availability be maintained at around 15 percent through the use of pricing, time limits and adjustable rates/regulations, and allow parking staff to adjust prices to achieve this goal.
4. *Manage parking:* engage in active parking management to better utilize existing parking and use of revenues.
    a. *Track parking utilization in buildings and the neighborhood*: This allows residents of

buildings with less parking to park elsewhere in the neighborhood and enables buildings to be built with fewer parking spots than would normally be required.

b. *Establish parking benefit districts*: Net revenue collected from parking pricing and permit revenues could be dedicated to funding community priorities within designated Parking Benefit Districts.

c. *Establish Transferable Parking Entitlements*: Jurisdictions could designate the number of parking spaces made available for a development as an "entitlement" that could be bought or sold if they are unused.

5. *Establish and publicize policies to require or encourage employers to offer alternative access for employees*. Transportation Demand Management refers to a range of policies and programs to reduce vehicle miles travelled (VMT) which, in turn, decrease the need for parking. Possible policies include carpool parking, parking pricing, flexible work schedules, and ridesharing. The Air District and MTC are developing a Bay Area Commuter Benefits Program to promote the use of alternative commute modes such as transit, ridesharing, biking, and walking. The program would require employers with 50 or more full-time employees in the Bay Area to offer one of the benefits, see http://www.mtc.ca.gov/news/current_topics/10-13/cbp.htm

Model Ordinances/Useful Sources:

- MTC's Parking Policies for Smart Growth: http://www.mtc.ca.gov/planning/smart_growth/parking/
- Parking Code Guidance: Case Studies and Model Provisions: http://www.mtc.ca.gov/planning/smart_growth/parking/6-12/Parking_Code_Guidance_June_2012.pdf
- Redwood City Article 30 Parking and Loading: http://library.municode.com/HTML/16091/level1/ART30OREPALO.html#ART3
- The city of Berkeley recently partnered with AC Transit and several regional agencies to provide free transit passes and expand access to car sharing in their downtown through their GoBerkeley program: http://online.wsj.com/article/PR-CO-20130627-910529.html
- San Francisco's award winning SF Park program uses demand pricing and innovative payment schemes to encourage parking in underutilized areas: http://sfpark.org/
- For a study considering lower rates of auto ownership and affordable housing please see San Diego's Affordable Housing and Parking study: http://www.sandiego.gov/planning/programs/transportation/mobility/pdf/111231sdafhfinal.pdf

Site and Building Regulations

Summary and Benefits:

Developers estimate that every month required for processing a development application adds at least 1 to 2 percent to the overall cost of a housing development. When development processing requires a year or more, the resulting impact on housing costs can be significant. In order to cut down development costs and facilitate the construction of multi-family affordable homes, localities can employ a number of policies to ease or streamline development requirements. These include an array of options such as fee reductions for affordable housing development, streamlined review processes, modifying building height restrictions, and allowing the payment of in-lieu fees to meet certain obligations such as open space or park land requirements.

Below are a few examples of approaches that Bay Area jurisdictions have taken to ease the developmental process:

Jurisdiction	Policy Approaches
City of Fremont	Developments with 5 or more units qualify for a density bonus if affordable housing is included. The city also provides developers with site identification assistance, marketing and tenant screening, modification of development standards, and streamlined processing of plans and permits.
City of Milpitas	Created the Midtown Specific Plan focusing on a 252 acre area that can accommodate up to 4900 housing units. The plan takes advantage of VTA and future BART rail stations in the area to increase housing choices and densities.
Redwood City	Adopted a Downtown Precise Plan that used extensive community input to create a streamlined permitting process to channel regional housing demand to their downtown. The plan provides developers with clear guidelines that, if followed, allows for certainty in permit processing times.

Potential Policies:

Streamlining the Approval Process

- Provide clear and objective regulations and guidelines to prospective applicants so that proposed projects conform to local priorities and goals
- Consider "by right" approvals and form-based codes for designated uses
- Provide streamlined permitting review processes for affordable housing

Flexibility in Planning Requirements

- Encourage mixed-use zones: mixed-use zones create flexible investment opportunities for and locates infill housing in office or retail districts where it may be less controversial. It also has the added benefit of reducing development costs by sharing amenities and parking with other uses.

- Let infill developers meet open space and parkland requirements by paying "in-lieu" fees
- Maximize development potential through the removal of building height restrictions in designated Priority Development Areas
- Limit requirement for ground-floor retail to key nodes, and allow for residential uses on the ground floor in certain locations

Model Ordinances/Useful Sources:

- *A Place to Call Home: Housing in the San Francisco Bay Area*, link: http://www.abag.ca.gov/planning/housingneeds/pdf/resources/A_Place_to_Call_Home_2007.pdf
- *Blueprint 2001: Housing Element Ideas and Solutions*, link: http://www.abag.ca.gov/planning/housingneeds/blueprint.html
- City of Redwood City's Downtown Precise Plan, link: http://www.redwoodcity.org/phed/planning/precise/FINAL-DTPP/NewDTPPDownload.htm
- City of Fremont Density Bonus and Affordable Housing Incentives, link: http://www.codepublishing.com/ca/fremont//html/Fremont18/Fremont18165.html#18.165.090
- City of Milpitas Midtown Specific Plan, link: http://www.ci.milpitas.ca.gov/government/planning/plan_midtown_specific.asp
- Form Based Code Institute, Sample Codes, Link: www.formbasedcodes.org/samplecodes

Universal Design Standards for Apartments

Summary and Benefits:

The goal of universal design is to make the built environment as accessible as possible to people of all ages and abilities without adaptation or specialized design. Universal design features come at little to no extra cost if incorporated in a project as it gets built while significantly reducing or eliminating the need to later retrofit the structure for accessibility.

The principles of universal design as defined by the Center for Universal Design are as follows:

- **Equitable use:** the design is useful and marketable to people with diverse abilities
- **Flexibility in use:** the design accommodates a wide range of individual preferences and abilities
- **Simple and intuitive use:** use of the design is easy to understand regardless of the user's experience, knowledge, language skills, or current concentration level
- **Perceptible information:** the design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities
- **Tolerance for error:** The design minimizes and the adverse consequences of unintended actions
- **Low physical effort:** The design can be used efficiently and comfortably with a minimum of fatigue
- **Size and space for approach and use:** Appropriate size and space is provided for approach, reach, manipulation and use regardless of user's body size, posture, or mobility

For residential properties universal design features could include:

- No-step entry
- Wider interior doors and hallways
- Audio & visual doorbell
- At least one bathroom or powder room on the primary entry level
- Hand-held adjustable shower head
- Kitchen on an accessible route of entry.

Potential Policies:

- The City of Dublin requires that all new construction of single family homes and apartment buildings in excess of 20 units, include certain universal design features to make properties as accessible as possible.

Model Ordinances/Useful Sources:

- City of Dublin, link: http://www.codepublishing.com/ca/dublin/dublin07/Dublin0790.html
- City of Dublin universal design checklist: http://dublin.ca.gov/DocumentCenter/Home/View/59
- HCD Model Universal Design Ordinance: http://www.hcd.ca.gov/codes/shl/3-Text-Universal_Design_Model_Ordinance.pdf
- Principles of Universal Design from the Center for Universal Design: http://www.ncsu.edu/ncsu/design/cud/pubs_p/docs/poster.pdf

Emergency Shelters and Homeless Persons (SB2)

Summary and Benefits: SB2 (Chapter 633, Statutes of 2007) clarifies and strengthens the housing element law by ensuring that local zoning encourages and facilitates emergency shelters. SB2 also limits the denial of emergency shelters and transitional and supportive housing under the Housing Accountability Act. SB2 planning and approval requirements include:

- identify at least one zone to permit emergency shelter by-right
- conduct need assessment for emergency shelter addressing both seasonal and year-round need
    - need may be reduced by the number of supportive housing units that are identified in the jurisdictions 10-year plan to end homelessness, provided that units are vacant or will be constructed during the planning period with funding identified
- demonstrate that transitional housing and supportive housing are permitted as a residential use and are subject to restrictions that apply to other residential units of the same type and in the same zone
- standards must be objective and promote the use for or encourage development/conversion to emergency shelter
- jurisdictions with existing ordinances for emergency shelter have flexibility in meeting zoning requirements or if they demonstrate that need for emergency shelter can be met in existing shelters or through a multi-jurisdictional agreement
- zones must include sufficient capacity to accommodate the need for emergency shelter
    - if existing zoning does not allow for zoning for emergency shelter by-right or if the identified sites have insufficient capacity to meet the need, the housing element must include a program to identify a specific zone(s) and amend the zoning code within year of adoption of the housing element

Potential Policies:

- Amend/adopt zoning ordinance that provides standards to ensure the development of emergency shelters. Standards permitted for regulation include:
    - Development standards common to the zoning district
    - Maximum number of beds
    - Off-street parking
    - Size and location of exterior/interior on-site waiting and client intake areas
    - Provision of on-site management
    - Length of stay
    - Lighting
    - Provision of security during hours of operation
    - Non-discretionary design standards
    - Proximity to other emergency shelters
    - Voluntary or incentive based standards

Model Ordinances/Useful Sources:

- Chapter 633, Statues of 2007: http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_0001-0050/sb_2_bill_20071013_chaptered.pdf
- HCD Memorandum on SB 2 Zoning for Emergency Shelters, Transitional housing, and

Supportive Housing (Updated April 10, 2013): http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf

- San Mateo County 21 Elements, "Zoning in the Wake of SB2: Best Practices for Emergency, Transitional, and Supportive Housing" http://www.21elements.com/Download-document/442-Zoning-in-the-Wake-of-SB-2-Best-Practices-for-Emergency-Supportive-and-Transitional-Housing.html
- Housing Accountability Act:

Quality Assurance Standards:

Reasonable Accommodations (SB520 and SB812)

Summary and Benefits:

Consistent with state and federal law, housing elements should contain policies and programs to implement fair housing laws and to provide housing for persons with disabilities. Housing element law requires local jurisdictions to conduct a housing needs assessment for persons with disabilities. In recent years, the state has amended the housing element law to remove barriers to housing opportunities for persons with disabilities.

- SB520 (Chapter 671, Statutes of 2001) amended the housing element law by requiring local jurisdictions to:
  - analyze potential and actual constraints on the development, maintenance, and improvement of housing for persons with disabilities (i.e. land use policies, building codes/enforcement, fees, parking requirements, and local processing and permit procedures)
  - analyze local efforts to remove governmental constraints that present barriers to providing housing for persons with disabilities
  - adopt universal design elements in its building codes that address limited lifting, flexibility, mobility, and vision
  - identify/analyze whether it has a reasonable accommodation policy, procedure, or ordinance
  - provide programs to remove identified constraints or provide reasonable accommodations for housing designed for persons with disabilities
- SB812 (Chapter 507, Statutes of 2010) amended the housing element law by requiring local jurisdictions to:
  - as part of special housing needs analysis, include an evaluation of the special housing needs of persons with developmental disabilities
    - estimate the number of persons with developmental disabilities
    - assess housing need and availability of programs (i.e. shared housing, permanent supportive housing/programs)
    - identify potential funding sources designated for persons with developmental disabilities
  - develop and implement programs to meet housing needs for persons with developmental disabilities

Potential Policies:

- Amend zoning ordinance or adopt a reasonable accommodation ordinance that provides a procedure for requesting reasonable accommodation and flexibility in the application of zoning and land use regulations and procedures (See below 'HCD Reasonable Accommodation Model Ordinance')

Model Ordinances/Useful Sources:

- HCD Memorandum on SB 520 Analysis of Constraints on Development of Housing for Persons With Disabilities: http://www.hcd.ca.gov/hpd/hrc/plan/he/sb520_hpd.pdf
- HCD Memorandum on SB 812 Analysis of Special Housing Needs for Persons With Developmental Disabilities: http://www.hcd.ca.gov/hpd/NoticeCoverLttrSB812.pdf
- HCD "Constraints: Housing for Persons with Disabilities"

http://www.hcd.ca.gov/hpd/housing_element2/CON_disabilities.php

- HCD Reasonable Accommodation Model Ordinance http://www.hcd.ca.gov/hpd/housing_element2/documents/MODEL_REASONABLE_ACCOMODATION_ORDINANCE.pdf
- City of Santa Rosa, Reasonable Accommodation Ordinance: http://www.hcd.ca.gov/hpd/housing_element2/documents/Reasonable_Accommodation_Ordinance_Santa_Rosa.pdf

Mental Health Advocacy Services, Inc., "Fair Housing Reasonable Accommodation: A Guide to Assist Developers and Providers of Housing for People with Disabilities in California" http://www.mhas-la.org/DeveloperGuide3-9-05.pdf

Second-Unit Law (AB1866)

Summary and Benefits: AB1866 amended the state's second-unit law by requiring local governments with a local second-unit ordinance to ministerially consider second-unit applications without discretionary review or a hearing. Jurisdictions without a second-unit ordinance are required to ministerially consider second-unit application according to state standards. Second units approved ministerially are statutorily exempt from CEQA[2].

AB1866 also clarified existing housing element law to allow local governments to identify the realistic capacity of new second-unit development to meet its RHNA requirements. Jurisdictions may count the realistic potential for new second units within the planning period considering the following:

- the number of second units developed in the previous planning period
- an estimate of potential increase due to policies, programs, and incentives that encourage the development of second units
- other relevant factors

Potential Policies:

- Adopt a second-unit ordinance that includes, in addition to elements required by state law, design/development standards, zones permitted for second units, permit procedures, and incentives that encourage the construction of second units
- Review existing second-unit ordinances for compliance to updated law and make necessary amendments
- Include incentives in second-unit ordinances such as:
  - flexible zoning requirements and development standards
  - reduced or modified parking requirements
  - reduced setback requirements
  - prioritized processing
  - certain fee waivers of developments that involve second units for low or very-low income households
  - allow for owner-occupancy in either primary or secondary unit
- Create an amnesty program to allow owners of illegal units to legalize their units
- Provide informational materials to homeowners and developers to market second-unit construction that includes a second unit application, explanation of the application process, and benefits/incentives of constructing or legalizing second units

Model Ordinances/Useful Sources:

- HCD Memorandum on AB1866 Second Unit Law and the Creation of Second Units in Meeting Regional Housing Need: http://www.hcd.ca.gov/hpd/hpd_memo_ab1866.pdf
- HCD "Second Units" http://www.hcd.ca.gov/hpd/housing_element2/SIA_secondunits.php
- San Mateo County 21 Elements, Second Units Memo "Best Practices and Sample Housing Element Language" http://www.21elements.com/Download-document/485-Best-Practices-for-Second-Units-Fact-Sheet-for-San-Mateo-County.html
- City of Santa Cruz, Accessory Dwelling Unit Development Program: http://www.cityofsantacruz.com/index.aspx?page=1150

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[2]Section 15268 of the CEQA guidelines and Section 21080 (b)(1) of the Public Resources Code: http://ceres.ca.gov/ceqa/guidelines/art18.html

- City of Santa Cruz, Accessory Dwelling Units Zoning Regulations: http://www.cityofsantacruz.com/Modules/ShowDocument.aspx?documentid=8862
- Marin County, Second Units Amnesty Program: http://www.21elements.com/Download-document/483-Amnesty-Program-for-Second-Units-Fact-Sheet.html

University of California, Berkeley, Center for Community Innovation, *Yes in My Backyard: Mobilizing the Market for Secondary Units*, Link: http://communityinnovation.berkeley.edu/reports/secondary-units.pdf

State Density Bonus Law

Summary and Benefits: In 2010, the state updated is density bonus law which requires local jurisdictions to provide density bonuses and other incentives to developers of affordable housing who commit a certain percentage of units for persons who fall within certain income levels. Density bonus may only be approved in conjunction with a development permit. Density bonuses are granted when a developer agrees to construct a housing development that includes at least one of the following:

- 5% of total units for very low income households
- 10% of total units for low income households
- 10% of total units (within a common interest development) for moderate income households
- Local jurisdictions must also provide bonuses in response to certain land donation, if developments include the construction of a childcare facility, and certain developments of senior housing.

Concessions and incentives will be granted at the applicant's request based on specific criteria. San Mateo County's 21 Elements provides a breakdown of how concessions and incentives are granted based on the following criteria:

Target Group*	Target Units	Density Bonus	Concessions or Incentives
Very Low Income(1)	5%	20%	1
	10%	33%	2
	15% or above	35%	3
Lower Income(2)	10%	20%	1
	20%	35%	2
	30% or above	35%	3
Moderate Income (3) (condominium or planned development)	10%	5%	1
	20%	15%	2
	30% or above	25%	3

** California Civil Code Section 65915 applies only to proposed developments of five (5) or more units.*
(1) For each 1% increase over 5% of the Target Units the Density Bonus shall be increased by 2.5% up to a maximum of 35%
(2) For each 1% increase over 10% of the Target Units the Density Bonus shall be increased by 1.5% up to a maximum of 35%
(3) For each 1% increase over 10% of the Target Units the Density Bonus shall be increased by 1% up to a maximum of 35%

Target Group	Target Units	Density Bonus	Concessions or Incentives
Senior Housing (1)	100%	20%	1
Land Donation (2)	10% (very low income)	15-35%	1

(1) 35 units dedicated to senior housing as defined in Civil Code Sections 51.3 and 51.12
(2) For each 1% increase over 10% of the Target Units the Density Bonus shall be increased by 1% up to a maximum of 35%

Potential Policies:

- Amend density bonus ordinance to demonstrate how compliance with updated density bonus law will be implemented
- Identify specific incentives and concessions within the ordinance to encourage the construction of or conversion to affordable housing units, such as:
    - reductions in site development standards or modification of zoning code or architectural design requirements that result in identifiable, financially sufficient, and actual cost reductions
    - reductions in setback or square footage requirements
    - approval of mixed use zoning if it will reduce costs of housing development
    - other incentives that result in identifiable cost reductions

Model Ordinances/Useful Sources:

- California Government Code §65915: http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=65001-66000&file=65915-65918
- San Mateo County 21 Elements: http://www.21elements.com/Download-document/518-State-Density-Bonus-Law.html
- ABAG's Housing Element Tool Kit "Density Bonuses" http://www.abag.ca.gov/planning/toolkit/24density.html
- American Planning Association's Model Affordable Housing Density Bonus Ordinance: http://www.planning.org/research/smartgrowth/pdf/section44.pdf

Home Sharing

Summary and Benefits:

Home Sharing partners those who have space in their home with those who need an affordable place to live, turning existing housing stock into a new affordable housing option. While the average rent for a one-bedroom apartment in San Mateo County is $2095, the rents in home sharing range between $600 and $800. As a result, home sharing is one of the few affordable housing options available in San Mateo County.

An example of this is HIP Housing in San Mateo County. Established in 1972, it is a well-established program with many best practices. The program provides criminal background checking, income verification, mediation, living together agreements and long-term case management to ensure the best matches possible. As a result, the average home sharing match is 2.5 years.

Outcome data from HIP Housing's work indicates that of those placed through home sharing:

- 90% are low-income
    - *20% low (80% AMI)*
    - *25% very low (50% AMI)*
    - *46% extremely low (30 or below AMI)*
- 53% are seniors
    - 70% of the home providers are seniors
- 38% are disabled
- 58% are at risk of homelessness
- 8% are homelessness
- 61% are female head of households

In San Mateo County, every municipality benefits from the HIP Housing Home Sharing Program. Someone in Pacifica could be matched with someone in Daly City; someone from Menlo Park with someone from Redwood City; San Mateo and Belmont. Preschool teachers, law clerks, students, construction workers, medical assistants, bank tellers, home health aides, seniors, and single parents use the program as well as many others.

Home Sharing meets the housing needs of low, very low, and extremely low-income people. Because so few affordable housing options exists in San Mateo County, it is important that Home Sharing be included in every city's housing element as part of the policies and practices they employ to ensure that there are housing options for those at every income level, including those at the lowest income levels.

While Home Sharing may not create RHNA-recognized units, it is a vital option to be considered in any municipality's strategy to meet the growing need for housing, especially in communities that have numbers of residents that are considered "house rich, cash poor."

Potential Policies:

- Prominently list local home sharing organization's Home Sharing Program when addressing the housing options and needs for people who are:

    - Homeless
    - At risk of homelessness
    - Seniors
    - Female head of household
    - Low, very low and extremely low income
- Sample Language: [Insert City Name] supports [local home sharing organization] Home Sharing Program as part of a collection of policies, programs and practices for addressing the housing needs of those at the lowest income levels including seniors, those living with disabilities, those at risk of homelessness and female head of households.

Model Ordinances/Useful Sources:

- Housing Elements currently in place for the cities of Belmont, Burlingame, Daly City, Foster City, and San Mateo
- HIP Housing, San Mateo County, link: www.hiphousing.org

Additional Useful Sources

- San Francisco Bay Area Sustainaible Communities Strategy, *Plan Bay Area*, Ratified July 18, 2013, Link http://www.onebayarea.org/plan-bay-area.html
- Public Interest Law Project, *California Housing Element Manual, 3rd Ed.*, November 2013, Link: http://pilpca.org/wp-content/uploads/2013/11/California-Housing-Element-Manual-3rd-Ed.-November-2013.pdf
- Public Interest Law Project, *California Housing Element Manual Appendices, 3rd Ed.*, November 2013, Link: http://pilpca.org/wp-content/uploads/2010/10/California-Housing-Element-Manual-3rd-Ed.-Appendices-2013.pdf
- 21 Elements, San Mateo Countywide Housing Element Update Project, www.21elements.com
- Association of Bay Area Governments, *Blueprint 2001 for Bay Area Housing*, http://www.abag.ca.gov/planning/housingneeds/blueprint.html
- U.S. Census Bureau, *OnTheMap*, Online mapping and reporting application showing where workers are employed and where they live, Link: http://onthemap.ces.census.gov/