

Inclusionary Housing Ordinance

County Unincorporated Areas Outside Stanford

PUBLIC OUTREACH MEETINGS

MAY 26 AND MAY 28, 2020

County of Santa Clara
Department of Planning and Development
and Office of Supportive Housing

Keyser Marston Associates, Inc.

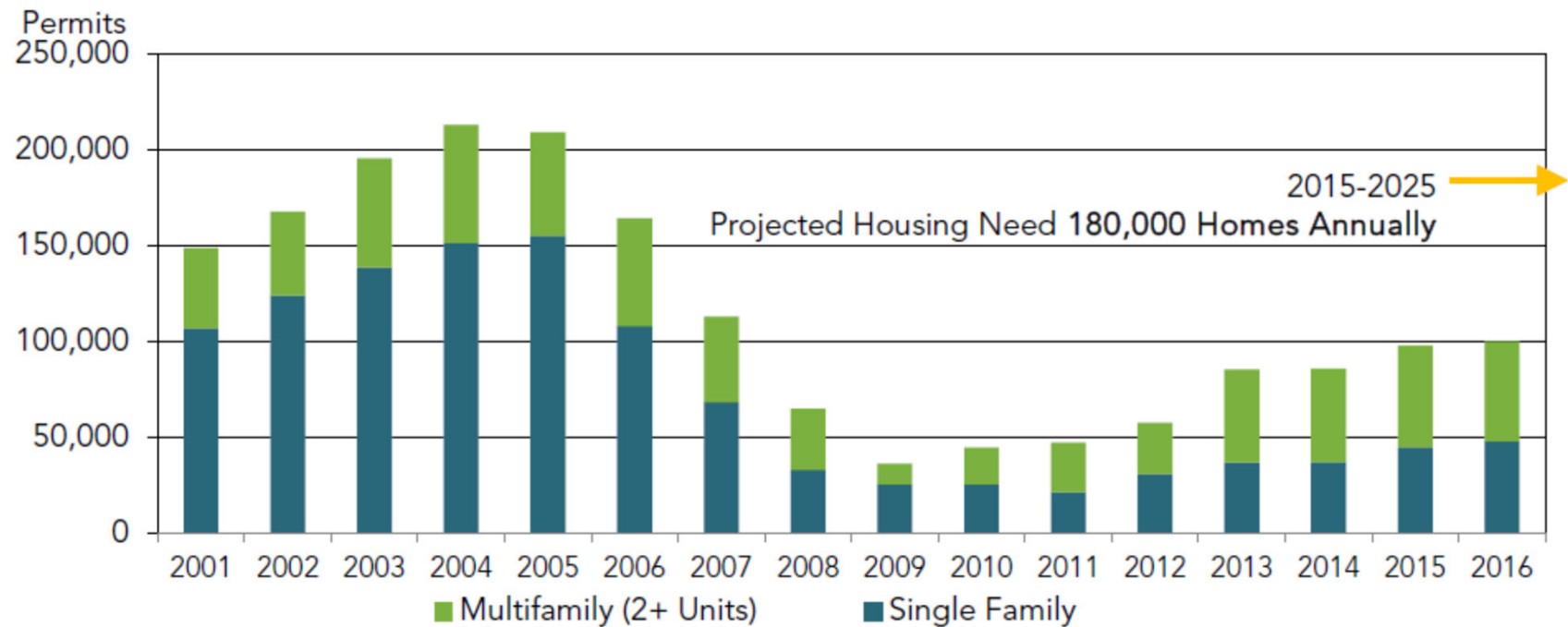


Presentation Overview

1. Background
2. KMA Studies
3. Proposed Program Features
4. Next Steps
5. Questions and Comments

California's Housing Outlook

Figure 1.1
Annual Permitting of Housing Units 2001-2016
Compared to Projected Statewide Need for Additional Homes



Source: California Department of Housing and Community Development, California's Housing Future: Challenges and Opportunities, Statewide Housing Needs Assessment, 2017

California's Housing Outlook

TABLE 2: Housing Need and Funding, 2005–2024

	ELI (0–30% AMI)	VLI (31–50% AMI)	LI (51–80% AMI)	MOD (81–120% AMI)	Total
Gross/Total Need	42,483	12,978	13,260	22,187	90,908
Planned Production	8,119	10,148	16,237	19,089	50,616
Unmet Need	34,364	2,830	-	3,098	40,292
Funding Gap*	\$3,780,040,000	\$198,100,000	\$0	\$154,900,000	\$4,133,040,000

*The funding gap is the additional local subsidy required over the next 20 years to develop a sufficient number of affordable units to meet the unmet need.

Sources: San Jose State University, The Institute for Metropolitan Studies, 2005; US Census, 2004.

High Housing Costs in the County

- ❑ Median priced home: \$1.2 million
- ❑ Among five highest-priced counties nationally
- ❑ Income of \$229,000 needed to afford median-priced house, 162% of median
- ❑ 45% of renters spend more than 30% of their income on housing
- ❑ Impacts of high housing costs:
 - ❑ Displacement of low-income residents
 - ❑ Long commutes
 - ❑ Homelessness
 - ❑ Challenges for employers to attract and retain workers
 - ❑ Crowding or families doubling up in units

Number of Homeless Persons Santa Clara County

	2015	2019	Four-Year Change
All Homeless Persons	6,556	9,706	+3,150
Subpopulations			
Chronically Homeless	2,169	2,470	+301
Veterans	703	653	-50
Persons in Families	908	921	+13
Unaccompanied Children & Youth	883	1,876	+993

Overview of Current County Housing Efforts

Office of Supportive Housing – Service Enriched Housing

Inclusionary Housing Requirements at Stanford

Streamlining Efforts for Accessory Dwelling Units and Movable Tiny Homes

Streamlining Efforts for Agricultural Employee Housing (underway)

Supportive Housing Production

2,024 Total Units (all sources) Since 2015

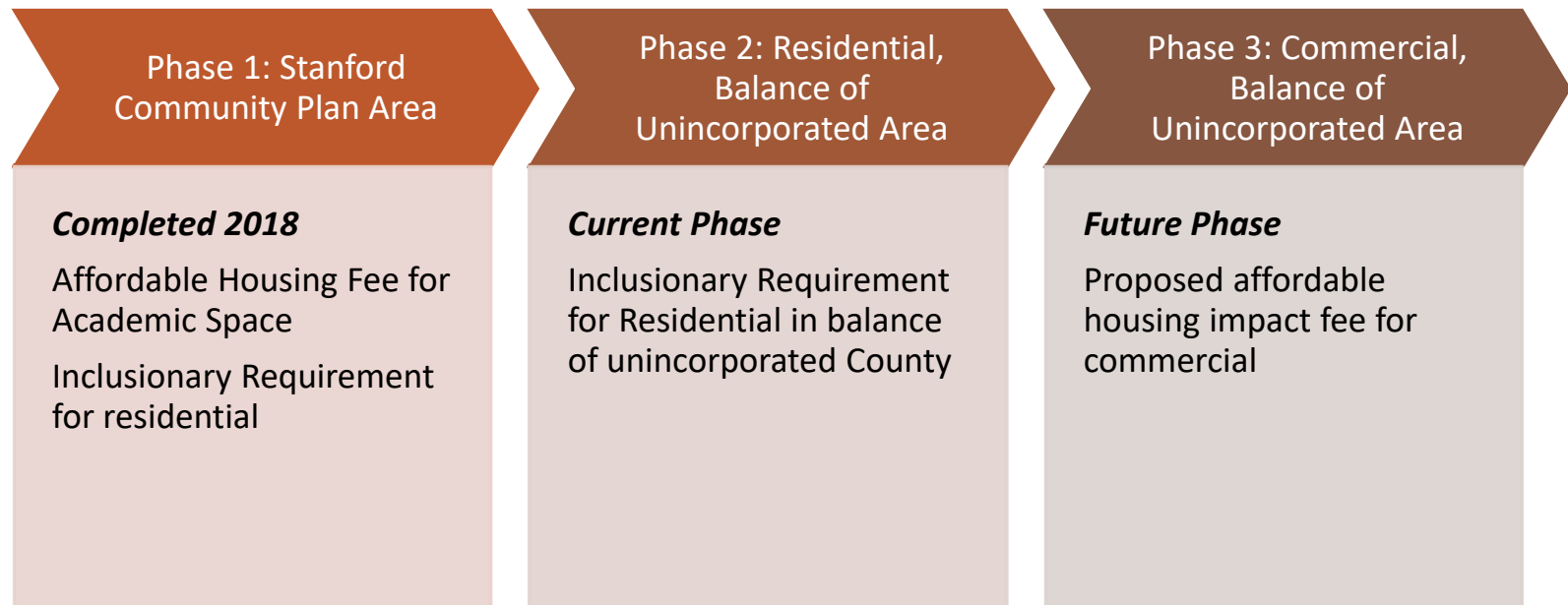


- Includes 1,433 units through the housing bond
- Pre-2016 Measure A & Non-Measure A, examples
 - Eagle Park (Mtn. View), Edwina Benner (Sunnyvale)
 - Orchard Ranch (Morgan Hill), Laurel Grove (San Jose)
 - Second Street Studios & Renascent Place (San Jose)

2016 Measure A Implementation

<p>YEAR 3 IMPLEMENTATION</p> <p>\$375,234,646 IN MULTI-FAMILY HOUSING DEVELOPMENT APPROVED</p> <p>7 CITIES</p> <p>2,416 NEW APARTMENTS</p> <p>484 UNITS RENOVATED</p> <p>27 HOUSING DEVELOPMENTS</p> <p>\$25 MILLION FIRST-TIME HOMEBUYER PROGRAM</p> <p><small>*As of March 2020</small></p>	Unit / Affordability Type	Total Approved Units	Unit Goals	% of Goal Met
	Permanent Supportive Housing	1,352	1,800	75%
	Rapid Rehousing	81	1,600	5%
	Affordable to ELI Households	330	800	41%
	Affordable to VLI Households	419	600	70%
	Totals	2,182	4,800	45%

Proposed Ordinance is Part of Phased Approach to Consideration of Affordable Housing Requirements for New Development in Unincorporated Area



Inclusionary Housing Overview

- Requirement that new market rate residential developments include affordable units
 - Produce needed affordable units
 - Promote mixed income communities
- Nearly all cities within the County have an inclusionary program
- Nearby counties: Marin, San Mateo, Napa, Contra Costa, Sonoma, San Francisco, Santa Cruz and Monterey
- Establishing County program:
 - Brings new tool to bear to help address affordable housing need
 - Aligns with cities in County, peer counties, and Stanford Community Plan Area

Affordability Levels

what is meant by affordable

	Percent of Area Median Income (AMI)	2020 Maximum Income (four-person household)	Affordable Rent (3-BR)
Extremely Low	up to 30% of AMI	\$47,350	\$961
Very Low	up to 50% of AMI	\$78,950	\$1,669
Low	up to 80% of AMI	\$112,150	\$2,023
Moderate	up to 120% of AMI	\$169,900	\$3,793

Illustrative Affordable Home Price (3-BR unit)

Moderate Income: \$665,000

Low Income: \$325,000

Existing Inclusionary Requirement for Stanford Community Plan Area

1. 16% Inclusionary Requirement

- For-sale projects provide Moderate Income units
- Rental projects provide mix of Extremely Low, Very Low, Low and Moderate

2. Alternative Compliance Options

- Off-site affordable units
- Affordable Units elsewhere within Stanford Community Plan
- Convert existing market rate units to affordable at 2:1 ratio
- Combination of methods

Board of Supervisors Direction for Proposed Inclusionary Program, April 2020

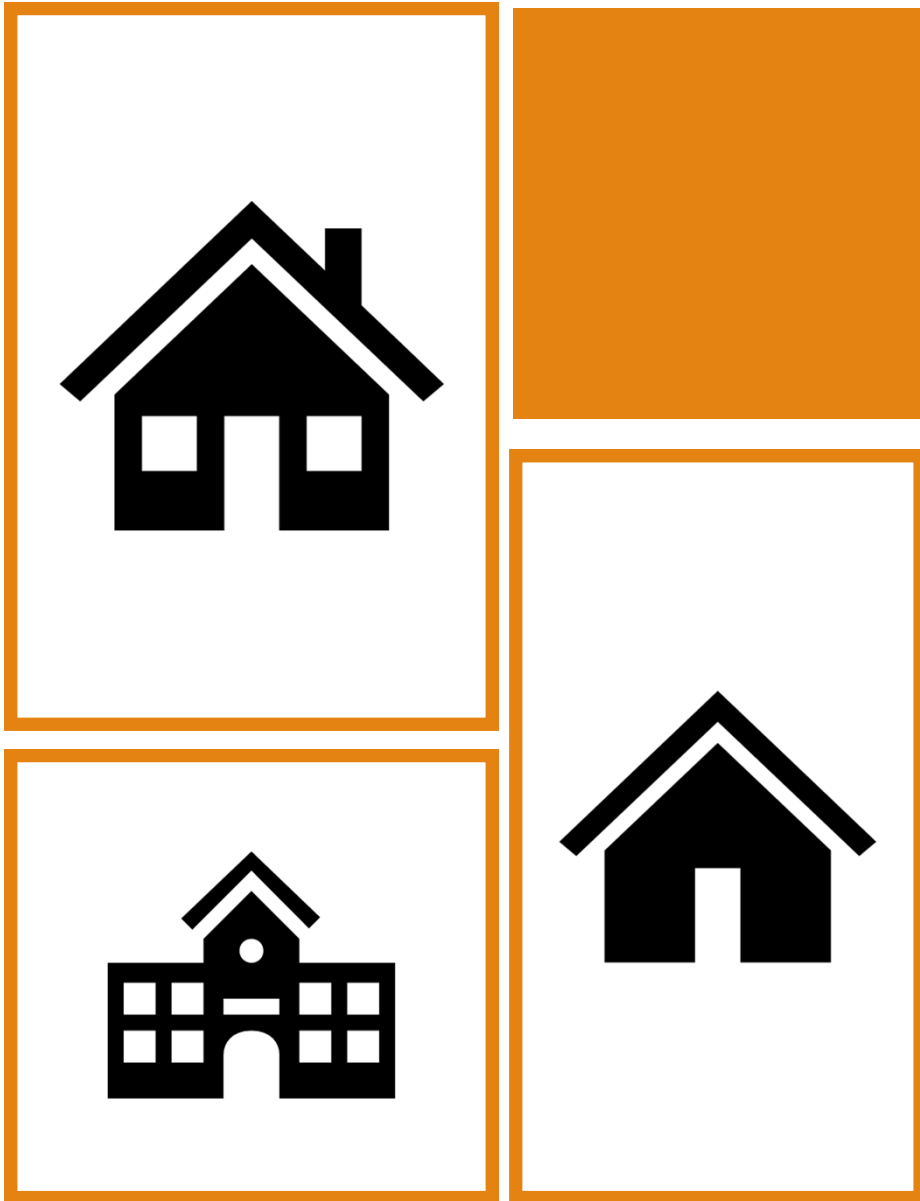
- Solicit input from the public and interested parties
- Prepare draft inclusionary ordinance applicable to residential developments with three or more units

KMA Studies

- ❑ 2016 Affordable housing nexus study prepared for County as part of County's participation in multi-jurisdiction nexus study – did not address Stanford
- ❑ 2018 Nexus Study Addressing Stanford Community Plan Area
- ❑ 2020 Supplements to Update 2016 Findings

Studies Provide

- Context on housing market and development activity
- Background on affordable housing requirements in other jurisdictions
- Nexus support for affordable housing fees
- Analysis of compliance options



KMA Study Findings

- 40 new residential units and 18 ADUs per year
- Approximately 10% of units are within subdivisions that have three or more units
- Remaining 90% are small one- and two-unit developments that would not be subject to proposed requirement
- Nexus maximum affordable housing fee: \$25.80 per square feet of residential development.

Subdivisions With Three or More Units

- Six subdivisions recorded since 2009 with three or more units
- One 19-unit subdivision with tentative map approval, not yet recorded
- Average of one subdivision every one to two years
- Average of four units per year within three+ unit subdivisions

Year	Number of Units	Location
2009	4	Unincorp San Jose
2010	4	Unincorp San Jose
2011	3	Unincorp Los Altos Hills
2014	3	Unincorp San Jose
2015	3	Unincorp Gilroy
2016	4	Unincorp Hollister
2019/20 (proposed)	19	San Martin
Total	40	

New Homes in Unincorporated Area

- Average home size of about 4,000 square feet
- Typically 4 – 5 bedrooms
- Prices 60% to 360% above countywide median

	Average Home Size	Median Price
South County Unincorporated Areas	3,210 Sq.Ft.	\$1.8 to \$2.1 Million
West Valley Unincorporated Areas	4,470 Sq.Ft.	\$3 to \$4 Million
Unincorporated Areas around San Jose	3,760 Sq.Ft.	\$2.2 Million
Countywide, newer homes <i>including cities</i>	2,150 Sq.Ft.	\$1.1 Million

Illustrative Cost Estimate To Provide On-Site Affordable Units or Convert Existing Market Rate Units to Affordable

(\$PSF in project)

	Provide Affordable Units On-Site	Convert Existing Market Rate Units To Affordable (2:1 Ratio)
West Valley	~\$99/SF	~\$61/SF
South County	~\$49/SF	~\$39/SF
Unincorp. San Jose	~\$66/SF	~\$61/SF

Note: Illustrative estimates assume affordable units similar in size to market rate. Costs could be reduced by allowing affordable units to be smaller than market rate.

Inclusionary Requirements in Other Jurisdictions

	Percent	Minimum Project Size	Income Level for For-Sale Affordable	Income Level for Rental Affordable
Stanford Com Plan	16%	3 units	Moderate	ELI to Moderate
San Mateo County	Single Family: 15% Multifamily: 20%	1 unit	SF: Moderate MF: ELI to Mod	ELI to Low
Santa Cruz County	15%	1 unit	Moderate	Low
Marin County	20%	1 unit	Low	Very Low
Cities in Santa Clara County	10% - 25%	1 – 10 units	Moderate most common	Low and Very Low are most common

In-Lieu Fees in Other Jurisdictions - For-sale Projects

	Project Sizes Eligible to Pay In-Lieu Fee	In-Lieu Fee
Stanford Com Plan	No in-lieu fee option	N/A
San Mateo County	All except multifamily for sale projects with 10+ units	1-5 units: \$5-\$15/SF depending on size MF 5-9 units: based on gap calculation
Santa Cruz County	6 units or less	\$2-\$15/SF depending on unit / project size
Marin County	1-2 units	One unit \$0-\$13/SF Two units: \$311k/aff unit [~\$25/SF]
Cities in Santa Clara County	Most allow fees only for projects less than 7-10 units, San Jose allows for all projects	Range from \$13 - \$125/SF; Excluding Palo Alto and Mountain View, max is ~\$35/SF

Proposed Inclusionary Program Features

Inclusionary Requirement: 16% of Units Affordable

- Moderate income affordable units in for-sale projects
- Low-income affordable units in rental projects

Alternative Compliance Options

- On-site affordable units
- Off-site affordable units
- Convert market rate to affordable (at 2:1 ratio)
- \$25 per square foot in-lieu fee option available for projects under 7 units or to meet fractional affordable unit requirements

Exemptions

- Projects with two or fewer units
- Residential community care facilities
- Agricultural employee housing
- Accessory Dwelling Units (ADUs)

Next Steps

- Planning Commission: July 23, 2020 (tentative)
- Board of Supervisors: September 2020 (tentative)
- Phase III addressing non-residential development to commence in late 2020

Thank you!

contacts for comments and questions:

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Web page on proposed Countywide Inclusionary Housing Ordinance:

<https://www.sccgov.org/sites/dpd/PlansOrdinances/Studies/Pages/InclusionaryHousing.aspx>





Questions and Comments
