

21 Elements

21 Elements Reader (Part I)

Part I Prepared September 2015

Displacement of Lower Income Households in San Mateo County

Overview and Purpose

This Reader has been prepared to provide initial background materials and links to information about displacement of lower income households in the Bay Area for the 21 Elements Subcommittee. The Reader will be supplemented with additional resources as the 21 Elements work unfolds. We encourage all those involved in the 21 Elements process to identify other resources that may be useful to other participants. If you should know of a resource that you think should be included in a future Reader, please send a link or an electronic file to the following:

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Thank you for your interest and participation!

Links

http://www.urbandisplacement.org/

The Urban Displacement Project is a research and action initiative of UC Berkeley in collaboration with researchers at UCLA, community based organizations, regional planning agencies and the State of California's Air Resources Board. The project aims to understand the nature of gentrification and displacement in the Bay Area. It focuses on creating tools to help communities identify the pressures surrounding them and take more effective action.

http://www.urbandisplacement.org/research

Please see the Literature Review on Gentrification and Displacement undertaken for the U.C. Berkeley Urban Displacement Project.

http://www.abag.ca.gov/planning/housing/index.html

This white paper, prepared by ABAG staff, covers recent displacement trends in the Bay Area and describes the activities of regional agencies in responding to this pressing issue. The white paper provides a useful summary of possible strategies to address displacement.

http://www.abag.ca.gov/planning/housing/pba.html

Plan Bay Area marks the nine-county region's first long-range plan to meet the requirements of California's landmark 2008 Senate Bill 375, which calls on each of the state's 18 metropolitan areas to develop a Sustainable Communities Strategy to accommodate future population growth and reduce greenhouse gas emissions from cars and light trucks. The Plan includes the region's Sustainable Communities Strategy and the 2040 Regional Transportation Plan.

http://policylink.org/equity-tools/equitable-development-toolkit/about-toolkit

Equitable development is an approach to creating healthy, vibrant communities of opportunity.

Equitable outcomes come about when smart, intentional strategies are put in place to ensure

that everyone can participate in and benefit from decisions that shape their neighborhoods and regions. This online toolkit -- referred to as EDTK -- includes 27 tools to reverse patterns of segregation and disinvestment, prevent displacement, and promote equitable revitalization.

http://www.hlcsmc.org/creating-opportunities

HLC provides valuable information on best practices to create housing opportunities that was considered as part of the recent housing element adoption process. The full document, "California Housing Element Policy Best Practices," is a compilation of policies intended to serve as a resource for local government practitioners, community members, and housing stakeholders to help meet critical housing needs throughout the Bay Area. One of the attached articles in this first Reader covers strategies to address displacement.

Attached Articles

Regional Early Warning System for Displacement Miriam Zuk, PH.D., Center for Community Innovation, U.C. Berkeley PowerPoint presentation given at the April 21 Elements Meeting

ABAG White Paper: Addressing Displacement in the Bay Area

California Housing Element Policy Best Practices (Version 1.2) Excerpt

Regional Early Warning System for Displacement

MIRIAM ZUK, PH.D.

CENTER FOR COMMUNITY INNOVATION

UC BERKELEY

MTC/RPP – "Regional Early Warning System for Displacement"

Regional data analysis

9 neighborhood case studies

Ground-truthing secondary data

Typology Analysis

AntiDisplacement
Strategies
Analysis

Final REWS
Toolkit



Causes of Displacement

Displacement can take on many forms:

•	Abandonment	•	Military base expansion
	Accidental fire		Natural disaster
	Airport construction or expansion	•	Partition sales
•	Arson	•	Planning and zoning decisions
	Code enforcement (incl. overcrowding)	•	Public building construction
•	Conversion of rental apartments to	•	Redlining
	condominiums	•	Rehabilitation (private market)
•	Demolition to make way for new housing		Rehabilitation (publicly aided)
•	Demolition for safety/health reasons		Renovation of public housing
•	Foreclosure		Rising market prices and rents
•	Highway or transit constructions/ expansion		School construction
•	Historic area designation		Urban renewal
•	Institutional expansion (universities/hospitals, etc)	•	Withdrawal of private services from neighborhood or structure

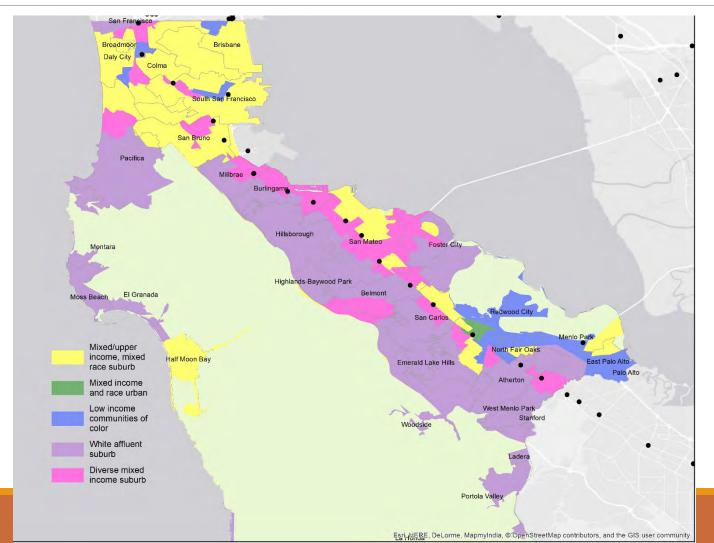
 Not just evictions, eminent domain, related to new development, or about existing residents ("exclusionary displacement")

Datasets Analyzed

Dataset	Variables	Years
Census	Race, income, age, educational attainment, HH composition, employment, jobs, tenure, vacancies, crowding, housing units, housing burdened, commute mode, car ownership, rent paid, immirgation status, nativity, linguistic isolation, income inequality, racial segregation, income bipolarity, % moved-in within last year (by race, education, income, tenure)	1990, 2000, 2010, 2009-2013
Parks/Open Space	Small parks (acres/1000 people) and protected areas (acres/1000 people)	2014
Transit Stations	# rail stations per acre and population	1990,2000, 2014
Walkability	Average score	2014
Transit ridership (BART, VTA,		
CalTrain)	# weekday entrances or exits	1992-2014
Residential Building Permits	# permits per year	1980-2013
Potentially rent controlled units	# of potentially rent controlled apt as percentage of total units	
Evictions (SF &LA only)		1998-2013
Non-profits	Total, rec, youth, social services and housing/advocacy-related	1995, 2000, 2010
PUMS	Movement in/out of neighborhood (with race, income, education)	2011, 2010, 2000
Affordable Housing	# deed restricted and public housing units	1990, 2000, 2013
Section 8	# of vouchers	2000-2013
NETS	# jobs, establishments, sales	
Budget	% of general revenue from property taxes	1992-2011
Anti-displacement policies	Production and preservation policies	

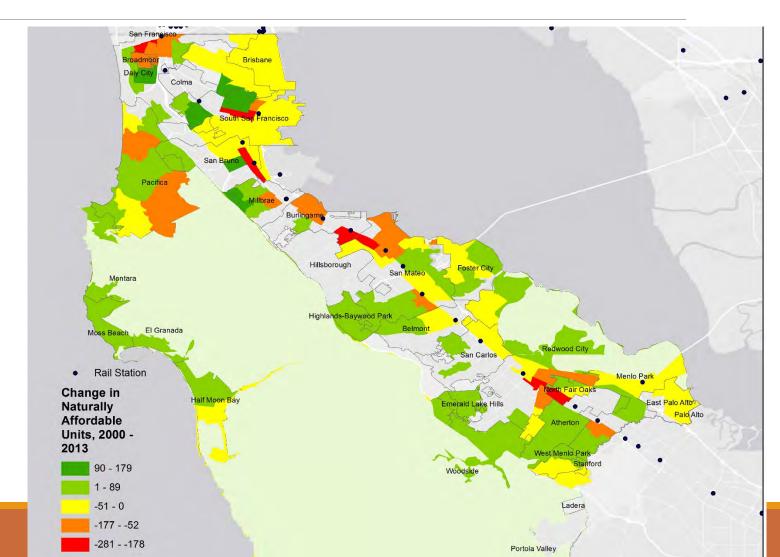
Regional Analysis

Neighborhood Types, 2013



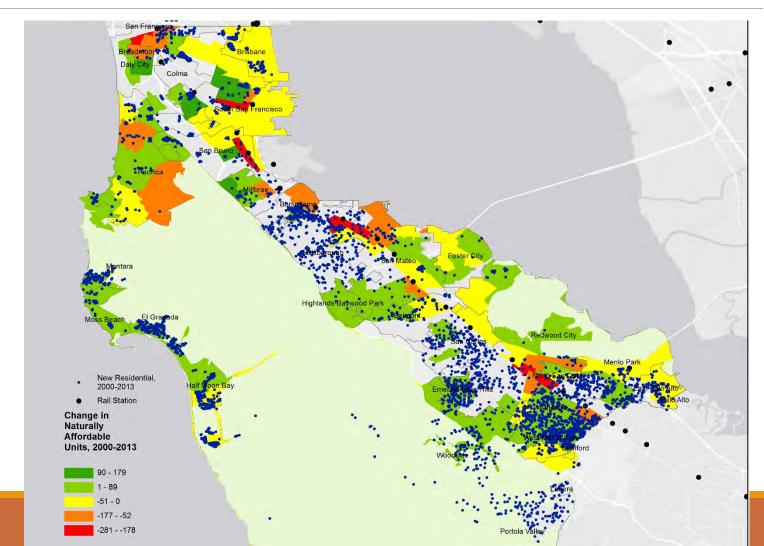
Change in "Naturally Affordable" Units, 2000-2013

- Net loss of 2,518
 "naturally affordable"
 units from 2000-2013
- Places in grey had no naturally affordable units in either year.



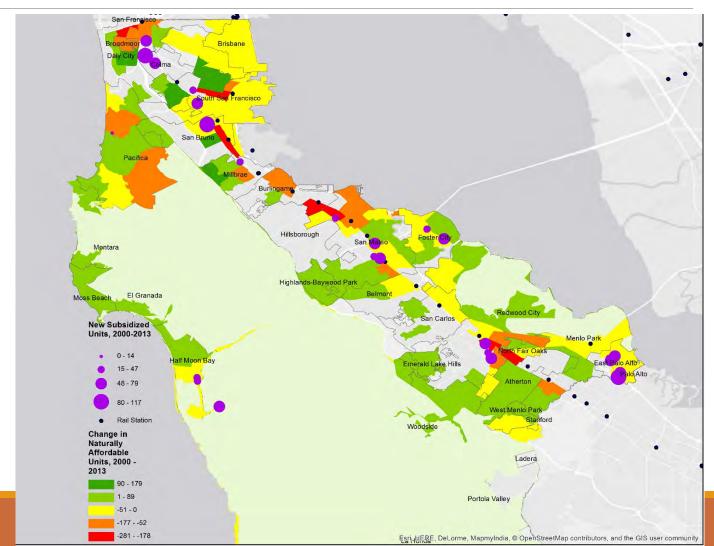
Naturally Affordable Units and New Developments, 2000-2013

 10,922 new units from 2000-2013



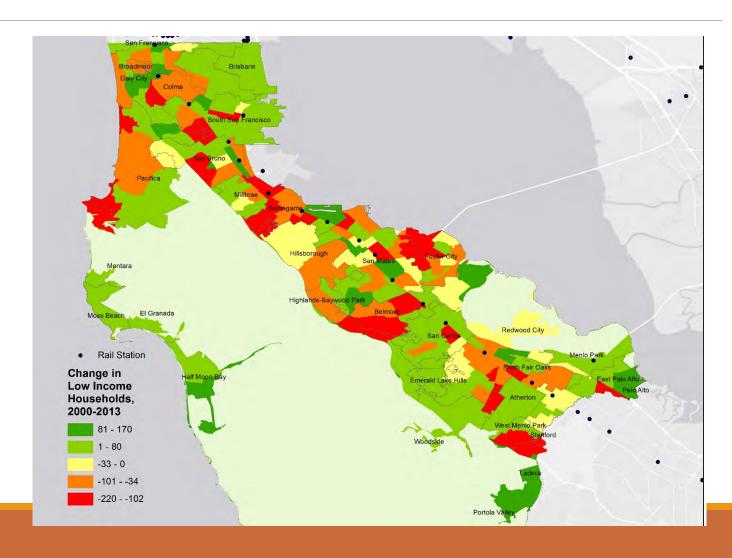
New Subsidized Units and Change in Naturally Affordable Units, 2000-2013

- Net loss of 2,518
 "naturally affordable"
 units from 2000-2013
- Addition of 1,648 subsidized units
 - ➤ Net loss of 870 affordable units



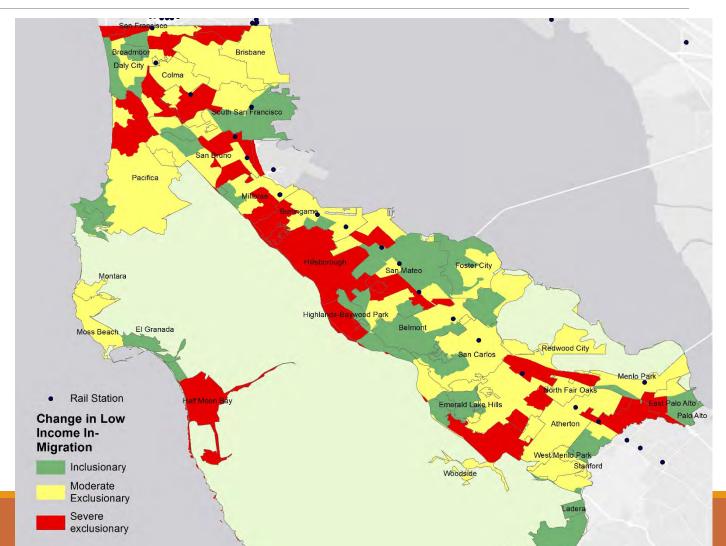
Change in Low Income Households, 2000-2013

Net loss of 1,395 low income households



Change in In-Migration Flows of Low Income Population, 2009 - 2013

- Severe exclusion = no in-migration of low income residents or a decline of over 5%
- Moderate exclusion =
 5% decline to no change
- Inclusion = net increase of low income in-migration



What places are more at risk of gentrification and a loss of low income households?

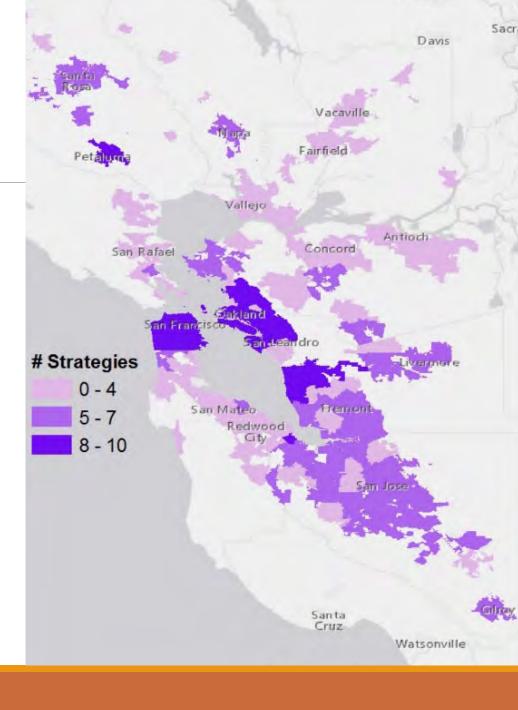
Preliminary modeling results indicate:

- Walkable and dense neighborhoods
- Proximate to rail station
- > Diverse neighborhoods by race and income
- Above average appreciation of property
- Places with a high proportion of naturally affordable units
- Neighborhoods with a large stock of pre-war units
- > Strong market significant development in last 10 years

Anti-Displacement Strategy Analysis

Anti-Displacement Inventory Results

- Reviewed municipal codes and housing elements for all 109 Bay Area Jurisdictions
- 10 strategies
 - Tenant protections
 - Production strategies
 - Asset building



Survey on Anti-Displacement Strategies

- Sent to all planning departments and housing staff in the 9 county Bay Area
- Asked about the barriers to implementation and opinions about effectiveness

Survey on Anti-Displacement Policies

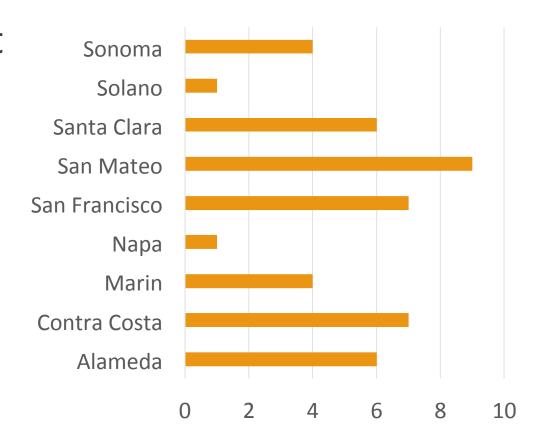
* Require

Instructions: Review the list of anti-displacement strategies for this city. Then scroll below and for the existing strategies section, respond to the associated questions only for the strategies that are marked Y on the list.

Anti-Displacement Policies	
Existi	ng
Condo Conversion ¹	Υ
Just Cause Eviction	Υ
Rent Review Boards	Υ
Rent Stabilization/ Control	
Mobile Homes	Υ
Non-Mobile Homes	Υ
Commerical Linkage Fee ²	Υ
Housing Impact Fee	Υ
Density Bonus (over and above State Law)	N
Inclusionary Zoning/ Housing ³	Υ
First Source Hire	Υ

Survey on Anti-Displacement Strategies

- 45 respondents for 30 different jurisdictions
 - 17 CBO respondents
 - 28 Government staff



Survey Takeaways

- Cities questioned relevance if experienced little development and if not government related (i.e., redevelopment/eminent domain)
- Advocates argued for new methods, since the places with most policies have the highest rates of displacement/ gentrification
- All policies are context specific and their existence doesn't ensure enforcement

Case study results

- See signs of displacement and exclusion everywhere, but in different forms
 - Buy-outs and intimidation in the Mission
 - "Soft evictions" in EPA
 - Exclusion in Redwood City
 - Source of income discrimination in Oakland
- Displacement is often preceding gentrification
- Pressures from Silicon Valley are reaching far
 - Concord landlords priming apartments for the "laptop" crowd
 - Proximity to transit plays an important, but not necessary role

Next Steps

- Finalize analysis
- Link typologies to policy recommendations
- Develop a tool that is user friendly and responds to local and regional needs

Addressing Displacement in the Bay Area

ABAG White Paper, August 2015

The increased movement of low- and middle-income households out of their neighborhoods in recent years has heightened public interest in displacement as both a policy and personal issue. As households relocate to more affordable areas within or outside the region, they may lose not only their homes but also their social networks and support systems. Those who are able to remain are affected as well by the migration of family, friends and familiar merchants and service providers. The scale of displacement across a wide range of cities has triggered major concerns among our elected officials. They have requested we address displacement in Plan Bay Area directly.

This paper provides a brief summary of the displacement context and trends and local and regional strategies.

1. CONTEXT

Over time, every major metropolitan area experiences changes across its neighborhoods. In some cases change is driven by and benefits existing residents. People may move for better schools or larger homes, to be closer to family and friends, or for better access to services and amenities. Mobility provides people choices in selecting and contributing to healthy, supportive communities. New higher income residents and businesses can increase home values and support new businesses, but can also contribute to displacement when housing prices rise beyond the means of longtime residents. This creates social and economic instability for low and moderate income households, increases social tensions across communities, and exacerbates regional congestion as people move further from their jobs in search of affordable places. This is the challenge the Bay Area faces today.

The current discussion about displacement is unfolding at a time when the region is experiencing robust economic growth. We must acknowledge that the Bay Area enjoys many benefits from a strong economy: employment growth, new sources of innovation, and tax revenues for infrastructure improvements and public services. The challenge is not the strength of our economy but the ways in which we are growing. The current period of growth is marked by the polarization of wages combined with limited housing production and increased demand among high-wage workers for housing in transitioning low-income neighborhoods close to transit with cultural amenities.

To be clear, low-income neighborhoods need and want investments to improve services and living conditions in general. The problem arises when residents of these neighborhoods are unable to enjoy the benefits of new investments because they need to relocate. This then becomes the basis of a working definition

of displacement: Displacement occurs when a household is forced to move from its place of residence due to conditions beyond its control; for instance due to no-fault evictions, rapid rent increases, and relocation due to repairs or demolition, among other causes.

Many of our cities are searching for ways to focus growth and investments in existing neighborhoods while retaining community stability. In order to address this challenge of development without displacement, it is useful to identify some of the factors triggering displacement in the Bay Area.

Declining wages and rising housing costs: Between 2010 and 2013 wages (inflation adjusted) declined across all income categories in the Bay Area, with middle and low wage workers experiencing the sharpest declines at close to 5 percent. During a similar period, 2010 to 2014, median rents increased by 38 percent (not inflation adjusted) with increases as high as 50 to 58 percent in some Silicon Valley jurisdictions.

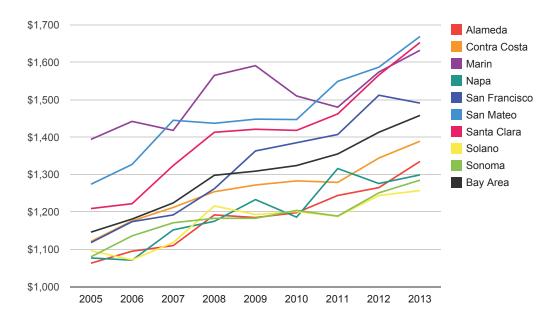
Global investment in the Bay Area: The concentration of major knowledge-based and high technology companies combined with the high quality of life in the Bay Area has triggered investments in residential real estate. Housing units have become a valuable commodity as second homes or investment properties. As a global commodity, the prices of new housing and the level of return expected are higher than most cities in the country. This trend is contributing to rising housing costs in the rest of the market.

Housing production lagging: Housing production usually lags behind employment recovery, but the gap in this economic cycle is substantial. Housing permit data indicate that we can expect many new units in the coming years, but between 2010 and 2014 the region only produced 38,300 units, a lower rate than in previous decades. During the same period, population increased by 270,000. Some of the new residents moved into vacant units, but the slow pace of housing production means that these units are increasingly occupied by higher-income households while a growing number of lower-income households are living in overcrowded homes or moving to more distant locations. Adding to this trend, most new housing in recent years has been built for our top wage earners in places like Downtown Redwood City, Uptown Oakland, Palo Alto, and San Francisco's Rincon Hill. Between 2007 and 2014, about three quarters of housing projects in the region has been for households with above moderate income.

Challenging development environment: The trend toward infill development is taking place at a time of declining public resources, social frictions and, in many places, complex regulatory processes. In contrast to the major investments in freeways and other infrastructure that supported suburban development in previous decades, today's more focused growth receives limited support, due in large part to the dissolution of redevelopment agencies, exhaustion of several one-time State bond financed programs, and the precipitous decline of federal housing

Rising Housing Costs

Median Gross Monthly Rent (2005-2013)



Source: ABAG from US Bureau of the Census American Community Survey 1-year Estimates

Declining Wages

Employment and Wage Change by Occupation Categories



Source: ABAG from California Employment Development Department Occupation and Wage data, adjusted for inflation using Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose, CA

Comparisons between American Community Survey and decennial census years are not exact because different survey methodologies were used in the two types of surveys. Small differences may not accurately reflect at which point median incomes were higher.

finance programs. Adding to these factors, rapidly escalating land prices reduce the ability of many for- and non-profit developers to make projects work financially.

2. WHO IS BEING DISPLACED?

In contrast to previous periods, the current phase of displacement is taking place throughout the region rather than in a handful of core urban neighborhoods. Tensions are certainly greater in places like the Mission District in San Francisco, but this has become a broader regional trend in areas served by rapid transit, historic downtowns, and places with access to restaurants, stores and services. Neighborhoods such as Concord's Monument Corridor, East Palo Alto, Temescal in Oakland, Downtown Santa Rosa, and Greater Downtown San Jose are attempting to balance new investments, new residents and retention of the existing community.

The displacement of individual low- and middle income households is not recorded by any public or private agency, with the exception of recorded evictions in a handful of cities and a mounting number of accounts captured by journalists and researchers. Understanding how many people are displaced in the region requires new ways of gathering information. However the lack of comprehensive data should not prevent us from documenting the trends based on secondary data sources and case studies such as the Regional Early Warning System for Displacement discussed below. A few trends specific to the current period of displacement can be identified:

- Low-income families are often displaced by rising rents in places with strong transit access to the region's employment centers such as BART and Caltrain station areas.
- Many African-American households are moving from San Francisco and Oakland to Eastern Contra Costa County and the Central Valley. The African-American population continues to decline in the Bay Area.
- Seniors are increasingly moving from neighborhoods in San Mateo, San Francisco, Alameda and Santa Clara to Eastern Contra Costa, Solano and out of the region.
- Despite strong local policies, the pressures of high housing cost in neighborhoods such as the Mission District in San Francisco are resulting in displacement of low-wage Latino families. While the Latino population is increasing in all other cities, it is declining in San Francisco.
- In many cases the process of displacement is not a clash between very high-income and very low-income households, but a longer process that involves high-income households displacing middle income households, who then move to low-income neighborhoods, pushing low-income households into very-low income neighborhoods and displacing residents of that community.

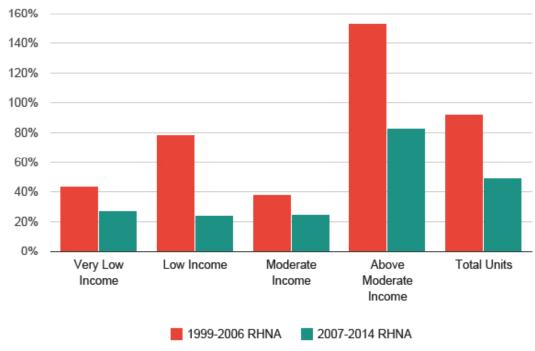
Geographies of Displacement

Neighborhoods throughout the Bay Area are showing signs of ongoing displacement or displacement pressures for both low- and middle-income households. The Regional Early Warning System for Displacement study by the Center for Community Innovation at UC Berkeley provides some specific insights into the scope and geographic focus of displacement. (http://iurd.berkeley.edu/uploads/CCI_Final_Report_07_23_15.pdf)

According to this study, areas that are experiencing loss of low-income residents and affordable units are home to about 750,000 people. Many other areas have already experienced major demographic and real estate market changes in the last 10 to 20 years, shifting from low- to middle- and upper-income households. Those areas represent another 10 percent of all census tracts in the region and a population of 660,000. In general, areas of displacement and displacement risk are concentrated around high capacity transit corridors such as Caltrain on the Peninsula, BART in the East Bay between Hayward and Richmond, and in the region's three largest cities. But displacement is spread across the region, extending to communities in Solano, Sonoma, Napa, and Central and Eastern Contra Costa County. The maps on the following pages illustrate these trends.

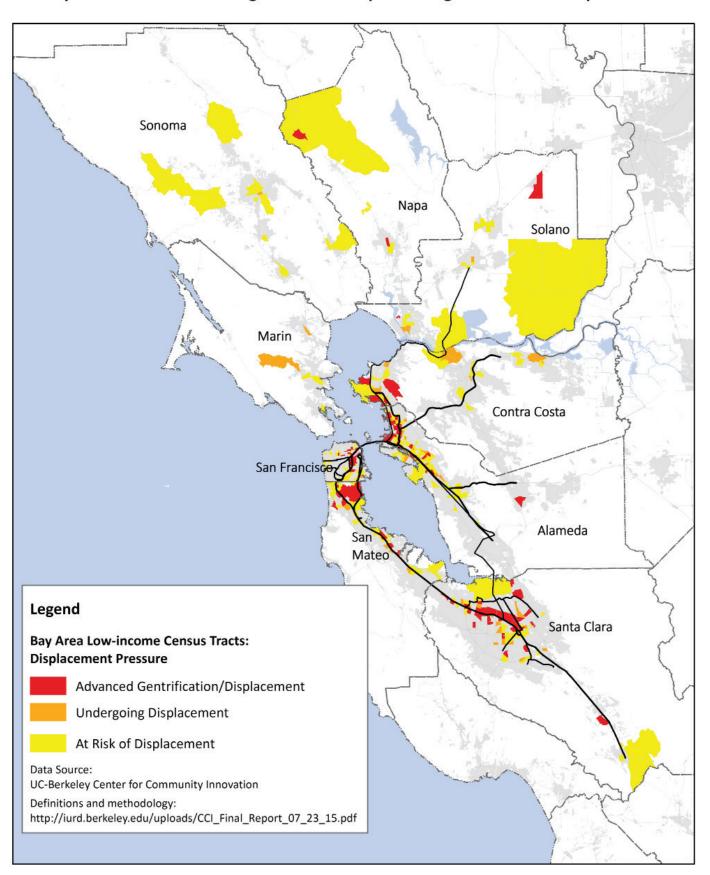
Housing Production Lagging

Percent of RHNA Permitted by Income in Nine-County Bay Area

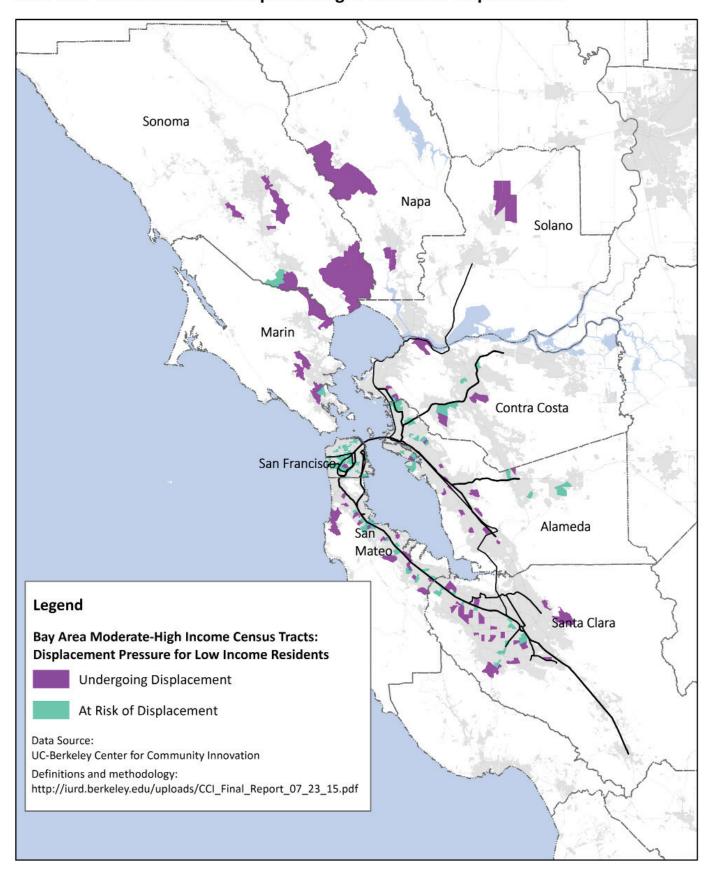


Source: ABAG survey of local jurisdictions

Bay Area Low-income Neighborhoods Experiencing or At-Risk of Displacement



Bay Area Moderate-High Income Neighborhoods with Low-Income Residents Experiencing or At-Risk of Displacement



3. POLICIES AND STRATEGIES TO ADDRESS DISPLACEMENT CHALLENGES

Many jurisdictions have developed policies to support community stability and to address displacement. These strategies vary substantially according to the investment pressures, community needs, demographics, future aspirations and community engagement in each jurisdiction. Strategies to address displacement in the Mission District in San Francisco are very different from those in Downtown Concord or Downtown Mountain View. Any regional effort to support collaboration requires consideration of the diverse needs and pressures faced by each jurisdiction.

Housing strategies

Bay Area jurisdictions have adopted a wide variety of strategies to address displacement. Jurisdictions have implemented policies to expand the production of deed-restricted affordable housing, retain units that are affordable to low and moderate income residents, and avoid unjust eviction. Policies are in place in most cities to expand the production of affordable housing through density bonuses—which allow developers to build more market rate units in exchange for a certain number of affordable units, and inclusionary zoning—which requires developers to include a certain percentage of affordable units in new developments. Strategies to preserve existing affordable housing are less common, but the predominant policies are condominium conversion ordinances—which impose restrictions on the process for converting an apartment building into a condominium—homeowner rehabilitation programs to help existing homeowners stay in place, and programs to acquire, rehabilitate, and deed-restrict existing affordable housing to ensure permanent affordability. Only a few cities have adopted just cause eviction policies or rent stabilization programs, which regulate how much rent may be increased on an annual basis. New strategies are also emerging to support secondary units— which allow for a low-cost, low-impact expansion of the housing stock—as well as to address issues such as the loss of housing to temporary lodging such as airbnb rentals.

Community services and good jobs

Strategies to expand community services and increase middle-wage jobs with benefits can work in concert with affordable housing policies to address displacement. Access to health care, good schools, parks, cultural events, groceries and daily necessities are essential to the health and stability of a community. Quality public schools help families without resources for private options to succeed in place. Community events that recognize the histories and art expressions of the community help strengthen social networks and diffuse tensions in our diverse communities. Access to local shops and restaurants with necessary, desirable and affordable goods allows residents to meet their daily needs locally, strengthening community stability.

Our current loss of middle-wage jobs triggers community instability in many of our neighborhoods. Middle-wage jobs that pay enough for residents to afford rising rents and neighborhood services are critical to allowing households can stay in their own communities. The Bay Area Prosperity Plan is one way that the region has discussed promoting community stability through retaining and expanding middle wage jobs through education programs and retaining industries that provide middle-wage jobs.

Supporting Priority Development Areas (PDAs)

Plan Bay Area has the potential to accomplish substantial environmental and social sustainability goals if PDAs are able to carry development without displacement. PDAs represent a framework to accommodate population and job growth in areas close to transit and supported by existing infrastructure. Coupled with growing demand for housing in transit and amenity-rich communities, private and public investments in PDAs are making these places more attractive. Our task as a region is to ensure that PDAs can grow in the way that is envisioned by each jurisdiction while allowing longtime residents to remain in place if they choose. Some of the region's jurisdictions and com-

Bay Area Housing and Local Economic Development Policies

	Policy	Number of Bay Area Cities/Counties with policy	Percent of Bay Area Cities/Counties (Total = 109)
	Just Cause Eviction Ordinance	7	6%
	Rent Stabilization or Rent Control	9	8%
	Rent Review/Mediation Boards	14	13%
Preservation Strategies	Preservation of Mobile Homes (Rent Stabilization Ordinance)	34	31%
	SRO Preservation Ordinance	28	26%
	Condominium Conversion regulations	73	67%
	Foreclosure Assistance	45	41%
	Housing Development Impact Fee (or Jobs-Housing Linkage Fee)	24	22%
Affordable	Commercial Linkage Fee/Program	27	25%
Housing	Affordable Housing Trust Fund	15	14%
Production	Inclusionary Zoning/Housing	78	72%
Strategies	Local Density Bonus Ordinance (above state requirements)	19	17%
	Community Land Trusts	26	24%
Asset Building and Local Economic Development Strategies	First Source Hiring Ordinances	17	16%

Source: UC-Berkeley and UCLA Internal Analysis; Association of Bay Area Governments 2015; Center for Community Change 2015; Center for Community Change 2013

munity organizations are leading major efforts to support equitable growth. State and regional support for those efforts are essential to address displacement.

Moving Forward: Regional Agency Actions

The displacement pressure facing many Bay Area communities and the interest of elected officials in this issue provides an impetus for a more extensive regional discussion and action. The Plan Bay Area 2040 adoption process is one forum for expanding this discussion and identifying multi-jurisdictional strategies. The process invites public participation related to this issue, features involvement of a Regional Equity Working Group and analysis of displacement risk via Performance Targets.

The regional agencies can also participate in cross-sector collaborations to expand:

Research and analysis:

 Build upon the Regional Early Warning System by developing more robust data and reporting that pinpoints areas with displacement pressure

Funding:

- Support efforts to develop new local, county, and sub-regional sources of dedicated funding to develop and preserve affordable housing
- Leverage regional resources to support programs such as the Transit-Oriented Affordable Housing (TOAH) fund, and to incentivize local policies that address displacement and facilitate production of housing at all income levels
- Aggressively pursue new State and federal funding sources

Planning Support:

- Develop regulatory approaches to spur production of market and affordable housing designated in adopted local plans
- Identify opportunities to leverage underutilized publicly owned land and other public resources to support affordable housing production
- Encourage knowledge transfer among, and provide technical assistance to, local jurisdictions about effective strategies and tools such as the Regional Warning System for Displacement

Private Investment:

 Work with financing and development community to identify ways to create a more supportive environment for financing infill development serving multiple income levels

California Housing Element Policy Best Practices

Version 1.2

Updated: August 21, 2014

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..

Acknowledgements

Thank you to the following organizations who contributed to the creation of this resource:

- Association of Bay Area Governments www.abag.ca.gov
- Community Legal Services of East Palo Alto www.clsepa.org
- City of Redwood City www.redwoodcity.org
- 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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Rent Stabilization

Return Foreclosed Properties to Lower Income Supply

Inclusion

Community Land Trusts

Housing Overlay Zone (HOZ)

Incentive Zoning/Density Bonus and Public Benefit Zoning

Inclusionary Housing

Source of Income Ordinance

Local Funding Sources

Commercial Linkage Fee

Housing Impact Fee

Rededication of "Boomerang" Funds Back to Affordable Housing

Federal HOME Fund Sharing

Optimized Affordable Housing Sites

Affordable Housing Sites

Priority Development Areas

Site and Building Regulations

Parcel Assembly

Parking

Site and Building Regulations

Universal Design Standards for Apartments

State Requirements

Emergency Shelters and Homeless Persons (SB2)

Reasonable Accommodations (SB520)

Second-Unit Law (AB1866)

State Density Bonus Law

Miscellaneous

Home Sharing

Additional Useful Resources

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 <u>early</u> 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 <u>rent stabilization</u>, <u>just cause eviction ordinances</u>, 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

- 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

- 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 <u>a list of federally-assisted</u> <u>properties at-risk of conversion</u> 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

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)

- 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 Alto¹ and Winchester Ranch Mobile Home Park in San Jose². 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.

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

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

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

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.

- 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/2 983-12.pdf
 - Santa Cruz County,

- § Conversion Ordinance: http://www.codepublishing.com/ca/santacruzcounty/html/SantaCruzCounty13/San
- § Rent Ordinance:
 http://www.codepublishing.com/ca/santacruzcounty/html/SantaCruzCounty13/S
- 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:
 - o 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:
 - o 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.

- 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#S
 UHITA 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 <u>both</u>.
- 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