



## **AFFORDABLE HOUSING AND HOMELESSNESS**

Cities across the state have struggled to address the growing affordable housing and homelessness crisis as housing prices continue to soar. The Silicon Valley, in particular, has one of the most expensive housing markets in the country due to the technology industry's growth as an employment engine.

In an effort to address the lack of affordable housing, both the County and the State have taken significant measures to provide much needed support to local jurisdictions. In November 2016, Santa Clara County residents approved the 2016 Measure A Affordable Housing Bond (Housing Bond), a \$950 million general obligation bond that will create new affordable rental and homeowner housing opportunities. The Housing Bond is part of an ongoing effort to: 1) increase affordable housing opportunities for our community's most vulnerable and poorest residents; and 2) to prevent and reduce homelessness throughout Santa Clara County. The Housing Bond builds on key policy shifts and communitywide partnerships that occurred over the last five years. In response, the City of Santa Clara is partnering with the County on multiple development projects in order to access Measure A resources and to reach some of our community's most vulnerable and poorest residents.

At the State level, Governor Brown signed the 2017 Legislative Housing Package that aimed to help alleviate the affordability crisis by streamlining housing development (SB 35, AB 73, and SB 540); increasing accountability of Cities and enforcement housing goals (AB 678, SB 167, AB 1515, AB 72, AB 1387, SB 166, and AB 879); and creating and preserving more affordable housing (SB 2, SB 3, AB 1505, AB 1521, and AB 571). The California Department of Housing and Community Development is still in the process of gathering input from stakeholders, including local municipalities, on how to integrate and implement these new laws.

In response to AB 1505, the City of Santa Clara acted to ensure the availability of affordable housing to moderate, low, very-low and extremely-low income households through the adoption of the Affordable Housing Ordinance and Impact Fees. The new requirements will include a combination of inclusionary requirements for residential projects and impact fees for smaller projects and nonresidential projects to provide a steady stream of affordable housing units and revenue to fund the provision of affordable housing projects across the City. Since the dissolution of Redevelopment Agencies, the City of Santa Clara's two main sources of funding for affordable housing are from the federal Community Development Block Grant (CDBG) and HOME Investment Partnerships Act Program (HOME) entitlement grants. The federal entitlement grants are used to promote affordable housing, rehabilitate substandard housing, build new park facilities, provide neighborhood improvements and remove barriers to the handicapped, and fund public services for low and moderate income residents. While the City of Santa Clara passed its Affordable Housing Ordinance in January 2018, in-lieu fees for residential development and impact fees for non-residential projects, the City will not collect substantial funds during the first year or two due to the implementation and phase in for the requirements and fees. Thus, Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) continue to be significant sources of funding for the City. There were proposals to cut federal funding programs such as CDBG, HOME, and the Section 8 voucher program in 2018, which would have greatly impeded the City's affordable housing goals. Fortunately, the U.S. Department of Housing and Urban Development budget was not cut for FY 2018-19, but City staff should continue to monitor federal funding for housing.

The City of Santa Clara is committed to being a leader at the local level in providing affordable housing as well as making a fair share contribution to the overall need for housing production within Silicon Valley and will continue to proactively take concrete steps to realize new housing production within the City. Santa Clara is also prepared to participate in broader regional efforts that are collaborative, and also recognize the unique characteristics of local jurisdictions and provide opportunities for local representation. The City is concerned about potential measures imposed at the State or regional level that reduce local control, recognizing that in some instances such measures can be necessary or helpful to advance common goals across multiple jurisdictions, but that also aware that such efforts may have unintended consequences, limited effectiveness, or create inequities due to a lack of accountability to localized circumstances.

Specifically, City staff has been tracking progress on the Metropolitan Transit Commission's (MTC) Committee to House the Bay Area (CASA) Compact, which identifies methods to meet the region's housing targets. CASA' s key principles include: 1) increasing housing production at all levels of affordability, 2) preserving existing affordable housing, and 3) protecting vulnerable populations from housing instability and displacement.

On December 17, 2018, the City of Santa Clara submitted a letter requesting that the Cities Association of Santa Clara County (Cities Association) advocate for more dialogue with Association of Bay Area Governments (ABAG) and MTC on formulating strategies to produce, preserve, and protect affordable housing.

Although the CASA Compact received the endorsement of both regional planning agencies (MTC and ABAG), both votes were preceded by hours of fierce public debate. In general, critics of the plan question the very idea of a regional approach to the Bay Area's formidable housing crisis and argue that the region's smaller constituencies were excluded from the process of drafting the proposals. Representatives from these cities voiced concern over forfeiting any housing decisions to a regional entity, while speakers from Peninsula towns hinted at the political perils of ceding local control.

Ultimately, the CASA Compact requires State legislative action to implement. A number of Bay Area legislators have already introduced bills related to some of the subject matter included in the CASA Compact. It is anticipated that each of the ten elements of the CASA Compact will eventually be reflected in some form prior to the initial February 22 bill introduction deadline, either as a substantive or a placeholder "spot" bill.

<b>CASA Compact Element #</b>	<b>Related Bill(s) in print</b>
1. Just Cause Eviction Policy	
2. Rent Cap	AB 36 (Bloom)
3. Rental Assistance and Legal Counsel	SB 18 (Skinner)
4. Removing Regulatory Barriers to ADUs	AB 69 (Ting); SB 13 (Wieckowski)
5. Minimum Zoning Near Transit	SB 50 (Wiener); SB 4 (McGuire) spot bill
6. Good Government Reform Around Housing Approval Process	
7. Expedited Approvals and Financial Incentives	SB 6 (Beall/McGuire) spot bill
8. Public Lands for Affordable Housing	
9. Funding and Financing the CASA Compact	SB 5 (Beall) AB 13 (Chiu) ACA 1 (Aguiar-Curry)
10. Regional Housing Enterprise	

At this early stage, local jurisdictions are awaiting sufficiently detailed bills in order to provide the Cities Association and MTC Board with feedback on any specific amendments that should be included. Meanwhile, MTC has committed to provide a monthly update on CASA implementation to keep the Cities up to date.

Concurrently, City advocacy efforts will focus on encouraging the State and federal government to provide more resources (funding, legal authority, technical support, streamlining of burdensome administrative requirements associated with federal funding, etc.) to local governments to address local housing needs. At the State level, the City will encourage the State to engage in constructive dialogue with local governments to seek realistic solutions to local fiscal challenges and challenges in meeting local affordable housing goals, rather than adopting measures that reduce local control and are mainly punitive in nature. The City also monitors and supports ongoing efforts at the State level to reform the California Environmental Quality Act (CEQA) and in particular streamlining of CEQA provisions to support the production of affordable housing or to reduce the potential for unmerited CEQA litigation. At the federal level, the City will focus on increased federal funding for affordable housing and community development programs for local governments; preserving and strengthening the low-income housing tax credit (LIHTC) program and federal tax exemptions for private activity bonds (PABs); preserving federal tax exemptions for state and local taxes including state and local property, sales, and income taxes, and maintaining federal tax exemptions for mortgage interest payments on primary residences (at least). Elimination or weakening of the LIHTC and/or PAB programs and/or SALT and mortgage interest deduction could have significant negative impacts on affordable housing production, first-time home buyers, local and state governments' fiscal health, and the stability of the California housing market.