

Sonoma County League of Women Voters Report

AFFORDABLE HOUSING & HOMELESSNESS IN SONOMA COUNTY EXECUTIVE SUMMARY

Adopted by the League of Women Voters Sonoma County Board on Nov, 7, 2017

In October 2017, Sonoma County experienced the worst wildfire incident in the history of California with more property damage and loss of lives than any previous fires. Even before the 2017 fires, nearly half of young adults (age 18 to 39) in Sonoma County were thinking of leaving the Bay Area because they could not find affordable housing. Santa Rosa lost 5% of its housing units in the fires, which compounds this problem. Unincorporated areas also lost thousands of homes.

With far fewer housing units, where will those with modest incomes live while we rebuild? We are in jeopardy of losing a significant segment of our labor force who were renters or who cannot afford to rebuild their homes. Where will our businesses find employees? Without enough affordable housing, we lose our ability to have an adequate labor force and a healthy economy.¹

Even before the fires we had a serious problem of individuals who were without a permanent home, which is directly related to the lack of affordable housing in Sonoma County. "Affordable housing" is defined as paying 30%, or less, of gross monthly household income on housing costs.² The affordability crisis is now much worse because many of those who lost their homes will be competing for the remaining rental units, some permanently and

some until their homes are rebuilt which could take years.

WHO ARE "THE HOMELESS"?

Each year the Sonoma County Community Development Commission (SCCDC) conducts a point-in-time count of those without a permanent home in Sonoma County. The January 2017, SCCDC homeless point-in-time count found 2,835 persons without a permanent home. Since the fires, the number of local residents without a permanent home increased dramatically due to the total destruction of approximately 4,000 dwellings in Sonoma County.

SELF-REPORTED CAUSES OF HOMELESSNESS³

Reason	Percent
Job Loss	24%
Argument/Family or Friend Asked You to Leave	19%
Alcohol or Drug Use	18%
Eviction	15%
Divorce/Separation/Breakup	12%

Now we have to add "fires" to the above list. Because of the fires many individuals, who never thought they would be "homeless", now find themselves in that situation. Some run the risk of becoming chronically homeless, unless we are able to rebuild our communities to provide enough housing for all income levels.

¹ Press Democrat June 7, 2017 article on Bay Area Council 2017 survey

² Sonoma County Community Development Commission

³ SCCDC 2017 Homeless Survey & Census

What is the cost of chronic homelessness? Public costs incurred by those experiencing extended periods of homelessness include interactions with law enforcement, incarceration, emergency room visits and regular access to social supports and homeless services. The number of people seeking services has already increased. These combined costs are often significantly higher than the cost of providing individuals with permanent housing and supportive services.⁴

Housing First: Because of the significant costs to the community for services to homeless individuals, the State is taking a new approach called Housing First. This model takes an evidence-based approach to solving homelessness utilizing best practices that demonstrate effectiveness in moving a person into stable housing as quickly as possible, and does not make housing contingent on participation in services or as a reward for changing behaviors.⁵

In 2017 71% of those experiencing homelessness indicated their inability to afford rent as their primary obstacle to obtaining permanent housing.⁶ Because the existing supply of affordable housing stock was far below the demand and the fires destroyed so many homes, a Housing First approach will only be successful if the supply of affordable housing stock is dramatically increased. This unprecedented loss, due to the fires, requires new solutions to increase affordable housing units.

Current Cost of Housing: In 2017, the median home price in Sonoma County rose to \$639,000. Only 26% of county households could afford the median-priced home in the fourth quarter of 2016, and prices have gone up since then.

In the past five years, the cost of rent for a two-bedroom apartment in Sonoma County has increased by 50%. As of February 2017, average apartment rent within the City of Santa Rosa was \$1962. An additional challenge is that the rental vacancy rate in Sonoma County before the fires was about 1.5%. It's now even lower. Vacancy rates of 6% or 7% for rental housing are generally considered optimum for a balance between supply and demand.⁷

Affordable Housing Incentives:⁸ Prior to 2011 redevelopment funds were a crucial source of funding for affordable housing. In response to the loss of redevelopment funds in 2011, towns, cities, and counties have developed other ways to encourage developers to build affordable housing. Some examples of efforts by local jurisdictions to encourage affordable housing creation are listed below.

- Zoning code amendments, such as reduced minimum lot sizes, increased height limitations, reduced parking requirements
- Reduction, delay, or waiver of fees
- Density bonus programs
- Inclusionary housing and affordable housing in-lieu fees
- Workforce housing fees
- Revised building and zoning codes regarding Accessory Dwelling Units
- Fast tracking of the permit process and concurrent processing of multiple permits
- Decreases in fees for new projects
- Deferral of impact fees

⁴ SCCDC 2017 Homeless Survey & Census

⁵ SCCDC

⁶ SCCDC 2017 Homeless Survey & Census

⁷ Press Democrat April 13, 2017, article on Sonoma County housing market and City of Rohnert Park Housing Element.

⁸ Town of Windsor, cities, and the County Housing Elements

Some of the efforts by local jurisdictions to preserve the existing affordable housing stock are:

- Rental unit rehabilitation loan programs;
- Mobile Home Park rent stabilization programs;
- Prohibition of and/or restrictions on vacation home rentals; and
- Tenant/Landlord dispute resolution program

All the above efforts and new incentives will be needed as we move forward on rebuilding our community. With crisis comes opportunity.

How much housing do we need?⁹ As a result of nearly a decade of low housing production, there is a severe housing shortage in Sonoma County. Because of the lack of housing construction from 2008 to 2014 and the projected housing needs for 2015-2023, the California Housing Partnership Corporation (CHPC) estimates “Sonoma County needs 17,144 more affordable rental homes to meet the needs of the lowest-income renters.” Due to the fires, we need at least 4000 more housing units added to that total.

Where will the funds come from to build this housing? The 2011 loss of redevelopment funds had the most significant impact on the ability of towns, cities and counties to sponsor and provide affordable housing.¹⁰ Some residents will have insurance payouts to help rebuild, but others will not, and the cost to rebuild may exceed the payouts. Rebuilding may take several years. Where will people live until the rebuilding is completed?

⁹ California Housing Partnership Corporation (CHPC)

¹⁰ <http://californiawatch.org/dailyreport/explainer-end-redevelopment-agencies-14624>

Even before the 2017 fires, the estimated cost of creating the needed affordable housing significantly exceeded currently available resources. In 2016 the Sonoma County Grand Jury stated, “Without unrealistic sums of public funds, increasing the supply of affordable housing will be a long-term challenge for Sonoma County.” There is currently not a reliable, on-going, sufficient source of funding for the construction of new affordable housing.

Local jurisdictions will need to consider whether one or more of the revenue streams listed below would be viable options for Sonoma County. Some of these might be pursued on a countywide basis, while others represent options requiring action by individual entities.

- General obligation bonds
- Inclusionary housing fees
- Commercial linkage fees
- Redevelopment residual receipts
- Transient occupancy taxes (TOT)
- Housing revenue bonds
- Enhanced infrastructure financing districts
- Pay for success / social impact bonds¹¹

The cities and the County are currently reviewing policies and revenue sources in an effort to develop more public funding for affordable housing.¹²

Many of the affordable rental housing units built in California over the past 30 years have been developed using the Federal Low Income Housing Tax Credit program, which, while currently the largest federal source of funding for housing development, is not sufficient to meet the needs.

¹¹ Source for above *Building HOMES: A Policy Maker’s Toolbox for Ending Homelessness*

¹² *Building HOMES: A Policy Maker’s Toolbox for Ending Homelessness*

Who helps individuals and families without permanent housing find a home? Non-profit agencies are the primary providers of services to individuals without a permanent home.

Some are also involved in providing and/or managing affordable housing units and transitional housing.

A dramatic increase in our affordable housing supply, reliable funding sources, and a streamlined, regional approach to providing services, are needed to provide the resources needed to address the challenges our community faces in housing our most vulnerable populations.

We commend the recent steps taken by the City of Santa Rosa and the County of Sonoma to begin to address rebuilding after the devastating 2017 fires, which are described in more detail in the Fire Related Addendum. Much more remains to be done.

PRE-FIRE RECOMMENDATIONS

The towns, cities, and County would benefit from sharing information and best practices and working together to coordinate the preservation of the existing affordable housing units, and develop additional affordable, safe housing, sufficient to meet the need for housing of local residents, while balancing such need with land use, transportation, the preservation of natural resources, and job development through the following steps:

- Identify surplus land on a master list with coordinated planning for future development
- Approve communities with a wide range of housing unit types intermixed to serve all income levels; and encourage inclusionary housing, which has been shown to benefit low income children and their families

- Adopt additional incentives for developers to provide affordable housing for people with disabilities, seniors, veterans, and people experiencing homelessness
- Assist developers by adopting uniform rules, regulations and ordinances on housing development issues, including inclusionary housing, zoning, density bonuses, Accessory Dwelling Units, and infill housing;
- Increase density bonuses and height limitations for affordable housing unit developments located near, or adjacent to, public transportation.
- Identify and secure adequate funding sources for affordable housing, including federal, state, local and private partnerships, grants, loans, tax incentives, trusts, tax measures and other means to encourage housing construction and rehabilitation

Please Note: This report was originally completed as of August 31, 2017. The Executive Summary has been updated with information relevant to the 2017 fires and their impact on housing. Please see below for a Fire Related Addendum written after the 2017 fires were extinguished. Every effort was made to include up-to-date information in this report. Homelessness and housing is an ever changing landscape. Therefore, both resources and challenges will continue to change.

Also added is a State Legislation Addendum with a brief description of housing related state legislation passed in 2017.

Fire Related Addendum

(as of 11/7/2017)

This housing/homelessness report was originally completed as of August 31, 2017. Beginning on the evening of October 8, 2017, Sonoma County experienced the worst wildfire incident in the history of California with more property damage and loss of lives than any previous fires. This series of wildfire events damaged or destroyed thousands of residential and commercial structures within the City of Santa Rosa, the unincorporated areas of the County and other urban communities. Santa Rosa lost approximately 3000 homes, which is 5% of its total housing units in the fires. Unincorporated areas also lost thousands of homes. The combined housing units loss in the Sonoma County fires total over 4000 dwellings. In addition there was significant loss of commercial space, including at least 100 structures in Santa Rosa.

This disaster compounds the problems described in this report. There is an urgent need to rebuild and repopulate those areas affected by the Fires.¹³ (“the Fires” to refers to the October wildfires.)

This addendum has been added to address and acknowledge the impacts of the Fires on the affordable housing crisis we face and the deepening of the homelessness problem in our community as part of the aftermath. Every effort has been made to include up-to-date information, but this situation is evolving day by day.

The Santa Rosa City Council had previously declared a housing crisis, and prior to the Fires there existed a severe lack of rental housing affordable to lower and moderate income residents.

¹³ Santa Rosa City Council 10/24/17 agenda packet for item 14.3

The housing units destroyed by the Fires greatly increased the rental housing shortage and severely reduced the number of owner-occupied housing units in the City. Destruction of housing units in other nearby cities and counties further exacerbated the ability of persons who live and work in Santa Rosa and have been displaced by the Fires to relocate to other housing.¹⁴

Before the Fires we had a serious problem of individuals who were homeless, which is directly related to the lack of affordable housing in Sonoma County. Unless we come up with solutions quickly, we may see a significant increase in the number of residents experiencing homelessness.

The County and the City of Santa Rosa have committed to meeting twice per week to ensure that housing policy issues are well coordinated between the two jurisdiction and both have initiated bold steps to assist the rebuilding process.¹⁵

City of Santa Rosa¹⁶

A significant portion of residential and non-residential structures in northeast and northwest Santa Rosa were either destroyed or damaged in the Fire. At their October 24, 2017 City Council Meeting Santa Rosa took several the actions. The Council adopted three urgency ordinances which --

- Amended Title 20 of the Santa Rosa City Code, to add Section 20-28.100, **Resilient City (-RC) Combining District**, to facilitate rebuilding and implementation of resiliency initiatives in those parts of the City most severely impacted by the Fires.

¹⁴ City of Santa Rosa Staff report for 10/24/17 agenda item 14.3

¹⁵ Board of Supervisors 10/24/17 agenda packet documents

¹⁶ Santa Rosa City Council 10/24/17 agenda packet for item 14.3

- Reclassified properties directly impacted by the Fires to add the -RC Combining District to the base zoning district of each property in the area. The –RC Combining District will be applied to properties within Santa Rosa city limits that were most impacted by the Fires:

- Coffey Park Area
- Highway 101 Corridor/Roundbarn Area
- Fountainview Area
- Fountaingrove Area
- Montecito Heights Area
- Oakmont Area

The district will be combined with any primary zoning district in place for each property.

- Imposed a prohibition on rental housing price gouging following the Fires.

The –RC Combining District provides for streamlining of the permit process and expediting review for reconstruction and repair of damaged or destroyed residential and non-residential structures. It includes waiving discretionary planning permit fees, and fees for demolition permits and temporary housing.

Discretionary planning permits review, such as Hillside Development and Design Review, is delegated to the Director of Planning and Economic Development.

In order to provide an opportunity for property owners to live on site while their homes are reconstructed, the combining district will allow for temporary housing including trailers, recreational vehicles, manufactured homes, tiny homes and other similar structures.

The City will allow the construction and occupancy of a new detached ADU on site, prior to the construction of a single-family residence on the site.

(Current regulations require that a single-family residence exist on site, or be constructed in conjunction with a new Accessory Dwelling Unit.)

County of Sonoma: ¹⁷

At their October 24, 2017 meeting the Supervisors approved the actions described below.

The Supervisors adopted:

- An Urgency Interim Ordinance Prohibiting the Issuance of New Vacation Rental Permits for at least 45 days, subject to extension
- An Urgency Ordinance to Add Chapter 40 to the Sonoma County Code to Facilitate Emergency and Immediate Housing by :
 - Extending the term of annual occupancy of seasonal farm-worker housing
 - Waiving impact fees for new Accessory Dwelling Units and Junior Accessory Dwelling Units
 - Providing for relocation of damaged child care and educational facilities in certain zones
 - Allowing temporary residential use of recreational vehicles and travel trailers
 - Allowing temporary rental of existing guest houses and other residential accessory structures
 - Allowing temporary rental of farmstays, bed and breakfast inns, promotional and marketing accommodations, resorts, retreats, camps, and other similar uses

¹⁷ Board of Supervisors 10/24/17 agenda packet documents

- Allowing safe parking programs at County-owned facilities and privately owned sites in certain zones
- Allowing additional expansion of damaged, nonconforming residential structures

Fire Related Recommendations

In addition to the Recommendations contained in the full report, we have added the fire impact related recommendation described below. We encourage towns, cities and the County to give serious consideration to the following measures:

- Consider keeping at least one of the emergency shelters, established during the 2017 fires, open throughout the winter to provide housing for those still in transition, as long as there is a demonstrated need.
- In fire damaged areas designated as Resilient City (RC), purchase land from those residents and/or businesses that decide not to rebuild on their current property. Consolidate such land into larger parcels, whenever possible, and evaluate the density and height restrictions. Offer the land at reduced rates, and other incentives, to developers willing to build multifamily rental units, or owner occupied units, with potentially more of the units reserved for very low and low income families than is current required by law, policy or local ordinance.
- For the next 24 months require developers building new developments that wish to pay in-lieu fees to prove just cause as to why the developer cannot provide on-site affordable units in new rental housing.

- Increase the inclusionary in-lieu fees closer to a level which will provide more of an incentive to developers to build on-site units of inclusionary housing.
- Find methods and resources to encourage those who are rebuilding to consider solar installations and electric charging stations, in order to help meet the state, county and city previously adopted goals for lowering green house gas emissions to 20% below 1990 levels by 2020.
- Continue to hold community meetings that are informational and provide support for those residents whose structures were impacted by the fires.

State Housing Legislation Addendum

In 2017 the State legislature passed and the Governor signed 15 new bills impacting housing.

Below is a brief summary of those bills:¹⁸

SB 2 The Building Homes and Jobs Act: Generates hundreds of millions of dollars each year for affordable housing, emergency shelters and other housing needs via a \$75 recording fee on specified real estate documents. In the first year, 50% of the funds are set aside for local plans. In all other years, 70% of the funds are allocated to cities and counties.

SB 3 The Veterans and Affordable Housing Bond Act of 2018: Places a \$4 billion general obligation bond on the November 2018 ballot to fund veteran housing programs, affordable housing and infill infrastructure projects.

¹⁸ <https://leginfo.legislature.ca.gov/>

SB 35 Streamline Housing Approval Process: Streamlines multifamily housing project approvals by eliminating public input, prohibiting CEQA, and removing local discretion.

SB 166 Maintaining Sites for Affordability: is designed to discourage cities from approving market rate housing on land which could be used for affordable housing.

SB 167 and AB 678 Housing Accountability Act: Makes numerous changes to the Housing Accountability Act including: requiring findings to be based on “a preponderance of evidence”; imposes mandatory fines (\$10,000) on cities that fail to comply with a judge’s order within 60 days.

SB 540 Workforce Housing Opportunity Zones: Streamlines the housing approval process if cities identify Workforce Housing Opportunity Zones, which will focus on workforce and affordable housing in areas close to jobs and transit and conform to California’s greenhouse gas reduction laws. Housing developments within these planned areas can proceed in an expedited manner.

AB 72 Attorney General: Enforcement of Housing: Provides the Dept. of Housing and Community Development new authority to review any action by a city or county that it determines is inconsistent with an adopted housing element.

AB 73 Housing Sustainability Districts: Allows a city or county to create a housing sustainability district to complete upfront zoning and environmental review in order to receive incentive payments for development projects that are consistent with the district's ordinance.

AB 571 Farmworker Housing: Amends the Health and Safety and the Revenue and Taxation codes to expand eligibility of farmworker housing projects for affordable housing tax credits.

AB 879 Planning and Zoning: Housing Element: Requires the California Department of Housing and Community Development to undertake a study to make recommendations regarding potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development.

AB 1397 Housing Element: Inventory of Land for Residential Development: Requires lands in a city’s housing element to include vacant sites and sites that have “realistic and demonstrated potential” for redevelopment to meet a portion of the locality’s housing needs for a designated income level.

AB 1505 Land Use: Zoning Regulations: Clarifies and strengthens local authority to enact inclusionary rental housing programs in accordance with their police power in an effort to address the shortage of affordable housing.

AB 1515 Housing Accountability Act: Allows a court to determine whether a project is consistent with local zoning and general plan by selecting the substantial evidence it wishes to rely on rather than reviewing whether the city council relied upon substantial evidence.

AB 1521 Strengthening the Preservation Notice Law: Provides a notice of expiration of affordability restrictions to be provided three years in advance of the expiration date.