

# Briefing Paper and FAQ

## Danco's Proposed Permanent Supportive Housing Project in Rio Dell

For the meeting of October 16, 2018

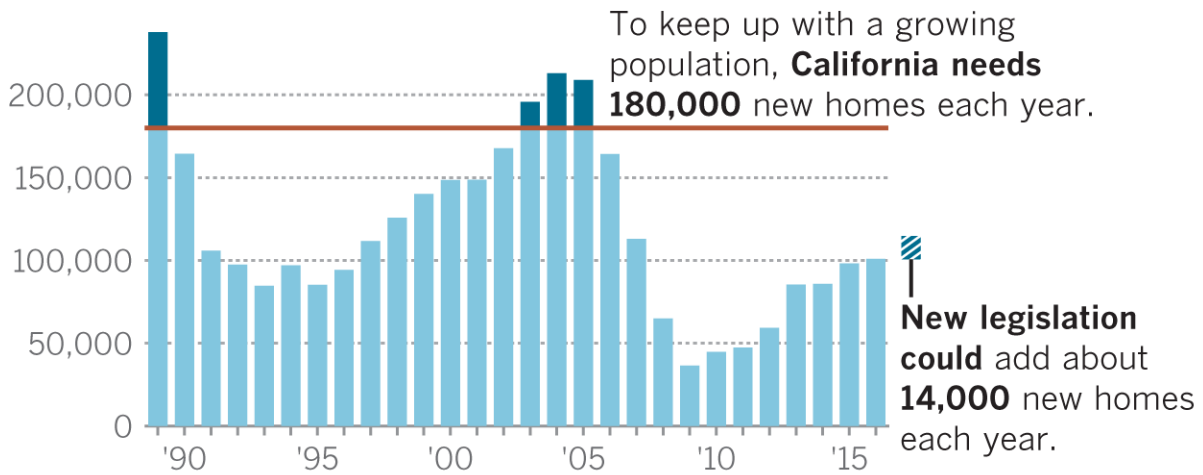
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## The Housing Crisis

Construction of new housing across California has slowed post-recession. This trend is mirrored in Rio Dell where since 2010 the average number of new units is 2.75, a figure propped up by one single subdivision located at Hilda Court.

## New homes built each year in California



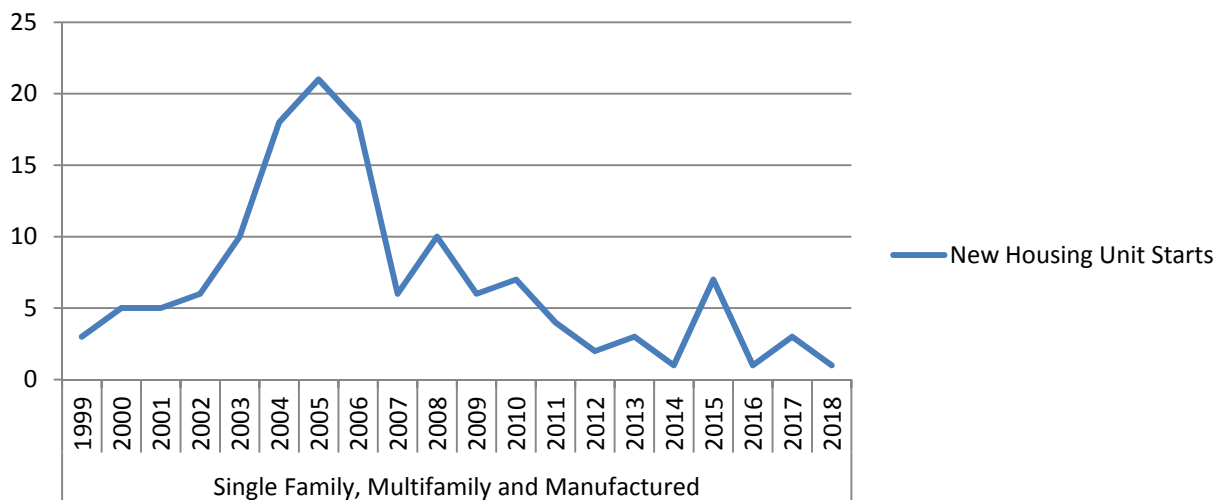
Note: One of the bills would require voter approval in 2018.

Sources: Construction Industry Research Board and California Department of Housing and Community Development

@latimesgraphics

Statewide LA Times graph above, Rio Dell specific graph below.

## Rio Dell New Housing Unit Starts



## What is NIMBY?

NIMBY stands for “Not-In-My-Back-Yard.” Historically local governments have had a wide array of discretion to approve or deny building permits and regulate local land use. This has often led to the denial of unpopular or controversial projects. Since 2008 and SB-2 (originally referred to as the “Anti-NIMBY Law”) the State Legislature and Governor have approved legislation curtailing this local discretion and curtailing “NIMBYism.”

## Changes in Housing Law

Facing a **statewide housing crisis** and the elevation of the plight of homeless throughout California, the State legislature has acted over numerous years to pass various pieces of housing legislation.

For over ten years now, the State has generally moved to:

- ❖ Spend more tax dollars on housing, particularly for low-income housing.
- ❖ Make it easier for developers to build housing, particularly low-income housing.
- ❖ Force cities to plan for more housing, particularly low-income housing.
- ❖ Move to penalize cities that say no to housing, particularly low-income housing.
- ❖ Generally **remove local control from cities related to housing** and limit a city’s discretion to stop or delay housing projects, particularly low-income housing.

California State Law imposes a clear mandate to remove land use barriers to Permanent Supportive Housing (PSH). SB 2, the Housing Accountability Act (first referred to as the "**anti-NIMBY law**") effective January 2008, amended the state's housing element law to specify that PSH is considered a residential use and may only be subject to those restrictions and requirements that apply to other residential uses of the same type in the same zone. This means that PSH projects must be allowed to be built in any zone that allows a multifamily dwelling use, without needing separate discretionary review. SB 2 also amended the Housing Accountability Act to include **PSH as a protected use, meaning that jurisdictions have limited basis to deny Permanent Supportive Housing projects**. State Law also provides for approval streamlining for PSH projects through SB 35, effective January 2018. This bill requires local jurisdictions to approve housing development projects through a ministerial process provided that the City is not currently meeting its Regional Housing Needs Assessment (RHNA) goals for that income category.

In the City of Rio Dell, this would apply to residential projects with 100% of the units restricted to lower income households, including Permanent Supportive Housing.

Legislative changes have ramped up in recent years as well. Just in the last year, Governor Brown signed:

- ✓ SB2 by Sen. Toni Atkins, D-San Diego, establishes a permanent funding source for affordable housing through a \$75 fee on real estate transaction documents. The fee is capped at \$225 per transaction and exempts real estate sales. The fees would generate roughly \$250 million a year, which would be split among state and local housing programs.
- ✓ SB3 by Sen. Jim Beall, D-San Jose, authorizes \$4 billion in general obligation bonds for affordable housing programs and a veterans' homeownership program. SB3 will be up for approval by voters in November 2018. This is otherwise known as **Proposition 1** on the November 6, 2018 ballot.
- ✓ SB35 by Sen. Scott Wiener, D-San Francisco, streamlines the approval process for infill developments in local communities that have failed to meet their regional housing needs.
- ✓ SB166 by Sen. Nancy Skinner, D-Berkeley, ensures that cities maintain an ongoing supply of housing construction sites for residents of various income levels.
- ✓ SB167 by Skinner and AB678 by Assemblyman Raul Bocanegra, D-Pacoima (Los Angeles County), increase the standard of proof required for a local government to justify a denial of low- and moderate-income housing development projects.
- ✓ SB540 by Sen. Richard D. Roth, D-Riverside, streamlines the environmental review process for certain local affordable housing projects.
- ✓ AB72 by Assemblymen Miguel Santiago, D-Los Angeles, and David Chiu, D-San Francisco, strengthens the state's ability to enforce laws that require local governments to achieve housing goals.
- ✓ AB73 by Chiu gives local governments incentives to create housing on infill sites near public transportation.
- ✓ AB571 by Assemblyman Eduardo Garcia, D-Coachella, makes it easier to develop farmworker housing by easing qualifications for the Farmworker Housing Tax Credit.
- ✓ AB879 by Assemblyman Tim Grayson, D-Concord, authorizes a study of local fees charged to new residential developments that will also include a proposal to substantially reduce such fees.
- ✓ AB1397 by Assemblyman Evan Low, D-Campbell, makes changes to the definition of land suitable for residential development to increase the number of sites where new multifamily housing can be built.
- ✓ AB1505 authorizes cities and counties to adopt an inclusionary ordinance for residential rental units in order to create affordable housing. By Chiu, Sen. Steven Bradford, D-Gardena (Los Angeles County), and Assemblymen Richard Bloom, D-Santa Monica, and Todd Gloria, D-San Diego.
- ✓ AB1515 by Assemblyman Tom Daly, D-Anaheim, allows housing projects to be afforded the protections of the Housing Accountability Act if the project is consistent with local planning rules despite local opposition.

- ✓ AB1521 by Bloom and Chiu gives experienced housing organizations a first right of refusal to purchase affordable housing developments in order to keep the units affordable.

Most recently the Governor has signed:

SB167, AB678 & AB1515 which beefs up the existing law by making it easier for developers to prove a city acted in bad faith when denying a project, and by upping a city's **penalty to \$10,000** per unit rejected.

AB72 gives the State housing department more authority to investigate cities that do not follow through with housing plans and the referral of these agencies to the Attorney General for possible legal action.

AB2162 Supportive Housing Use "By Right" requires supportive housing to be considered a use "by right" in zones where multifamily and mixed uses are permitted. **The law requires a local government to approve, within specified periods, supportive housing developments that comply with these requirements.** The law prohibits the local government from imposing any minimum parking requirement for units occupied by supportive housing residents if the development is located within a half-mile of a public transit stop.

AB686 Affirmatively Further Fair Housing requires a public agency to administer its programs and activities relating to housing and community development in a manner to affirmatively further fair housing and not take any action that is inconsistent with this obligation.

"Affirmatively furthering fair housing" means, among other things, "taking meaningful actions ... that overcome patterns of segregation and foster inclusive communities" and "**address significant disparities in housing needs** and in access to opportunity." Additionally, an assessment of fair housing practices must now be included in upcoming housing elements.

### **What Action Can Individuals Take?**

Do you support or oppose Anti-NIMBY legislation? Do you support or oppose the DANCO project for Rio Dell?

Contact your state and federal representatives and regulators to voice your opinion:

#### **Governor Jerry Brown**

Governor Edmund G. Brown  
c/o State Capitol, Suite 1173  
Sacramento, CA 95814

Phone: (916) 445-2841  
Fax: (916) 558-3160

**Senator Mike McGuire**

Eureka Office:  
1036 5<sup>th</sup> St., Suite D  
Eureka, CA 95501

Phone: 707-445-6508  
Fax: 707-445-6511

**Assemblyman Jim Woods**

Humboldt/Del Norte/Trinity:  
1036 5th Street  
Eureka, CA 95501

Tel: (707) 445-7014  
Fax: (707) 445-6607

**California Tax Credit Allocation Committee**

Tel: (916)654-6340

**Congressman Jared Huffman**

Eureka District Office  
317 Third Street  
Suite 1  
Eureka, CA 95501

Phone: (707) 407-3585  
Fax: (707) 407-3559

**Need Additional Information on State Law?**

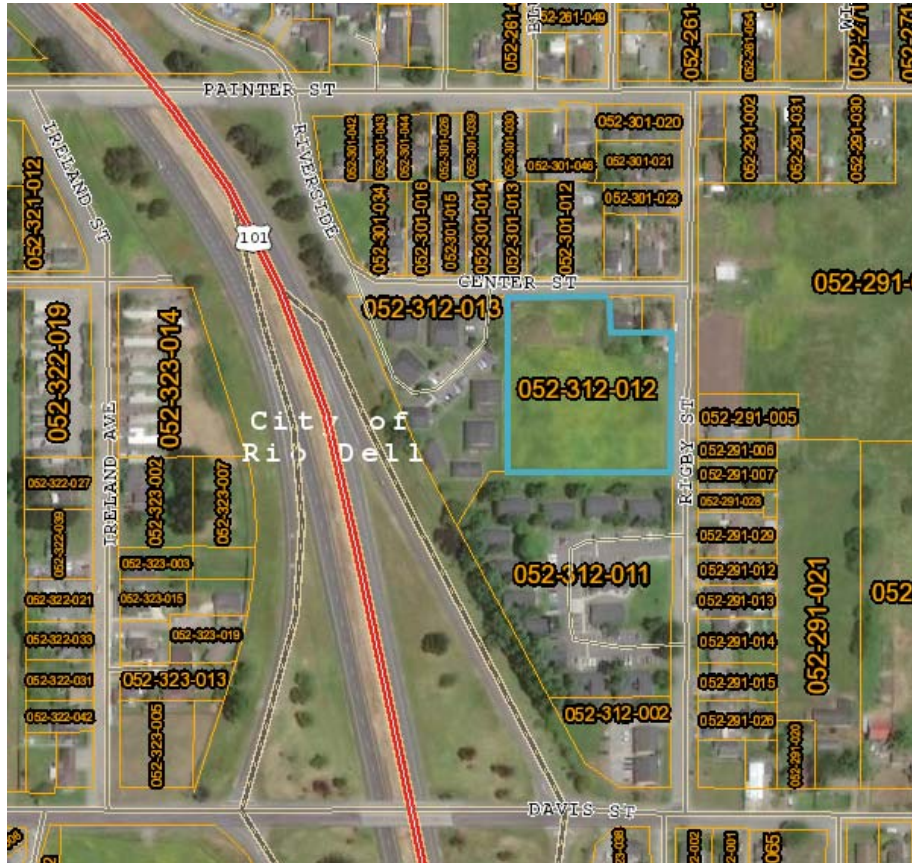
<http://www.hcd.ca.gov/policy-research/lhp.shtml#summary>

**Interested in Volunteering for the 2019 Homeless Point-in-Time Count?**

Call Robert Ward at (707) 441-5028.

## DANCO Project Location

The project is expected to be proposed for the corner of Rigby and Center streets, east of US Highway 101.



## What is Permanent Supportive Housing?

*Permanent Supportive Housing (PSH) is a model that combines low-barrier affordable housing, health care, and supportive services to help individuals and families lead more stable lives. PSH typically targets people who are homeless or otherwise unstably housed, experience multiple barriers to housing, and are unable to maintain housing stability without supportive services. This model has been shown to not only impact housing status, but also result in cost savings to various public service systems, including health care. – Definition from the National Healthcare for the Homeless Council.*

# **DANCO Permanent Supportive Housing Project**

*Much of the following information was included in DANCO's Market Study submitted to the State.*

Rio Dell Permanent Supportive Housing is proposed to be built on a vacant piece of land that is bordered to the east by Rigby Avenue and to the north by Center Street, in the city of Rio Dell, Humboldt County. On the west and south sides of the property there are multi-family residential and miscellaneous residential uses. To the south of the site is a 49 unit low income family development and to the west is a 24 unit low income senior housing development. The project area consists in 2.26 acres. The zoning of this project is Residential Multifamily.

The target population is low income people in need of permanent supportive housing, including homeless veterans and seniors, and people with mental illness and/or substance abuse problems. According to the Department of Health and Human Services, 46% of Rio Dell's population qualifies for the proposed housing.

## **PROJECT SUMMARY**

The proposed project, Rio Dell Permanent Supportive Housing, is designed based on the pocket neighborhood concept. The project includes 25 cottage style residential units with a manager's unit and common structures. The design is approached with a focus on the respect to the functional and social needs of the residents, including the principles of neighborly behavior along with accessibility and Universal Design. Special attention is given to the following vision and goals:

- Attractive and dignified living opportunities
- Independent living with neighbors
- Welcoming and safe, layering of public to private
- Within the context of neighboring buildings both in scale and material expression
- A fresh & positive environment, vibrant landscaping and textures
- Vernacular and economical, with special areas of interest & artistry
- Sustainability is evident and celebrated

## **BUILDING TYPOLOGY, UNIT MIX, AND COMMON SPACES**

Composed of 28 total buildings, the complex is laid out in a way to create a neighborhood with common open areas leading to private open areas and entrances to each unit. It is not part of a phased project, and will be completed all as one construction contract. All construction is one story. There are 22 one-bedroom units and 4 two-bedroom units. One of the two-bedroom units is reserved for the on-site manager and is located near the main Common Building.

In addition to the manager's office and dwelling units, a main common building, at over 2,000 square feet, will contain support facilities such as a residential style common kitchen near a gathering area for group meetings, an exercise room, four individual counselor rooms, a bed-



bug station room, storage, and outdoor gathering area for barbecues. A 440 square foot common building will house laundry, utilities and additional storage.



### MARKET AREA

The Primary Market Area (PMA) for the subject property in Rio Dell comprises five ZIP Codes in Humboldt County, California – Rio Dell, Scotia, Fortuna, Hydesville, and Loleta. The area also includes several other small communities that lie along the US Route 101 corridor. All areas within the PMA are an easy drive to the subject site – at most about a 15-minute drive away.

# FAQ 1

## Frequently Asked Questions

*The following 15 Questions were responded to by DANCO at the August 16, 2018 Council Meeting*

### **1. How will tenants be selected? How can the City or community be involved in that process?**

#### **Will there be a way to prioritize existing Rio Dell residents?**

“The primary market area for the facility will be residents from Rio Dell, Scotia, Fortuna, Hydesville and Loleta. However, tenant selection is governed by Fair Housing Act of 1968 in that the tenants are eligible for housing on a first come first serve basis. DANCO keeps a running waiting list and each person will be given an opportunity for underwriting as they work through the list (all government assisted housing is operated the same way). An applicant can only make their spot on the list after they fill out a complete application and that application is received on site or at our main offices. Those applications are date and time stamped and they then go on the list for underwriting. For this particular complex the residents will have to "income qualify" in that they will have to have incomes at or below 40% AMI and they will have 'to qualify. In addition to the income they will have to meet the criteria of being in need of permanent supporting housing including homeless, veterans, seniors and persons with mental illness.”

### **2. Please describe how the complex will collect rent i.e. where does the rent come from? If through DHHS, are we talking about Medi-Cal? Private Medical Insurance? Or, other?**

“The Department of Health and Human Services (DHHS) has a contract with the property ownership entity to pay fair market value of rent for each of the units for a period of 20 years. They will use a combination of the residents income to pay for a portion of that rent (depending on their situation using the HUD rule of 30% 'for housing) and pay for the difference with their housing resources.”

### **3. If there are any mental health outpatients at the facility, will the security guards be specially trained to deal with mental health clients?**

“There may be persons with mental health issues. All of our staff will have specific training around residents with special needs and each person who has a special need will have a case worker assigned to them through DHHS.”

#### **4. Will tenants be allowed to possess guns or other weapons while living in the facility?**

“All residents fall under the same Constitutional rights as any other citizens of the US. There are House Rules however that specifically address fire arms and are addressed in item 41 of the House Rules. Below is a copy of the applicable section of the House Rules.”

*All firearms in the possession of a resident, guest or service provider must be licensed and carried in accordance with state and local laws. The use of any type of weapon, firearm, or dangerous object is strictly prohibited within the boundaries of the property. This includes, but is not limited to:*

- *Shotguns, handguns, pistols, rifles, etc.*
- *Ammunition of any type*
- *Pellet guns, B.B. guns, air guns (pistols, rifles, etc.), of any type*
- *Archery equipment (bows, arrows, targets, etc.)*
- *Any and all types of sling shots or any device that could shoot a projectile*
- *All sharp edged or pointed objects (i.e., knife, sword, etc.) used with the intent to threaten, intimidate, or harm another.*
- *Any and all types of explosives, fireworks, and flammable/explosive chemical(s) including, but not limited to, propane tanks, charcoal, and lighter fluid*
- *Any other type of instrument, object, and/or material that may be deemed a weapon when used with the intent to threaten, intimidate, or harm another. The illegal possession of weapons by a resident, a resident's service provider or a resident's guest is prohibited and constitutes a material lease violation.*

**5. Do you have examples of other facilities that will be run like the one proposed for Rio Dell (not just look like the Rio Dell facility)?**

“The following link is what we have modeled our Eureka and Rio Dell facilities like. The look is obviously different, however the program is similar.”

<http://www.mercyhousing.org/california/mather-veterans-village>

**6. Will tenants have a criminal background check?**

“All residents have a full background check.”

**7. Will tenants be screened for Megan’s law?**

“Part of the background check.”

**8. How do the operations of this facility compare to the Serenity Inn in Eureka?**

“It is nothing like the Serenity Inn. The Serenity Inn is a low income drug and alcohol rehab program that has very little funding. The Rio Dell project is not a drug and alcohol program. The Rio Dell project is permanent supportive housing.”

**9. Is Danco or DHHS in charge of placement of tenants?**

“DANCO’s Property Management Company is the ultimate decision body to determine if the residents will be accepted and/or evicted.”

**10. Why is a bed bug machine room specifically included in the project description? Is this population transient (i.e. staying for short periods of time, less than 90 days)? How long do you think the average tenancy will be? Will DHHS determine the length of tenancy?**

“Some of the residents will have been previously homeless and as a precautionary measure, in case residents come in off the streets we can require that their things to go through the bed bug machine room to prevent the spread of bud bugs throughout the facility. This is not temporary housing, this is permanent supportive housing the residents can stay as long as they pay rent, meet the house rules and wish to continue occupancy.”

**11. How will the project mitigate the impact on City services, for example police services?**

“DANCO will have on-site security and enforce the House Rules. If residents are breaking the law we will rely on Police services to step in and enforce just like any other home or multifamily development in the community.”

**12. It sounds like the tenants at this facility will need services that are generally only available in Eureka or possibly Fortuna. Is it wise to even place this facility in Rio Dell where there are almost no services?**

“The project includes in-house counseling, job coaching and life skill services. In addition, the Rio Dell Community Resource Center operated by the St. Joseph’s Health Care System also provides services to the community. The project also includes transportation services to the residents should they need to go to Eureka or Fortuna. There is a large need for low income housing throughout the County, including the Primary Market Area (Rio Dell, Scotia, Fortuna, Hydesville and Loleta). We would not be proposing a project if there wasn't a need.”

**13. What is the difference between what DANCO proposed about 5 years ago, to the current proposal?**

“Five years ago the project was for low income seniors exclusively and didn't include permanent supportive services. The project now allows any low income residents.”

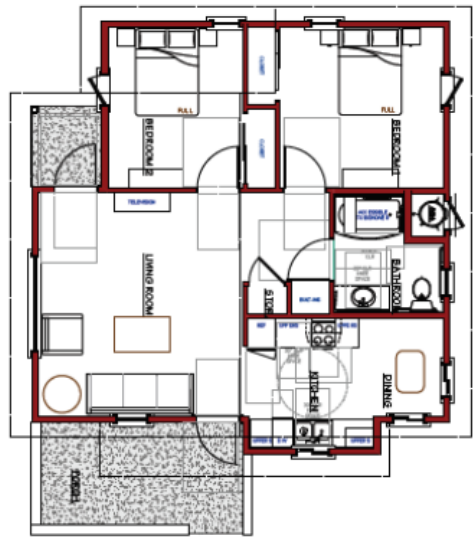
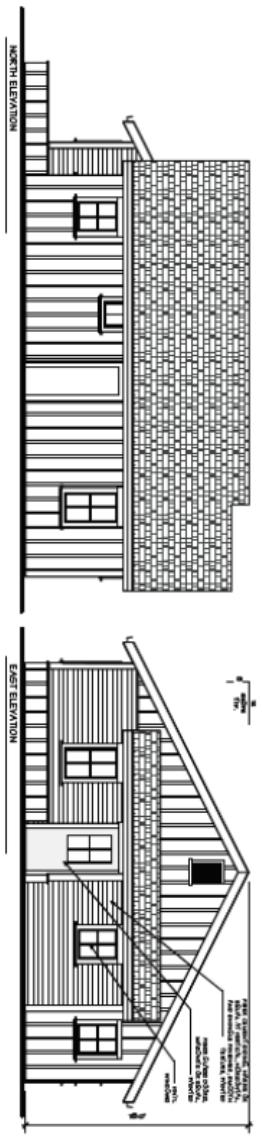
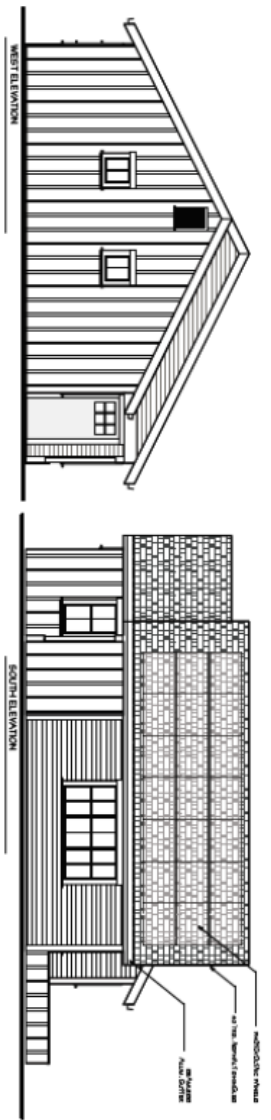
**14. Will children be housed at this facility and how will they be protected?**

“Families are allowed provided they income qualify. However, it is unlikely that families will reside at the supportive housing project. The project provides independent living. Like any other housing available for families, residents are responsible for their children.”

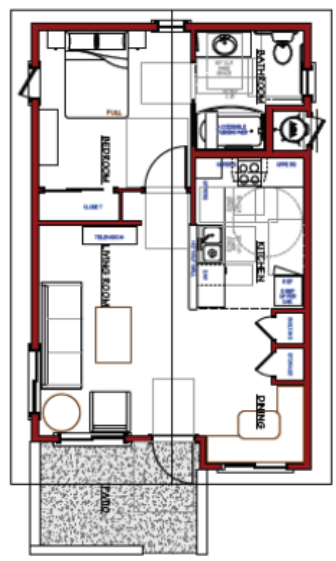
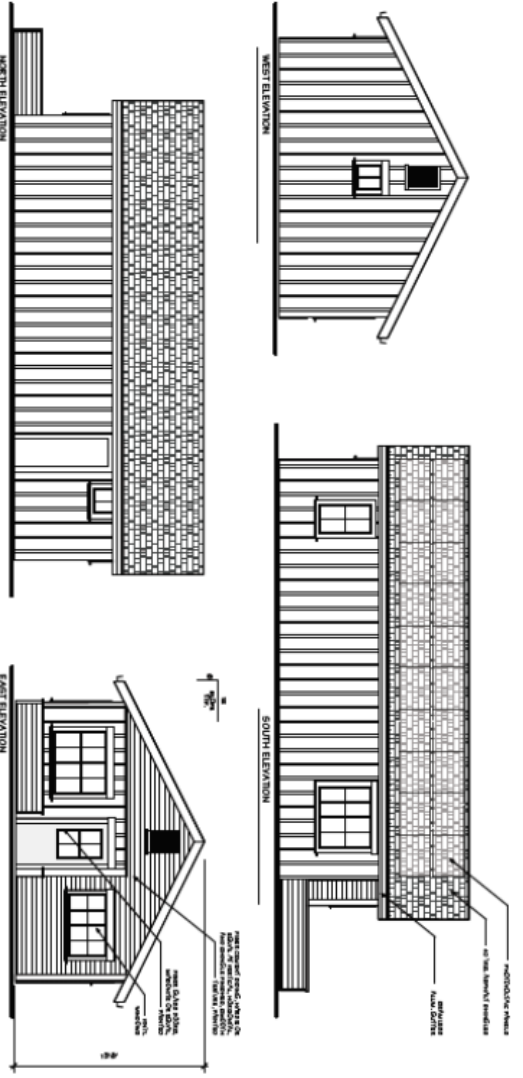
**15. Will the City be provided a list of tenants?**

“The City is welcome to see the list of current residents at the facility at anytime they want to stop by and review it. This will be public information and available upon request.”

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UFA6 UNIT - TWO BEDROOM (830 S.F.)



UFA6 UNIT - ONE BEDROOM (616 S.F.)

## FAQ 2

### Frequently Asked Questions

*The following 31 Questions were responded to by DANCO for the October 16, 2018 Council Meeting*

#### Questions from October 2, 2018 CC meeting related to Danco Supportive Housing Project

**1. Does new legislation focus on providing more low-income housing or homeless Housing?**

“Yes, very much so. There are 5 ballot measures to provide additional funding for additional housing as well. These are Nationwide issue that everyone is working to address.”

**2. What is the homeless population in Rio Dell?**

“Unknown. Next PIT Count is last week of January 2019.”

**3. Will the need for transit services affect amenities offered to homeless?**

“Services for DHHS clients will be provided on site and transportation is available to DHHS clients should they require services outside of Rio Dell.”

**4. Does the City have a plan to make the homeless become productive members of Society?**

“The DHHS clients housed here are usually receiving disability payments because the State or Federal government has determined they are unable to work. The DHHS housing programs feature community integration and encourage residents to volunteer to improve their communities and lives.”

City Note: Responsibility for the indigent is ultimately held by the County and State of California. The City lacks the resources to run social programs.

**5. How have these types of programs benefited other communities?**

“Affordable housing benefits communities by providing decent housing and amenities.”

**6. If this project is so great, why does it need to be fenced with 24 hour security guards?**

“The project is fenced to provide oversight on who is coming and going . Security needs will be assessed as the need presents itself.”

**7. Why weren't citizens allowed to vote on whether to allow the facility in Rio Dell?**



“It’s not a votable issue. We are building a multifamily project and it doesn’t matter if the residents were previously homeless or at risk of homelessness. A person’s housing status or previous housing status is not something that is governed any more than someone whom previously lived in New York City or drives a Toyota pickup.”

**8. Why will it cost \$300,000 to build a one-bedroom apartment?**

“There are multiple costs associated with the project including Land, architecture, construction, finance costs etc.. Average cost per unit of housing in California is 375,000 per unit.”

**9. Did Danco approach the City to construct the project or did the City approach Danco in attempt to meet the housing needs identified in the Housing Element?**

“Danco and the City have been discussing a project at this site since 2009.”

City Note: As with any development project, the developer drives the discussion and the project.

**10. Are there other ways to meet the City’s housing needs under SB 2?**

“Do not understand question.”

City Note: SB 2 increased the protections for developers interested in building projects like the one DANCO proposes.

**11. Is there an accurate number of Section 8 residents in Rio Dell?**

“Information may be available from Housing Authority. Housing Authority not connected to this project. This project is not a section 8 project.”

**12. Why isn’t Danco moving forward with the original plan for 24 low-income Senior Cottages?**

“The funding wasn’t available to build low income senior housing apartments.”

**13. How will this project affect property values in Rio Dell?**

“I have no idea, there have been multiple studies that show that low income housing increases property values because it allows all residents of a community a place to live, work and thrive.”

**14. What are the qualifications needed to be approved for tenancy?**

“All residents are required to be receiving MediCal (Partnership Health Plan). All residents must be approved by Danco’s customary rental application process that includes income qualifying and background checks.”

**15. Is there more need for moderate housing than low-income housing in Rio Dell?**

“There is need for housing in most every community in the state.”

City Note: The need for housing in Rio Dell crosses all income categories.

**16. What is the criteria for background checks and what disqualifies an applicant?**

“Applicants are checked for income, previous landlord references, rental history, credit and criminal.”

**17. Are applicant’s drug tested?**

“No, not because they are simply tenants. It is conceivable that a specific tenant may be required to test by an agency working with them but such testing is not required for tenancy.”

**18. Can residents of the facility possess firearms?**

“In accordance with the US Constitution Americans are allowed to possess fire arms unless their civil rights have been taken for some reason. Danco does have “house rules” regarding firearms.”

**19. Can Rio Dell residents and mentally disabled persons have priority status, provided they meet the tenant qualifications?**

“Applications are accepted on a first come first serve basis and must meet the criteria of income and be receiving medical.”

**20. What is the process when a tenant breaks the house rules; is it DHHS’s responsibility to relocate them?**

“If a tenant who is a DHHS client is evicted, it is our responsibility to relocate them and aid in locating other housing.”

**21. What percentage of the homeless population has mental health issues and will those residents of the facility be confined to the facility or be allowed to come and go?**

“According to Point in Time Count done every two years, about 40% of homeless, unsheltered respondents self-report some mental illness. No one will be confined to the facility which is their home and for which they pay rent. This is a residential project, not a jail or hospital.”

**22. How will visitors coming to the facility be addressed?**

“Just as they are in all of Rio Dell. Danco does have some house rules about number of visitors and length of stay and behavior not disturbing other residents. All visitors will be checked in at the front desk and have to walk past management to enter. This is one of the reasons for the gated courtyard.”

**23. What impact will this facility have on the Police Department and will it require an increase in the number of police officers?**

City Note: Any housing project of this size or any increase in population will likely lead to an increase in service calls. Such an increase may be offset by a decline in service calls from homeless citizens who are then housed and provided supportive services at this facility.

**24. What is the possibility of relocating the facility outside a residential zone, such as the former Eel River Sawmill site?**

“This is a residential project and belongs in a residential zone. The property is zoned multifamily and that is exactly what we are building on the property a multi family housing project.”

**25. What local control does the City have related to stopping the project from moving Forward?**

“The City has no authority to stop the project. It is by right. In addition there are many anti-nimby laws in place to prevent jurisdictions and neighbors from stopping low income housing projects and wanting them in someone else’s back yard.”

**26. Since the facility will be in Rio Dell, will the tenants be from Rio Dell?**

“They might be but being from Rio Dell is not a requirement. Anyone can live in any community anywhere in the United States as long as you are a citizen. It’s a basic right of being a US Citizen.”

**27. Will DHHS reach out to homeless people and assist them in qualifying?**

“DHHS routinely does this all over the County and we assist with application process when needed.”

**28. Can the housing be targeted for southern Humboldt residents from Loleta south as mentioned in Danco’s response?**

“The housing is open to applicants at a first come first serve basis.”

**29. Do applicants need to be receiving some sort of State assistance to be eligible for Housing?**

“Applicants must be receiving MediCal to be eligible.”

**30. Do applicants need to go through DHHS to be referred to Danco or can they go directly to Danco to apply for housing?**

“DHHS clients that will receive a rental subsidy must go through DHHS AND Danco. Others, such as Section 8 certificate holders, may apply directly to Danco. All residents must be receiving MediCal.”

**31. Did the City or Danco propose that the facility be fenced?**

“Danco is proposing that the facility is fenced to give management more control of whom is coming and going and to keep a good pulse and vision of the facility at all times.”

# ATTACHMENT A

*Thank you for printing content from [www.citylab.com](http://www.citylab.com). If you enjoy this piece, then please check back soon for our latest in urban-centric journalism.*



Construction workers build a single-family home in San Diego. // Mike Blake/Reuters

## California's Legal Assault On NIMBYs Begins

SARA LIBBY MAY 9, 2017

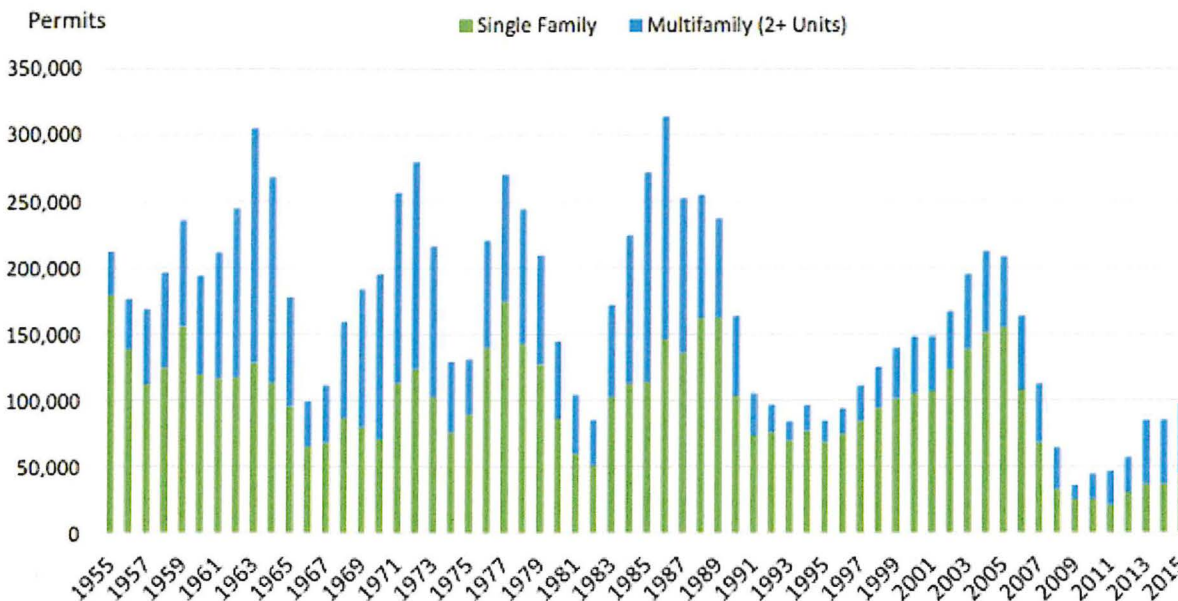
**Over 100 bills aim to fix the state's severe housing crisis, including many that would crack down on developers and communities that aren't doing their part.**

California Democrats are uniting against a common enemy who they believe is making residents miserable and imperiling the state's future. The target: NIMBYs across the state who continually shoot down new housing projects, and the localities that bend to their will.

There are more than 100 bills before the California Legislature that address the state's housing crisis, and a large share of them would crack down on communities that don't do their part by facilitating the construction of new homes.

A California Department of Housing and Community Development report published earlier this year paints a dire picture: Home ownership rates are at their lowest numbers since the 1940s; homelessness is high. Existing homes cost far too much for low-income and even middle-income residents. But the report focuses most of its attention on the homes that don't exist yet.

"In the last 10 years, California has built an average of 80,000 homes a year, far below the 180,000 homes needed a year to keep up with housing growth from 2015-2025," the report says. "Without intervention, much of the population increase can be expected to occur further from job centers, high-performing schools, and transit, constraining opportunity for future generations."



Annual housing production in California from 1955 to 2015. (Data: Construction Industry Research Board/California Homebuilding Research Reports 2005, 2013, 2015. Graphic: California Housing and Community Development)

Dozens of the solutions floating in the state Legislature aim to address that supply problem, including several that would streamline the process by which housing projects get approved (one, for example, would limit the circumstances in which a special permit could be required to build a granny flat). Others would not-so-subtly make it much harder for local residents and government agencies to block new projects, like by requiring a two-thirds vote for any local ordinance “that would curb, delay, or deter growth or development within a city.”

That latter bill epitomizes the frustration many young working people and families have as they try to attain what was once a milestone of adulthood—homeownership—that is now out of reach for even those making decent money. Some of those folks are YIMBYs, or supporters of a “Yes in My Backyard” agenda. “We know that our housing struggles are not the result of impersonal economic forces or lack of individual effort, but derive from bad policy and bad laws that have restricted housing growth for decades,” said YIMBY leader Brian Hanlon, co-founder of the California Renters Legal Advocacy and Education Fund, at an April Assembly committee hearing.

California already has several laws on the books aimed at nudging localities to greenlight housing construction. One, the Housing Accountability Act, is even known as the Anti-NIMBY Act. But localities and residents have found ways around them. Many of the current proposals on the table either close loopholes opened by local governments, or add teeth to measures that some cities or neighborhoods have long ignored. A bill to strengthen the Housing Accountability Act, for instance, would even allow a court to authorize punitive damages against cities that act in bad faith. Another would set aside funds specifically for the state attorney general to enforce existing housing laws.

Democratic Assemblyman Richard Bloom, who represents several upscale Los Angeles neighborhoods including Santa Monica and Beverly Hills and who has written a package of housing bills, says many of the solutions that address localities aren’t meant to be antagonistic. “I think many in our local communities are very appreciative of clarifications. They recognize that things have gotten out of hand, and they’re not the right agencies to provide the clarity that we provide at the state level,” he says. “There are times, particularly in a time of crisis, that the state needs to step in and provide a better sense of expectations for local governments.”

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**Many dismiss the individual bills as a drop in the bucket. “But on the**



## other hand, let's put a drop in the bucket. A drop is better than a drought.”

Counterintuitively, some local officials might secretly crave punitive measures, says Dana Cuff, a professor of architecture and urban design and director of cityLAB-UCLA. “Because the most vocal and organized housing cohort is often a conservative one, city councils and local administrators have a hard time fulfilling their obligation in terms of providing more housing,” Cuff says. With state enforcement, she adds, “the local administrators will have a means to argue back that they have to do this or they will be punished.”

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Other bills being floated, though, are more carrot than stick. One, written by San Diego Assemblyman Todd Gloria, would allow local housing authorities, which typically deal solely in affordable housing, to earmark some units in new projects for middle-income residents. Residents might be less likely to rally against a new project, the thinking goes, if it means their new neighbors will be teachers and firefighters in addition to those receiving housing subsidies.

During the recession, many market-rate projects that had been OK'd were abandoned by cash-strapped developers and converted into affordable housing projects because the government was the only entity doing any building. The community's reception of a market-rate project compared with the same project when it became an affordable housing project was noticeably different, says Gloria, who was a San Diego city council member at the time.

“Whatever reason that might be, it could just be a pure no-growth approach or it could be a true fear of what affordable housing is perceived to be—and it’s never what it really is—maybe this [bill] is a way to address that,” he says.

It’s unclear what the chances for each bill are. Though legislators seem eager to spur more housing construction quickly, some of their allies might not be. Many environmentalists, for example, want new projects to comply with CEQA, the state’s landmark environmental law that requires developers to study and possibly mitigate the environmental impact of whatever they build. And developers are never quick to embrace mandates that they include affordable units in their projects.

If the bills do pass, will any of them actually make a dent in what’s become a crippling problem all across the state? The *Sacramento Bee’s* Dan Walters recently wrote off the current proposals in the Legislature as “tepid, marginal approaches that would do little to close the gap.” Cuff admits many critics dismiss individual bills as a drop in the bucket. “But on the other hand, let’s put a drop in the bucket,” she says. “A drop is better than a drought.”

Smaller, incremental solutions are also more likely to go over well with wary residents, as opposed to sweeping mandates that would never be implemented, Cuff says.

Bloom cautions that even if an explosion of housing production suddenly takes off, it will still take a long time for it to make a meaningful impact. Lawmakers also need to focus on solutions that can take the burden off of residents right away, he says, such as repealing certain restrictions on rent control.

“Even if I waved a magic wand today and we were to double our current housing production around the state, it would take us a minimum of 10 years to catch up,” he says. “I think that we need to give thought to the circumstances that tenants are facing today and see if there isn’t a way in which we can provide some immediate relief.”

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# Gov. Brown just signed 15 housing bills. Here's how they're supposed to help the affordability crisis

By [Liam Dillon](#)

Sep 29, 2017 | 12:00 PM

Gov. Jerry Brown has finalized lawmakers' most robust response to California's housing affordability problems in recent memory.

The "15 good bills" Brown signed into law here Friday morning include a new fee on real estate transactions and a \$4-billion bond on the 2018 ballot that together could raise close to \$1 billion a year in the near term to help subsidize new homes for low-income residents.

"It is a big challenge. We have risen to it this year," Brown said.

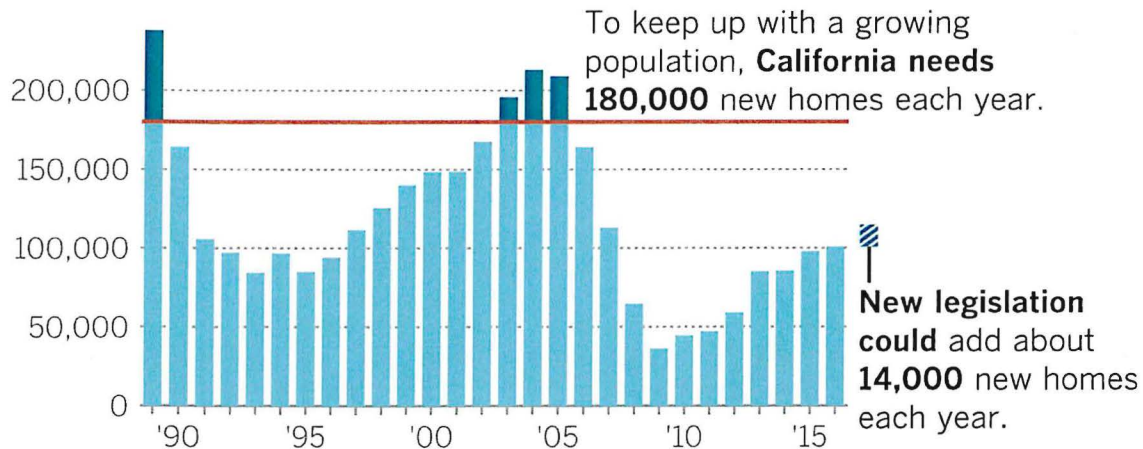
The governor signed the legislation surrounded by lawmakers and advocates at Hunters View, [a \\$450-million project](#) in San Francisco that is redeveloping what was once crumbling public housing into new homes for 700 low- and middle-income families. Speakers at the ceremony hailed the package of bills as a sea change in how the state handles housing issues.

"Today California begins a pivot from a housing-last policy to a housing-first policy," said Sen. Scott Wiener (D-San Francisco), who wrote one of the key measures.

Still, the array of new laws Brown signed Friday will hardly put a dent in the state's housing problems. Developers need to build about 100,000 new homes each year beyond what's already planned, simply to keep pace with California's population growth.

Money from the bond — assuming it's approved by voters in November 2018 — and the new real estate fee are estimated to finance about 14,000 additional houses a year, still leaving the state tens of thousands of units short annually, [according to the state and third parties](#). Moreover, all the bond money could be spent in as little as five years.

## New homes built each year in California



Note: One of the bills would require voter approval in 2018.

Sources: Construction Industry Research Board and California Department of Housing and Community Development

@latimesgraphics

Legislators and others in attendance emphasized that this year’s package of bills was only the start of what they planned to do on housing.

“We know we have much more work to do,” said Assemblyman Richard Bloom (D-Santa Monica), who authored multiple bills in the package. “And we will keep working this issue for as long as we need to.”

Here’s a rundown of how the bills aim to address different factors that add to the state’s housing problems:

### Spending more money to build housing, primarily for low-income residents

Most of the money raised by **Senate Bill 2**, the \$75 real estate transaction fee, and **Senate Bill 3**, the \$4-billion housing bond, would go toward helping pay for the development of new homes for low-income residents, defined as people earning 60% or less of the median income in a given community. So in Los Angeles that means a family of four having a combined income of less than \$54,060 a year.

The measures also will go toward new construction to benefit the homeless and farmworkers with a small percentage of money reserved to help pay for middle-class housing construction. For those homes, residents will be able to earn up to 150% of median income in the highest cost areas — that’s \$135,000 annually for a family of four in Los Angeles, for example.

Both measures include dollars for other efforts besides helping subsidize homebuilding. Half of the money raised in the first year under SB 2 will go to cities and counties to update neighborhood development blueprints and other planning documents. And \$1 billion of the housing bond will go toward home loans for veterans.

SB 2 is expected to raise \$250 million a year by charging people a \$75 starting fee to refinance a mortgage or make other real estate transactions, except for home or commercial property sales. The most anyone can be charged is \$225 per transaction. SB 3 will authorize a bond that will be paid back with interest by tax dollars earmarked in the state budget, though the veterans will repay their loans themselves.

## **Making it easier for developers to build**

Housing advocates and academics cite burdensome regulations, including some local governments' lengthy approval processes, as a problem limiting the state's housing growth.

A trio of measures aims to whittle down some of those rules. **Senate Bill 35** forces cities to approve projects that comply with existing zoning if not enough housing has been built to keep pace with [their state home-building targets](#). Such projects must also reserve a certain percentage of homes for low-income residents and [pay construction workers union-level wages](#) and abide by union-standard hiring rules.

**Assembly Bill 73** and **Senate Bill 540** give cities an incentive to plan neighborhoods for new development. Under AB 73, a city receives money when it designates a particular community for more housing and then additional dollars once it starts issuing permits for new homes. In these neighborhoods, at least 20% of the housing must be reserved for low- or middle-income residents, and projects will have to be granted permits without delay if they meet zoning standards.

SB 540 authorizes a state grant or loan for a local government to do planning and environmental reviews to cover a particular neighborhood. Developers in the designated community also will have to reserve a certain percentage of homes for low- and middle-income residents and the city's approvals there would be approved without delay.

Money to implement both laws could come from the new real estate transaction fee and the bond.

## **Pushing developers to build and preserve more low-income housing**

Because of [a 2009 court decision](#) involving a Los Angeles developer, cities are not allowed to force builders of apartment complexes to reserve a portion of their projects for low-income residents. Those policies were called an illegal expansion of rent control.

Now, **Assembly Bill 1505** changes the rules so that cities can once again implement low-income requirements. San Jose [already is considering a policy](#) that would force developers to set aside 15% of their projects.

Typically when developers agree to build low-income apartments, that agreement lasts a certain time, often between 30 and 50 years. Afterward, owners of the property can charge market-rate rents. The California Housing Partnership Corp., a nonprofit low-income housing advocate,

recently estimated that 14,000 low-income units in Los Angeles County are at risk of losing their income restrictions in the next five years.

**Assembly Bill 1521** requires owners to accept a qualified offer to purchase the apartment complex from someone who pledges to continue renting the homes to low-income residents.

The state now runs a tax credit program giving large banks and other investors incentives to help finance housing for farmworkers. **Assembly Bill 571** expands that effort with an eye toward making it easier for developers to bundle it with other sources to build farmworker housing.

### **Forcing cities to plan for more housing**

Every eight years, cities and counties have to plan for enough new homes to meet state projections of population growth. This process, however, has not led to sufficient housing production to meet demand.

Three new laws expand requirements for cities to plan for housing. **Assembly Bill 1397** forces local governments to zone land for housing where it could actually go, instead of putting sites they don't intend to approve in their housing plan. In one example, La Cañada Flintridge rezoned a big box commercial property for apartments or condominiums, but city officials later told residents any new homes on the site would be almost impossible to build.

**Senate Bill 166** makes cities add additional sites to their housing plans if they approve projects at densities lower than what local elected officials had anticipated in their proposals. The goal is to make up for the housing units that weren't built.

**Assembly Bill 879** instructs cities to analyze how long it takes developers to actually build their projects once they've been approved, and then take steps to shorten that time.

### **Penalizing cities that say no to housing**

The Housing Accountability Act passed in 1982 prohibits cities from saying no to housing projects that meet zoning requirements simply because they don't like them. But such cases are hard to prove. Three measures, **Senate Bill 167**, **Assembly Bill 678** and **Assembly Bill 1515**, will beef up the existing law by making it easier for developers to prove a city acted in bad faith when denying a project, and by upping a city's penalty to \$10,000 per unit they rejected.

**Assembly Bill 72** gives the state housing department more authority to investigate cities that don't follow through with their housing plans and refer cases to California's attorney general for possible legal action.

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# Stanford Graduate School of Business

<https://www.gsb.stanford.edu/insights/affordable-housing-good-neighborhood>

## Is Affordable Housing Good for the Neighborhood?

Research shows these buildings impact home prices and diversity.  
September 15, 2015|by Shana Lynch

In a lawsuit filed in 2008 and elevated to the U.S. Supreme Court this year, nonprofit Inclusive Communities Project sued the Texas Department of Housing and Community Affairs, arguing it supported racial segregation by allocating too many housing credits to develop affordable housing in poorer, predominantly black neighborhoods. The high court sided with the nonprofit in June, [returning the case to the lower court](#).

But [new research](#) shows that the housing department may have been on to something. A study by Stanford GSB professors [Rebecca Diamond](#) and [Tim McQuade](#) shows that affordable housing development could be an effective policy to help revitalize and integrate low-income areas, Diamond says.

The two studied affordable housing projects' impact on the surrounding neighborhoods over a 10-year span, and found that new projects in poorer neighborhoods increased surrounding home prices and reduced crime, while new projects in wealthier neighborhoods drove down home prices and decreased racial diversity.

“Perhaps counterintuitively, if you build in high-minority areas, it will actually attract higher-income homebuyers as well as non-minority homebuyers to the area,” McQuade says. “It can actually achieve to some extent a goal of integration.”

### The Research

Analyzing the effects of affordable housing holds merit, considering what Americans spend on these programs. Each year, U.S. federal, state, and local governments drop more than \$97 billion on housing assistance. One such program, the Low Income Housing Tax Credit (or LIHTC) provides developer incentives to build affordable housing. Launched in 1986, the program has funded about a fifth of multifamily developments. Diamond and McQuade analyzed the impact these LIHTC projects had on surrounding areas by pulling data on housing transactions, as well as homebuyer race and income information. They were able to study about 16 million transactions from 15 states around 7,098 LIHTC sites.

The study revealed that an affordable housing project in a low-income region was worth about \$116 million to the immediate surrounding neighborhood.

In low-income neighborhoods, where median incomes fell below \$26,000, the researchers saw home values appreciate 6.5% within a tenth of a mile of an LIHTC project. Crime rates also fell, and more non-minorities moved into the area, increasing diversity. In higher-income neighborhoods, those with median incomes above \$54,000, housing prices declined approximately 2.5% within a tenth of a mile of a project, and segregation increased (the researchers noticed no crime impact).

Why the difference? In many cases, a new building in a poorer neighborhood created a “sort of revitalization effect,” Diamond says. “These areas don’t tend to have a lot of investment in them. It makes the neighborhood appear more desirable.” That, in turn, drew more homebuyers, particularly non-minorities.

On the flip side, wealthier neighborhoods didn’t see affordable housing as an attractive amenity. And that impact rippled through the area years after construction started.

“In the high-income areas, you saw a strong housing price drop very locally, and then it radiated outward over time,” McQuade says. The price effects remain even after 10 years, Diamond adds.

Furthermore, by aggregating the housing price changes in transactions following a new development, Diamond and McQuade were able to determine how much a project was worth to the surrounding neighborhood — in other words, how much more people were willing to pay to live close to the site, or conversely, how much they’d be willing to lose to move away from it. Their analysis revealed that an LIHTC project in a low-income region was worth about \$116 million to the immediate surrounding neighborhood. In higher-income areas, the new building led to a loss of approximately \$17 million.

The researchers say that examining neighborhood impact is only one way to analyze affordable housing. Another method would consider personal impact to tenants. For example, [another study found](#) moving children from poor neighborhoods to higher-income ones increases their future earnings.

“In terms of the actual people who live in these buildings, it could be better to move them to better neighborhoods,” McQuade says. “What we’re saying is that the government needs to think seriously about the tradeoff of how much we are benefiting the tenants of affordable housing versus what the effects are on the local neighborhood.”

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