



To tackle the affordable housing crisis in Sonoma County, I support:

- *The creation of temporary safe camps for homeless residents to facilitate the provision of social services and entrance into the County's coordinated intake system to find permanent housing. These safe camps could provide for basic needs, including toilets, tents, and trash, for \$5 per person per day.*
- *Conversion of existing county buildings to Single Room Occupancy dwellings to address homelessness.*
- *A change from a "per unit" to a "per square foot" metric for development impact fees. (For additional information, see below.)*
- *Permitting the creation of Junior Second Units, an effort championed by Marin County, to allow the use of underutilized bedroom space.*
- *Streamlining and financially incentivizing (through reduced fees) the creation of granny units in areas zoned for them, as Santa Cruz has done. This involves the creation of pre-approved granny unit designs which would be on file with the County. Currently, homeowners must pay up to \$60,000 in granny unit permitting fees – not including any construction or design costs.*
- *Considering the creation of an affordable housing overlay.*
- *Considering the creation of an Affordable Housing District/Community Land Trust model.*
- *Inclusionary housing.*
- *Rent stabilization and just cause eviction measures.*

Additional Policy Details:

I am proud to be endorsed by affordable housing advocate and former Burbank Housing Executive Director John Lowry. I've worked with him to develop a multifaceted strategy to tackle our affordable housing crisis.

There is a growing awareness of the lack of housing opportunities throughout Sonoma County, and there is a general consensus that we need to address the shortage of housing available to low and even moderate income people. No one reason explains our housing dilemma, although the temptation to assign a single cause for it is widespread. Any significant improvement will require us to reconsider the relationship of housing to other public policy objectives, including environmental protection, neighborhood preservation, adequate funding of public infrastructure and the positive role of local government in sustainable community development. Beyond the local level, changes in State policy are critically important to improved housing opportunity.

Despite this complicated challenge, local government must begin to revise public policy direction in ways that benefit both “affordable” and “workforce” housing. Some policy options that could be adopted by are identified here. They will not in themselves solve the housing crisis, but they are the kind of incremental steps that, if continued at local and state levels, will provide for rents and homeownership opportunities affordable to all Sonoma County residents.

Per Unit Impact Fees

The current crisis in affordable housing calls for the creation of new opportunities and funding sources for deeply affordable housing. This is particularly true for housing that serves people who are homeless and those in danger of homelessness due to rising rents. This proposal does not request fee waivers or long-term deferrals, nor does it suggest that the physical size and density of housing development be any different from what is proposed in existing general plans. It does propose that the much higher percentage of development costs resulting from fees paid by small units built at higher densities should be reduced. A floor area metric is proposed as an alternative for both fee payment and maximum building area.

Maximum fees are determined by nexus analysis; however, local jurisdictions can wave or reduce fees for a public purpose. In this case, fees are reduced for housing that meets a determined level of affordability and is smaller than the anticipated standard for housing development.

For example, if single-family homes are considered, a reasonable assumption of size and density might be 1600 square foot homes built at eight units per acre. The building floor area for this development would be 12,800 square feet. Assuming a net fee total of \$35,000 per unit (after subtracting school fees and permit/inspection fees that are already charged on a graduated basis and housing in lieu fees which do not apply) the remaining fee revenue per acre would be \$280,000. This would represent the minimum payment per acre of fees charged to affordable housing. The “per square foot fee” would be about \$22.

If, for example, the development requesting the affordable housing fee reduction proposed building 25 units per acre with an average size of 700 square feet, the total floor area would be 17,500 square feet, and the total fee payment would be \$385,000 (17,500 square feet X \$22), with payment of \$15,400 per apartment.

In the case of housing specifically intended to address homeless needs, a development of 50 units per acre with an average size 300 square feet might be proposed. In this case, the total floor area would be 15,000 square feet. Multiplied by \$22, the fee payment would be \$330,000, or \$6,600 per unit.

In both of these examples, the fee revenue exceeds that which would be received if single-family homes had been developed, and the benefits to affordable housing would be dramatic.

If these reduced fees were tied to specific levels of affordability and viewed as a systematic but discretionary concession, they would be considered a local source of

funding for the purposes of obtaining tax credit allocations. This would significantly reduce the amount of other local sources needed for a successful tax credit application.

Land Use Density

As with fees, small affordable apartments are discouraged by designating the maximum build-out of land solely on a unit count basis, leaving the maximum extent of built area to limitations on factors such as height, lot coverage, setbacks, parking etc. While density bonus policies have provided some relief for smaller affordable housing, the use of unit count alone results in the under utilization of precious land inside city urban boundaries and county service areas, and the loss of housing that could address the needs of homeless individuals and others needing small apartments affordable to extremely low incomes.

Again, a floor area metric is needed as an alternative to unit count. If, for example, a development of 18 units per acre with an average unit size of 1000 square feet might be anticipated for multifamily housing land in the private market, then 18,000 square feet could be set as the alternate standard for maximum floor area. This standard would allow up to thirty-six 500 square foot apartments or sixty 300 square foot apartments or SRO rooms as alternatives. Other factors including height limitations, parking requirements and setbacks might reduce the possible number of units in some cases.

This alternate land use metric could be limited to affordable housing, although from the perspective of efficient land use and a variety of unit types available, it might also be reasonable to extend it to market rate development as well.

Use of Reinvestment and Revitalization (“R&R”) Funds

These funds come to local governments as a result of the dissolution of the redevelopment agencies. They are the share of local property taxes that local governments did not receive because it had gone to the agencies. Counties receive more than the cities because they gave up tax revenue not only to their own redevelopment efforts, but also as a result of city redevelopment agency funding.

For Sonoma County the amount over a five-year period is estimated to be about \$18.7 million. While the Housing Element calls for the use of 20% of this amount to be used for housing (consistent with Redevelopment policy), it does not specifically call for this to be used for the expansion of affordable housing supply. As a result these funds are disbursed for a number of activities that could be helpful to housing. Sonoma County should commit at least 20% its R&R funds to expanding housing supply, through either new housing construction or repurposing of nonresidential buildings for housing.

While it would be a difficult to revise the currently budgeted amount without additional funds being available, in fact they are available as a result of the County’s successful redevelopment lawsuits with the State.

Although the cities receive smaller amounts of additional property tax revenues resulting from the dissolution of Redevelopment, they should adopt the same principle that at least 20% of “R&R” funds be used to support the expansion of affordable housing supply. These funds would have gone to housing if Redevelopment had not been abolished. All local government jurisdictions can allow it to continue to be used for that purpose.

The availability of this resource in rental housing would significantly increase the likelihood of success in the competition for tax credits, which is dependent of the level of local government assistance. Tax Credits often fund more than half of the entire development budget.

Overlay Zoning

This policy has been used by Sonoma County to promote the development of affordable housing. Under this program selected parcels that are zoned for commercial or industrial use are “overlaid” with a housing designation that would allow their use for affordable housing without a rezone or general plan amendment, but would still allow land owners to pursue development under their current zoning and general plan designation.

The cities should consider adopting a selective housing overlay designation. Clearly there are places where housing would be out of place and parcels that are seen as critical to local economic development, but there are also areas where housing will make sense for land owners, low income residents and for the community as a whole.

Use of Public land

The County and the cities own land that could be used for affordable housing. State legislation, passed in 2014 (AB 2135), added an inclusionary requirement to housing built on formerly public land and allows for a below market sale of public land for affordable housing. The contribution or sale on favorable terms of surplus land should be given serious consideration.

As with fee concessions and the use of “R&R” funds, land contribution and price concessions will add to the likelihood of the receipt of tax credits.

Involvement in Mitigation

Environmental mitigation has added cost, complication and delays to development inside of urban growth boundaries and County urban service districts. Local government participation in the mitigation and restoration process is justified in making housing development inside of developable areas more reliable and less expensive, while assuring that the mitigation effort is more systematic and at a scale that will provide for more effective mitigation and species protection. The Sonoma County and Santa Rosa should take the lead in the development of a coherent mitigation and restoration plan for the Santa Rosa Plain. Developer paid mitigation, particularly for affordable and workforce housing, should be accommodated on land purchased by the Open Space District.

Redevelopment Replacements

In 2014 State legislation created “Enhanced Infrastructure Finance Districts” with provisions that allow local governments to fund community infrastructure and affordable housing (SB 628). In 2015 the State adopted a second redevelopment replacement option, “Community Revitalization and Investment Authorities” (AB2), which can be established only if they meet need criteria, respect all of the relocation and housing replacement policies of Redevelopment and set aside 25% of revenue for affordable housing.

Both programs rely heavily on tax increment funding voluntarily contributed by various taxing entities; however, school districts cannot participate. They can be established by local governments, but require a 55% popular vote to issue revenue bonds. Since counties control more of this funding than cities, the participation of the County will be critical if these new entities are to provide funding for housing and community infrastructure. Perhaps the most likely and most needed area for this type of infrastructure and housing effort is the Roseland area of Santa Rosa.