

# A G E N D A

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## Technical Advisory Committee #4

Thursday, August 21, 2008

10:00 am – 12:30 pm

SamTrans Auditorium (2nd Floor), 1250 San Carlos Avenue, San Carlos

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|-----------------|----|--|
| <i>10:00 am</i> | I. | Welcome, Introductions and Meeting Purpose |
|                 | A. | Welcome and Introductions                  |
|                 | B. | Agenda Overview                            |
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|-----------------|-----|--|
| <i>10:10 am</i> | II. | Status Report                            |
|                 | A.  | Brief Overview of Completed Products     |
|                 |     | (1) Website                              |
|                 |     | (2) Reviewing Current Housing Elements   |
|                 |     | (3) Existing Housing Needs Data          |
|                 |     | (4) Surveys                              |
|                 |     | (5) EPS Housing Need Study               |
|                 | B.  | Timeline, Upcoming Products and Check-in |
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|-----------------|------|---|
| <i>10:50 am</i> | III. | Special Topics                                      |
|                 | A.   | SB 2 (draft report)                                 |
|                 | B.   | CHPC / Preservation of At Risk Units (draft report) |
|                 | C.   | Second Units  |
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<i>11:30 pm</i>	<i>Break</i>
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|-----------------|-----|-------------------------|
| <i>11:40 am</i> | IV. | Small Group Discussions |
|-----------------|-----|-------------------------|
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|-----------------|----|---------------------------|
| <i>12:10 pm</i> | V. | HCD Questions and Answers |
|-----------------|----|---------------------------|
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<i>12:30 pm</i>	<i>Close of TAC Meeting #4</i>
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This is a preliminary summary of the parking standards survey. Please review it and bring comments to the next TAC meeting. Please make sure the chart on page two accurately reflects your jurisdiction's requirements. In particular, please pay careful attention to the duplex category, as there was some confusion about how to answer this question.

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## PARKING STANDARDS SURVEY INTERNAL SUMMARY

Prepared August 5, 2008

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This document summarizes the results of the parking standards survey that jurisdictions filled out in the end of July / beginning of August. In total, 19 of the 21 jurisdictions participated (and we anticipate getting the remaining two municipalities before we release the final document).

This document is organized in three sections.

The first section shows the raw data (parking standards for various land uses for each jurisdiction). Please note that many cities have different standards in different zones. The final version will have all the caveats that were entered in the survey.

The second section shows charts that summarize the parking standards. The numbers are presented both as a countywide aggregate and by jurisdiction.

The third section shows answers to the open ended questions. The full text of all answers will be presented in the final draft of this document.

The final survey summary will be organized as a stand-alone document. While it will have much of the same material, the order may be rearranged for ease of use.

## 21 Elements: San Mateo Countywide Housing Element Update Kit

### Parking Standards Survey Summary

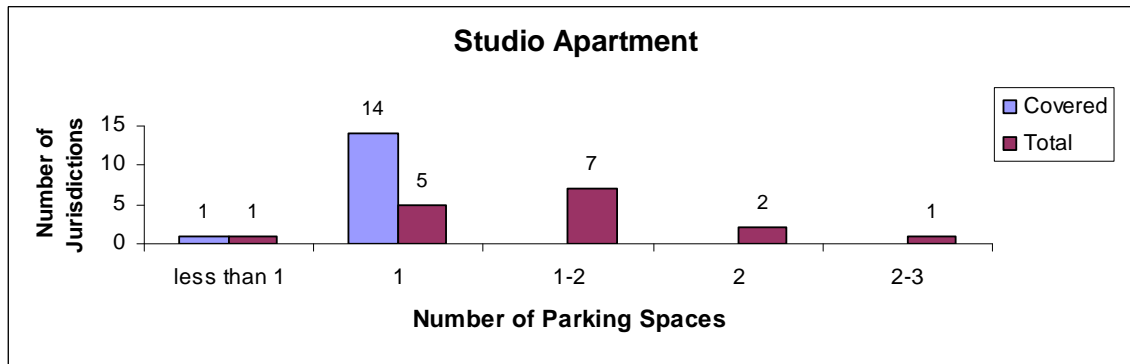
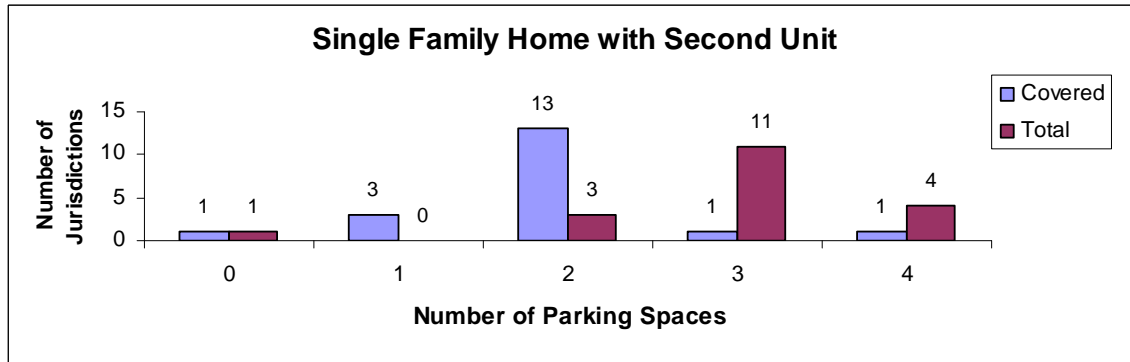
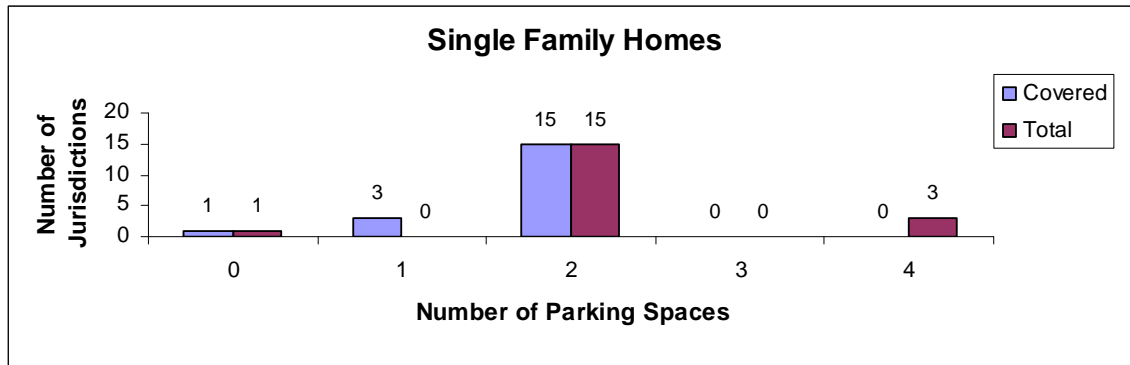
**Please double check the data for your jurisdiction.** There was some confusion about the question for duplexes. Please make sure the numbers for your jurisdiction reflect the total requirements for one duplex (two units), each with three bedrooms.

	Single Family Home		Duplex (3bdrs each)		Single family home with a second unit		Studio Apartment		One Bedroom Apartment		Two Bedroom Apartment		Three Bedroom Apartment		Four Bedroom Apartment	
	Covered	Total	Covered	Total	Covered	Total	Covered	Total	Covered	Total	Covered	Total	Covered	Total	Covered	Total
Atherton	0	0			0	2										
Belmont	2	4	2	4	2	4	1	2	1	2	1	2	1	2	1	2
Brisbane	2	4	2	2	2	6	1	1	1.5	1.5	1.5	1.5	2	2	2	2
Burlingame	1	2	2	2.5	1	3		0		0	1.6	2		0		0
Colma	2	2	4	4	4	4	1	1.5	1	1.5	2	2	2	2	2	2
Daly City	2	2	4	4	2	4	1	1		1.5		2		2		2
East Palo Alto	2	2	4	4	2	3	1	1	1	1	1.5	1.5	2	2	2	2
Foster City	2	2	2	4	2	3	1	1.5	1.5	2	2	2.5	2	2.5	2	2.5
Half Moon Bay	2	2	2	2	2	3	1	2.25	1	2.25	1	2.25	1	2.25	1	2.25
Hillsborough						0		0		0		0		0		0
Menlo Park	1	2	1	2	1	3	1	1.33	1	1.83	1	2.33	1	2.33	1	2.33
Millbrae	2	2	4	4	2	2	1	1	1.5	1.5	2	2	2	2	2	2
Pacifica	2	2	4	4	2	3		1.25	1.5	1.75		2.25		2.25		2.25
Portola Valley	2	4			2	4		0		0		0		0		0
Redwood City	2	2	2.67	4	2	3	0.75	0.75	1	1	1.5	1.5	1.5	1.5	1.5	1.5
San Bruno	2	2	4	4	3	3	1	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
San Carlos	2	2	4	4	2	3	1	1.5	1	2	1	2	1	2.5	1	2.5
San Mateo	2	2	2.2	4.4	2	3	1	1.5	1	1.8	1	2	1	2.2	1	2.2
San Mateo County	2	2	4	4	2	2	1	1	1.2	1.2	1.5	1.5	2	2	2	2
South San Francisco	1	2	1	2	1	3	1	2	1	2	1	2	1	2	1	2
Woodside																

## 21 Elements: San Mateo Countywide Housing Element Update Kit

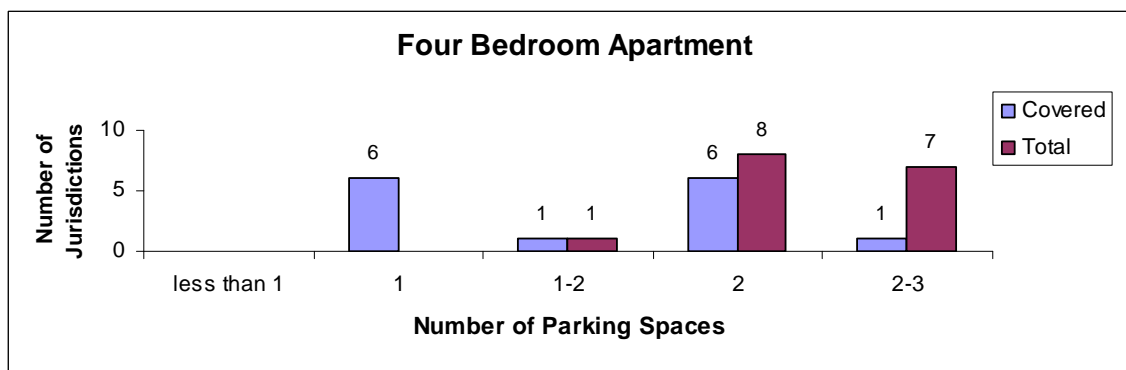
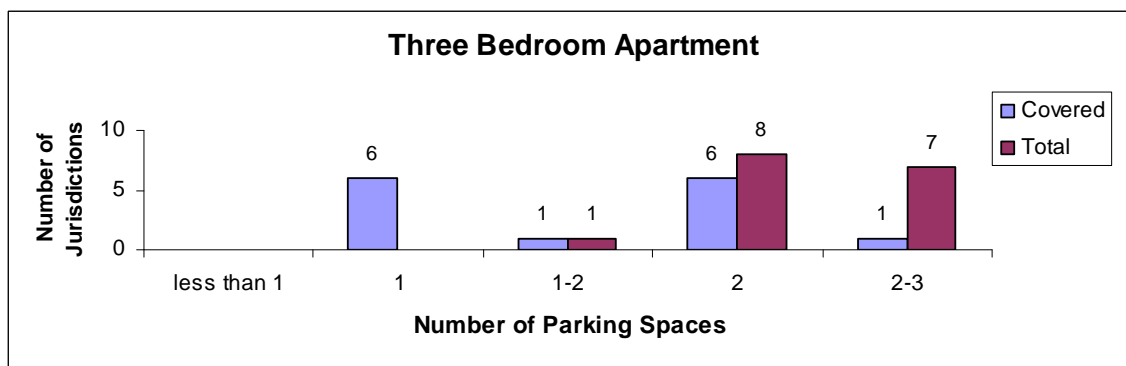
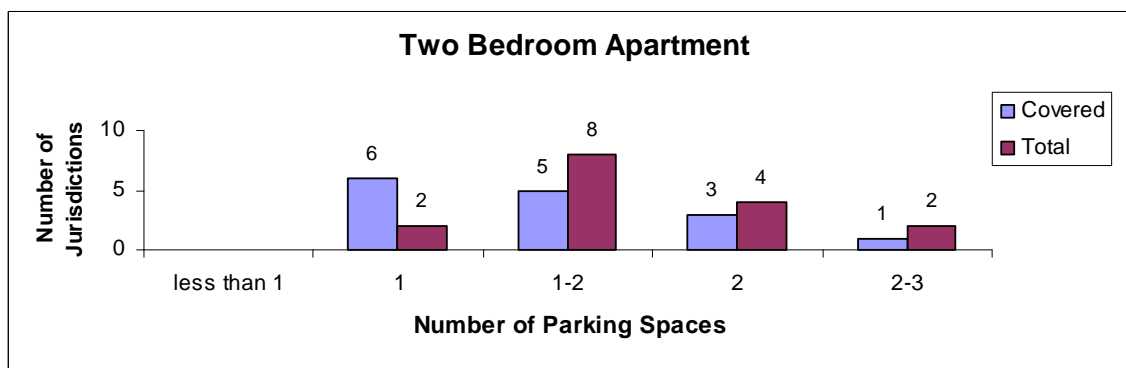
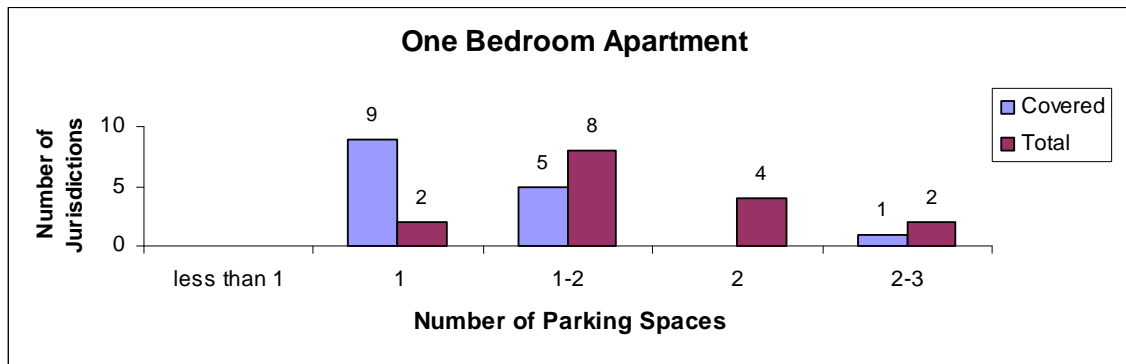
### Parking Standards Survey Summary

The following charts show parking requirements for the county on an aggregate level.



## 21 Elements: San Mateo Countywide Housing Element Update Kit

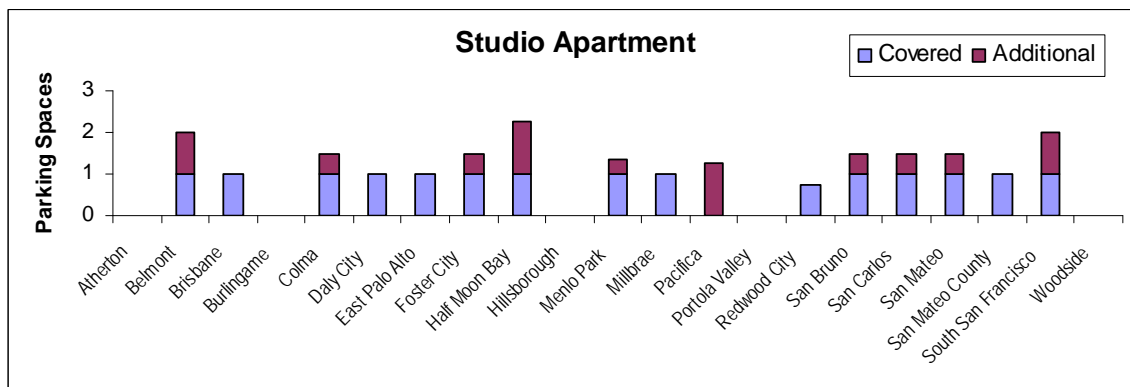
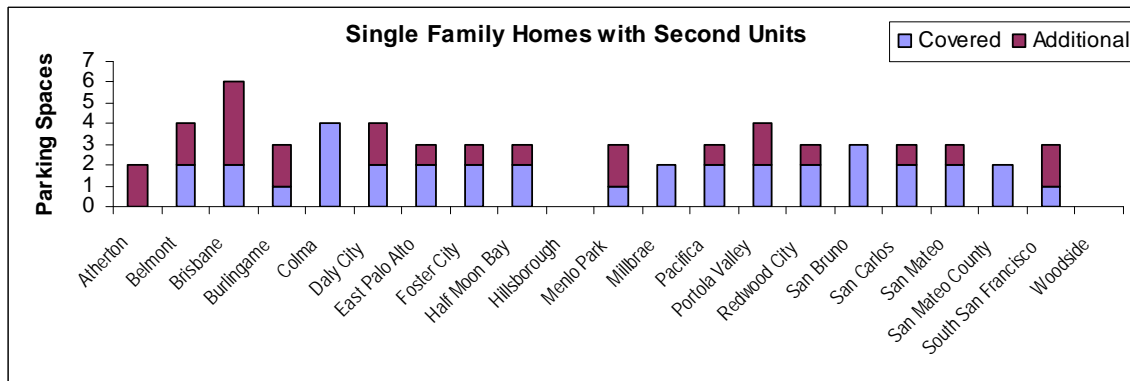
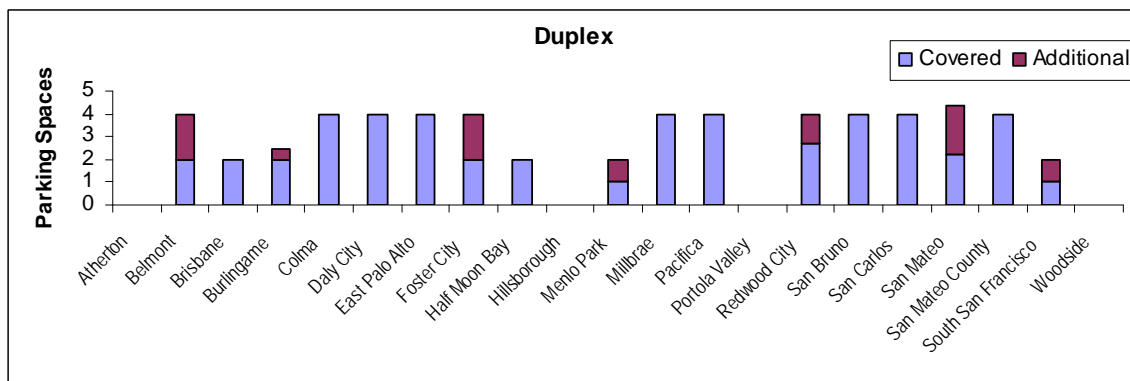
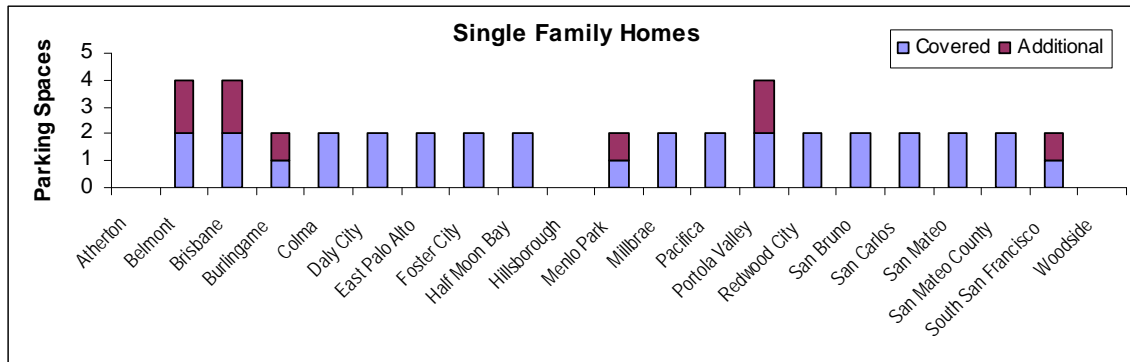
### Parking Standards Survey Summary



# 21 Elements: San Mateo Countywide Housing Element Update Kit

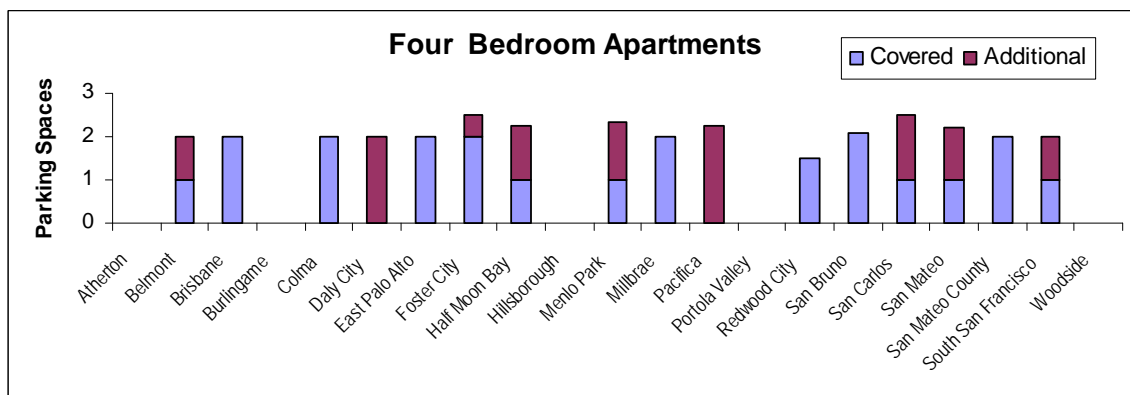
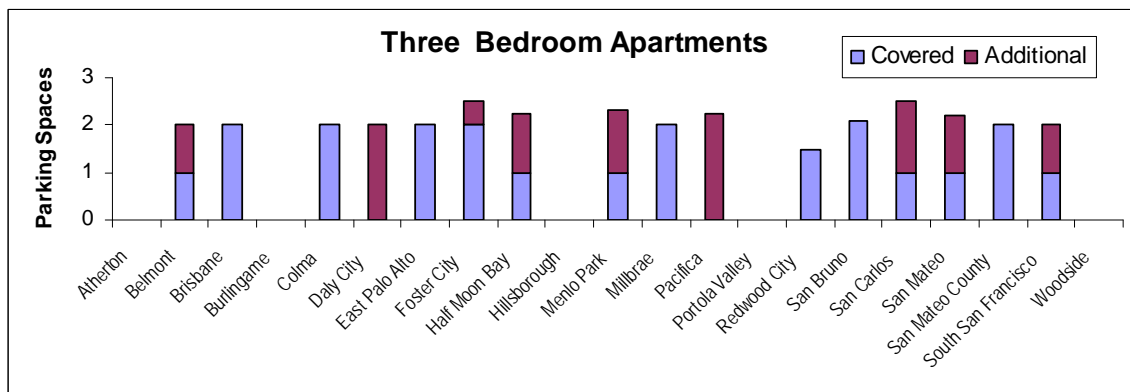
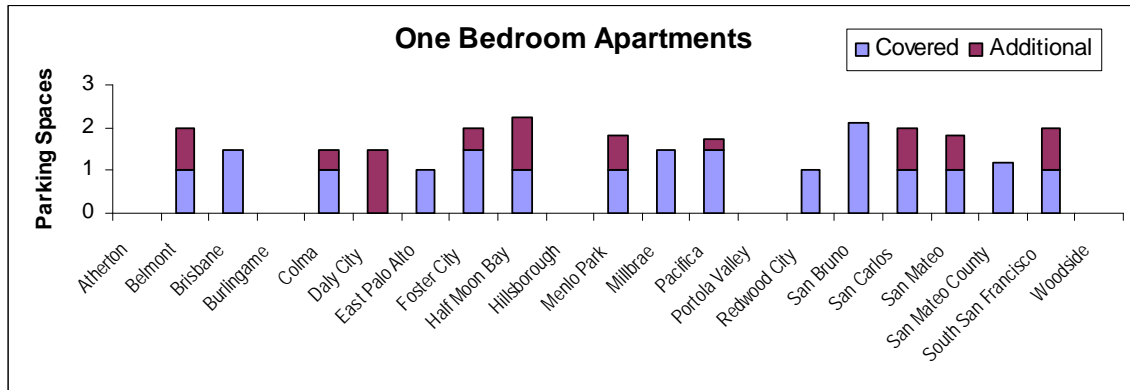
## Parking Standards Survey Summary

The following pages show the parking requirements for each jurisdiction in the county.



# 21 Elements: San Mateo Countywide Housing Element Update Kit

## Parking Standards Survey Summary



This section summarizes the answers to the additional questions. The final summary will have full text for all answers, as well as the summary.

**Question 1: Do you allow cooperative parking arrangements (two buildings sharing a parking lot)?**

Yes: 12

No: 4

Most municipalities allow shared parking requirements by nearby or adjacent sites. Often there are requirements that the sites have different hours of peak use. Some jurisdictions do not reduce the parking requirements even when they allow shared parking.

**Questions 2: How do you calculate parking requirements for mixed use developments?**

See full text

**Question 3: Do you require bicycle parking for mixed use/apartment buildings? If yes, please explain when.**

Yes: 8

No: 6

Jurisdictions are split with some requiring it by statute and some requiring it as part of design review.

**Question 4: Do you allow developers to pay in lieu fees instead of providing parking? Under what circumstances?**

Yes: 5

No: 8

Although most jurisdictions do not allow in lieu parking fees, many are studying the issues. Many of those that do allow it limit it to certain zones.

**Question 5: Do you reduce parking requirements for developments that have transportation demand management plans?**

Yes: 6

No: 8

**Question 6: Do you reduce parking requirements for developments that are located near transit centers or are Transit Oriented Development?**

Yes: 8

No: 6



**Question 7: Do you reduce parking requirements for developments that have abundant street parking?**

Yes: 2

No: 11

**Question 8: Do you reduce parking requirements for developments that demonstrate lower than typical parking demand**

Yes: 5

No: 8

Many of the jurisdictions that said they occasionally lower standards expressed it being willing to make an exception.

**Question 9: When, if ever, do you require parking to be behind buildings?**

Most jurisdictions have no formal rules about where parking should go, but often address it in design review. Downtowns were the most common location where municipalities required parking to be behind buildings.

**Questions 10: What types of developments require covered parking?**

Residential was the most common answer.

**Question 11: When do you allow offsite parking?**

Many jurisdictions do not allow offsite parking, but those that do tend to allow it in downtown. They often require the alternative site to be close, between 300 and 1000 feet away, and some have a variance procedure to approve it.

**Question 12: Do you believe that your current parking requirements inhibit new development of multifamily or affordable housing? If yes, do you have programs or policies that address this constraint (please explain)?**

Yes: 3

No: 8

Possible 2

Jurisdictions that said no often referred to flexibility in the requirements for infill or affordable units.

**Question 13: What are the parking requirements for transitional housing?**

Most cities did not have specific rules for transitional housing. One city requires one parking spot per two rooms. Another city would treat it as a motel, one parking spot for each two sleeping rooms.

**Question 14: What are the parking requirements for supportive housing/homeless shelters?**

Most cities did have specific rules for supportive housing. One city treats small facilities as single family homes, while treating larger facilities as motels.



## San Mateo Countywide Housing Element Update Kit

### Parking Standards Survey Summary

The following is a summary of Inclusionary Zoning requirements for San Mateo county municipalities. **This document is excerpted (with small edits) from a study conducted by EPS for the City of San Mateo. 21 Elements staff did not write this document.** If possible, we will post the full report on the 21 Elements Website.

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## INCLUSIONARY ZONING REQUIREMENTS SUMMARY

Prepared August 6, 2008

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Seven cities in the county have an inclusionary requirement of 15 percent, while in unincorporated areas of San Mateo County and five other San Mateo County cities the requirement is 20 percent.

A number of cities in San Mateo County collect fees for small projects under the threshold to provide affordable units onsite. Most impose the fee on projects that consist of four or more units, although San Carlos collects the fee on 2 or more units.

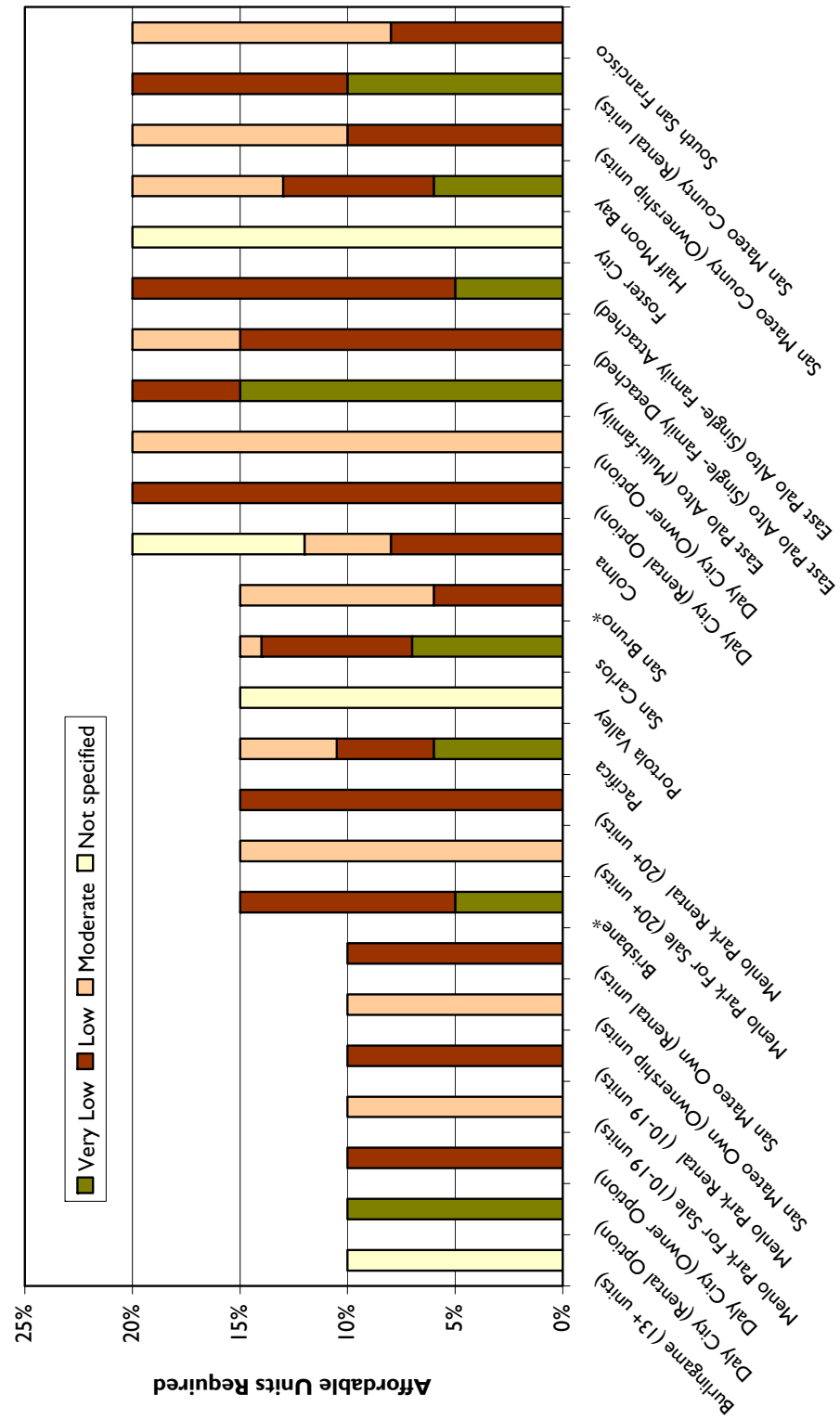
Another issue for luxury market rate projects is the current requirement to provide “like” units as BMR’s, which can impose a significant cost to the developer for the amount of benefit gained. For example a current project in San Mateo will provide 2-bedroom units for a BMR sales price of \$271,000. The estimated sales price for similar market rate units starts at \$775,000. For each BMR unit provided to the program, the developer will lose about \$500,000 in sales revenues had the BMR units been sold at the market rate.

Although the developer has included these costs in the overall budget, and believes the project as a whole will be profitable, the cost to provide a first time buyer unit is an extremely inefficient cost per unit. That same \$500,000 could leverage 3-5 units in an affordable rental project where the City would typically provide assistance. This cost is even more extreme in a single family detached development or other extremely high end condominium projects.

In this situation, several cities have allowed, or even preferred, to capture in lieu fees or allow offsite construction, in order to get more affordable units for the same developer contribution. For example, Mountain View collects in lieu fees for projects where the market rate units sell over a pre-determined bench-marked sales price. Palo Alto negotiates each project on a case by case basis in order to maximize the affordable unit counts and will either allow units constructed elsewhere or collect a fee. In San Mateo County, many cities allow some flexibility instead of providing BMR units onsite. Six cities will allow an in lieu fee if an option for onsite construction is infeasible. Nine cities will allow offsite construction depending on a variety of factors including developer infeasibility, the local need for units, or an increase in the number of affordable units. These are all examples of ways to add flexibility to a program to increase the number of affordable units.

EPS analyzed whether the adoption of Inclusionary requirements by cities impacted development patterns by comparing building permits issued before and after adoption of policies, but found no conclusive evidence one way or another.

Figure 16  
Comparison of Inclusionary Housing Policies in San Mateo County



\*Inclusionary policy, but no ordinance

## Housing Element Update Kit

### Review Current Housing Elements

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## Reviewing Current Housing Elements

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21 Elements staff have created a database (in Microsoft Access) with all the policies and programs from all the municipalities that have current housing elements (adopted since 2001). The Database is still in draft form - the final version will be out in a few weeks. There are several products from this effort that municipalities may find useful:

- As described at TAC III, there are jurisdiction specific reports (in Microsoft Word) available on the website. These reports are intended to facilitate evaluation of policies and programs, and decide if changes are needed.
- Additionally, because the entire Access database is on the web, municipalities are able to create custom reports displaying information in the format that is most useful for them.

The database can also be used to create cross jurisdiction comparisons of policies and programs. All the information in the database was coded with keywords for ease of comparison. But, it is also possible to do a search for policies and programs about any topic, regardless of key words.

In order to complete the database, 21 Elements staff is encouraging all municipalities to please review the policies and programs from your city and make sure the information was captured accurately. If there is a problem, please let 21 Elements staff know.

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## Existing Housing Need - Part I

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The final draft of the *Existing Housing Needs - Part I* is finished and on the website. Reports about housing needs in each municipality can be found in the documents section, under Housing Element Sections - Existing Housing Need. There is both an Excel spreadsheet and a Word document. The Word document is best for printing. Thanks to everyone who provided comments on the early drafts.

Data from a number of sources (1990/2000 census, HUD's CHAS database, Claritas, Data Quick, Real Facts, and Construction Industry Research Board) are summarized by jurisdiction. All of the HCD's suggested tables are included in the data release.

This data can be used to write a narrative that explains the existing housing need/existing conditions section.

In addition to reports for specific municipalities, in the coming days, data will be presented which allow for easy cross comparison between jurisdictions. For example, there will be a file labeled Claritas, which will contain the Claritas Demographic Snapshots for all cities.

It is highly recommended that jurisdictions carefully review all tables before using them in their housing elements.

In the coming weeks, *Existing Housing Need - Part II*, will be released. This document will present information focused in on a number of key issues including:

- EPS's housing need predictions
- Climate change
- The needs of an aging population
- Housing affordability
- Special housing needs

This is the draft report about SB 2 and the emergency shelter needs for San Mateo county jurisdictions.



## Housing Element Update Kit

SB2

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# SB2 POLICY AND TECHNICAL PAPER

Prepared August 19, 2008

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This document, prepared by Kate Bristol Consulting, is intended to help jurisdictions meet the requirements of SB2. It has the following sections:

- Local Policy Context Relating to SB2
- Recommended Strategies
- Technical Information.

It contains data to calculate the emergency shelter need for all jurisdictions.

**SB2 Policy and Technical Paper  
For San Mateo County 21 Elements Project**

**Prepared by Kate Bristol Consulting  
8.12.08**

**DRAFT \*\* DRAFT \*\* DRAFT**

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3. Develop Program to Reduce Constraints on Transitional and Supportive Housing.....	
C. Content Information: Language to Include in the Housing Element.....	

Appendices:

1. Data Tables
  - a. Point In Time Count of Homeless People
  - b. Subpopulation Data
  - c. Inventory of Emergency Shelter, Transitional and Supportive Housing
  - d. Vacancy Rates Data
2. HOPE Policy Statement on SB2



## **I. Purpose of This Document**

Effective January 1, 2008, SB 2 (Chapter 633, Statutes of 2007) requires every California city and county to engage in a detailed analysis of emergency shelters and transitional and supportive housing in their next Housing Element revision, regulates zoning for these facilities, and broadens the scope of the Housing Accountability Act to include emergency shelters as well as supportive and transitional housing.

This document is designed to provide the communities that are members of San Mateo County's 21 Elements project with (1) an overview of the local policy context relevant to SB2, (2) recommended strategy for complying with SB2; and (3) technical guidance on how to meet the SB2 requirements in their upcoming Housing Element revisions.

## **II. Local Policy Context Relating to SB2**

### **A. The HOPE Plan**

In 2005-2006, a county-wide group of diverse stakeholders undertook an intensive community-based planning process to develop a plan to end homelessness in San Mateo County. The end result – entitled “Housing Our People Effectively (HOPE): Ending Homelessness in San Mateo County (“the HOPE Plan”), lays out concrete strategies designed to end homelessness in our community within 10 years. Completed in March 2006, the report incorporates the experiences and expertise of over 200 stakeholders, including members of the business, nonprofit and government sectors. Many of these stakeholders were elected officials and staff from the 21 jurisdictions that are members of the San Mateo County Countywide Housing Element Update project. The final plan has been formally adopted by the 12 of San Mateo County's 21 jurisdictions.

**The HOPE Plan is the community's comprehensive policy and planning document relating to homelessness and therefore provides the local policy framework for developing the strategies and activities required by SB2 relating to emergency shelter, transitional and supportive housing.**

The HOPE Plan is a call to action to prevent and end homelessness in San Mateo County. The Plan is outcome-driven and as such has two overarching desired results:

- Creating 7,900 units of affordable and supportive housing for households which are homeless or at imminent risk of homelessness; and,
- Providing 4,300 households short-term assistance to secure or maintain housing.

The HOPE Plan is built around two key strategies to meet the needs of HOPE's target population (people who are homeless or “at-risk” of homelessness, defined as renter households that have incomes at or below 30% AMI and a high rent burden defined as paying 50% of their income in rent):

1. Increasing Affordable Housing Opportunities: **Increase the supply of permanent affordable and supportive housing for people who are homeless** and develop strategies to help them to move into permanent housing as rapidly as possible.
2. Preventing people from becoming homeless: Prevent individuals and families from becoming homeless in the first place by assisting them to maintain their housing and ensuring homeless people who are leaving institutional settings (such as jails, hospitals, foster care and treatment programs) are able to secure permanent, and where needed supportive, housing as they re-enter the community.

HOPE planners based their recommendations on extensive analysis and discussion of research and emerging best practices in the field, including a:

- shift towards prevention, including re-directing the emergency services system towards evidence-based homelessness prevention practices; and,
- shift towards housing first or rapid re-housing strategies – away from expanding the emergency housing and services system as such and towards focusing resources on helping homeless people rapidly secure permanent affordable housing with needed services in-place to help them maintain it.

**The HOPE Plan intentionally made no recommendation to expand the supply of emergency or transitional housing** (except for a small pilot motel voucher program to provide assistance to single individuals.) Although the HOPE planners recognized that there is a lack of needed resources throughout the housing continuum, including emergency and transitional housing, the greatest need and the most effective use of new and/or redirected resources is for creating and sustaining quality affordable housing (accessible to households with incomes  $\leq 30\%$  AMI) and, where needed, supportive housing.<sup>1</sup> Since the HOPE Plan was adopted by the County, many cities and other community groups, there have been no plans for new emergency shelter or transitional housing put forth in San Mateo County (with the exception of transitional housing or permanent housing with transitional services for emancipating foster and/or homeless transition-age youth).

Within the specific strategies identified to increase affordable housing opportunities, the Plan recommends removing barriers to and/or creating incentives for the development of extremely low-income affordable and supportive housing by:

- Establishing innovative land use and zoning policies and recommendations;
- Creating clearer, more streamlined building and development processes to shorten the time and decrease the cost of affordable and supportive housing development; and,
- Identifying more suitable, appropriately zoned land and multi-unit buildings appropriate for affordable and supportive housing.<sup>2</sup>

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<sup>1</sup> HOPE Plan, page 15.

<sup>2</sup> HOPE Plan, pages 14 – 18.

## **B. HOPE Interpretation of Opportunities Offered By SB2**

The HOPE Interagency Council (IAC) is the group that has been established to oversee the ongoing implementation of the HOPE Plan. The IAC membership includes elected officials and staff from the County and cities as well as representation from non-profit housing and service providers. Staff to the IAC have analyzed the SB2 legislation and developed a draft HOPE position and recommendations relating to SB2. These recommendations were discussed at the July, 9 2008 meeting of the IAC and will be brought back to the group at its September meeting (possibly with some minor changes) for formal adoption.

As part of its position on SB2, the HOPE staff and IAC have articulated an interpretation of SB2 that views this legislation as presenting unique opportunities for our community to advance the goals articulated in the HOPE Plan. SB 2 strengthens existing housing element requirements to provide the opportunity for the development of supportive housing. Taken together, SB 2's requirements are intended to encourage every jurisdiction in California – through carrot and stick – to embrace its responsibility to make housing opportunities accessible for all of the community's members, particularly those in greatest need due to poverty, disability and chronic illness.

- SB 2 brings **increased visibility to the issue of homelessness** in each jurisdiction in our county by requiring each community to identify and analyze the housing and services needs of homeless persons and families and to assess the unmet need for emergency shelter.
- SB 2 is **compatible with and supportive of ten year plans to end homelessness** based on housing first/rapid re-housing strategies that do not include expanding emergency shelters. SB 2 requires a jurisdiction to designate zoning districts adequate to accommodate the unmet need for shelter, but it **does not require a jurisdiction to create new emergency shelters**.
- SB 2 **clarifies that transitional and supportive housing throughout California must be treated as a residential use of property** and strictly limits the grounds under which cities and counties may deny it.
- SB 2 provides an **incentive for local jurisdictions to develop a proactive program to reduce constraints on the development of transitional and supportive housing** (and provides a tool in the form of designated zones for emergency shelters that allows affordable and supportive housing advocates to apply pressure to those jurisdictions who choose not to comply with SB 2's requirements.)

## **III. Recommended Strategies for Complying with SB2**

Over the past several months the 21 Elements project staff have conducted an extensive information gathering process to develop the recommendations in this paper (as well as the technical information presented in Section IV). We have been in communication with the HOPE Plan staff and the IAC, as well as with staff from State HCD and from Contra Cost County. We have also researched best practices in the field of supportive housing and homeless services.

Based upon this due diligence, the 21 Elements project staff is recommending that the San Mateo County jurisdictions adopt strategies for complying with SB2 that are consistent with the HOPE position. HOPE staff have recommend that the HOPE IAC adopt the following position relative

to SB 2 and the related housing element revisions underway throughout the 21 jurisdictions in the county:

- Every jurisdiction submit and get certified an updated housing element that complies with SB 2 in both the letter and spirit of the law through the creation and timely implementation of housing element programs and policies that:
  - Reflect the results of the local housing need analyses;
  - Identify available resources, including land and financing (and where appropriate, potential master leasing sites as recommended as a housing creation strategy in HOPE), in particular for supportive and other housing affordable to extremely low income households; and,
  - Mitigate identified governmental and nongovernmental constraints.
- Every jurisdiction adopt a common methodology for identifying and analyzing the housing and service needs of homeless persons and families as well as assessing the unmet need for emergency shelter, based on the methodological foundation provided in the HOPE Plan and refined/adapted according to best practices to meet the specific requirements of SB 2.
- Every jurisdiction adopt, as a common element within their plans for reducing constraints to developing transitional and supportive housing, a program that ensures zoning treats transitional and supportive housing as a residential use, subject only to those restrictions on residential uses contained in the same type of structure.
- Every jurisdiction adopt, as a common element within their plans for reducing constraints to developing transitional and supportive housing, specific policies that encourage and provide financial and other incentives (e.g., increased per unit/project funding, density bonuses, decrease in parking requirements, etc.) for including supportive housing, and other housing affordable to extremely low income households, in all new affordable housing projects.
- All jurisdictions consider developing a common data system/capacity able to generate the data as required in SB 2, i.e., housing and service needs and capacity.
- Every jurisdiction that has not adopted the HOPE Plan, as a specific action of their Housing Element program, hold a study session on and consider endorsing the HOPE Plan.
- In accordance with the HOPE Plan's strategic recommendations, HOPE-affiliated entities (i.e., County departments, cities and other community groups/organizations which have adopted the Plan) be discouraged from providing support for the creation of new emergency shelters (unless jurisdictions choose not to comply with SB 2 which requires them to affirmatively develop and implement a plan to reduce constraints on the development of transitional and supportive housing.)

#### **IV. Technical Information for Preparing the Housing Element Revision**

##### **A. Estimate of Daily Average Number of Homeless People in San Mateo County**

The following chart provides the daily average number of homeless people in each jurisdiction in San Mateo County. The data is drawn from the 2007 San Mateo County Homeless Census and

Survey and reflects the results of the most recent one-day count of homeless people, which was conducted on January 30, 2007.

City	Sheltered	%	Unsheltered	%	Total	%
Airport	0	0.00%	16	1.46%	16	0.78%
Belmont	0	0.00%	12	1.10%	12	0.58%
Brisbane	7	0.72%	11	1.01%	18	0.87%
Burlingame	4	0.41%	20	1.83%	24	1.16%
Colma	0	0.00%	2	0.18%	2	0.10%
Daly City	38	3.92%	42	3.84%	80	3.88%
East Palo Alto	26	2.68%	222	20.29%	248	12.02%
Foster City	0	0.00%	14	1.28%	14	0.68%
Half Moon Bay	9	0.93%	74	6.76%	83	4.02%
Hillsborough	0	0.00%	16	1.46%	16	0.78%
Menlo Park	177	18.25%	52	4.75%	229	11.09%
Millbrae	0	0.00%	16	1.46%	16	0.78%
Pacifica	0	0.00%	7	0.64%	7	0.34%
Portola	0	0.00%	13	1.19%	13	0.63%
Redwood City	275	28.35%	212	19.38%	487	23.59%
San Bruno	0	0.00%	31	2.83%	31	1.50%
San Carlos	0	0.00%	9	0.82%	9	0.44%
San Mateo	255	26.29%	62	5.67%	317	15.36%
South San Francisco	91	9.38%	97	8.87%	188	9.11%
Unincorporated	0	0.00%	162	14.81%	162	7.85%
Woodside	0	0.00%	4	0.37%	4	0.19%
Scattered Site Motel Vouchers	88	9.07%	0	0.00%	88	4.26%
TOTAL	970	100.00%	1094	100.00%	2064	100.00%

## **B. Summary of Proposed Methodology for Estimating Need for Emergency Shelter**

Based on our understanding of the SB2 requirements and a review of existing practices in estimating the unmet need for housing and shelter for homeless people, we are provisionally recommending that San Mateo County cities and towns use the following methodology for estimating their year-round need for shelter beds:

Unmet Need for Emergency Shelter = A minus B minus C
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A = Total number of unsheltered homeless people in the city or town on the day of the 2007 Homeless Census

B = Total number of available emergency shelter and transitional housing beds and supportive housing units, meaning the number that are vacant at any given point in time. Since the vacancy rate in these facilities tends to be relatively low, this will not significantly reduce the total number of beds needed.

C = Number of supportive housing units identified in HOPE that will be created during the five-year housing element planning period and for which funding has been identified. We are requesting clarification from HCS about what supportive housing units may be included in this calculation.

This is the first draft of a memo from the California Housing Partnership Corporation about the preservation of affordable housing units that are at at-risk for losing their affordability.



## Housing Element Update Kit

### At-Risk Units Report

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## Preservation of At-Risk Units

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The California Housing Partnership Corporation has produced a report for San Mateo County that includes:

1. A description of State housing element requirements related to at-risk units
2. Financing and subsidy resources for preserving affordable units
3. Best practices, and
4. Sample language for housing elements.

In the final version, the number of at-risk units in each jurisdiction will be listed.

## **Housing Element Requirements for the Preservation of Units At-Risk of Conversion to Market Rate Uses**

### **Analysis of Existing Assisted Housing Developments**

The preservation section of the housing element should include an analysis of existing assisted housing developments (as defined below) that are at-risk of converting to market rate uses during the next ten years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions.

**“Assisted housing development”** means a multifamily rental housing development that receives governmental assistance under any of the following programs:

- (A) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance, under Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Sec. 1437f).
- (B) The following federal programs:
  - (i) The Below-Market-Interest-Rate Program under Section 221(d)(3) of the National Housing Act (12 U.S.C. Sec. 1715l(d)(3) and (5)).
  - (ii) Section 236 of the National Housing Act (12 U.S.C. Sec. 1715z-1).
  - (iii) Section 202 of the Housing Act of 1959 (12 U.S.C. Sec. 1701q).
- (C) Programs for rent supplement assistance under Section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. Sec. 1701s).
- (D) Programs under Sections 514, 515, 516, 533, and 538 of the Housing Act of 1949, as amended (42 U.S.C. Sec. 1485).
- (E) Section 42 of the Internal Revenue Code.
- (F) Section 142(d) of the Internal Revenue Code (tax-exempt private activity mortgage revenue bonds).
- (G) Section 147 of the Internal Revenue Code (Section 501(c)(3) bonds).
- (H) Title I of the Housing and Community Development Act of 1974, as amended (Community Development Block Grant program).
- (I) Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (HOME Investment Partnership Program).



- (J) Titles IV and V of the McKinney-Vento Homeless Assistance Act of 1987, as amended, including the Department of Housing and Urban Development's Supportive Housing Program, Shelter Plus Care program, and surplus federal property disposition program.
- (K) Grants and loans made by the Department of Housing and Community Development, including the Rental Housing Construction Program, CHRP-R, and other rental housing finance programs.
- (L) Chapter 1138 of the Statutes of 1987.
- (M) The following assistance provided by counties or cities in exchange for restrictions on the maximum rents that may be charged for units within a multifamily rental housing development and on the maximum tenant income as a condition of eligibility for occupancy of the unit subject to the rent restriction, as reflected by a recorded agreement with a county or city:
  - (i) Loans or grants provided using tax increment financing pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).
  - (ii) Local housing trust funds, as referred to in paragraph (3) of subdivision (a) of Section 50843 of the Health and Safety Code.
  - (iii) The sale or lease of public property at or below market rates.
  - (vii) The granting of density bonuses, or concessions or incentives, including fee waivers, parking variances, or amendments to general plans, zoning, or redevelopment project area plans, pursuant to Chapter 4.3 (commencing with Section 65915).

The analysis should include (1) inventory of at-risk units; (2) analysis of at-risk units; (3) an estimate and analysis of the costs of replacement versus preservation of at-risk units; (4) list of qualified entities that would be interested in preserving at-risk projects; (5) list of financing and subsidy sources to preserve at-risk units; and (6) a program for preserving at-risk units.

## **1. Inventory of At-Risk Units**

If there are no units at-risk of conversion in the jurisdiction during the ten-year period, the housing element must include a description of how the jurisdiction determined and verified that there are no federal, state or locally funded units at-risk of conversion.

If the jurisdiction has determined there are at-risk units, the housing element must include a detailed inventory and analysis. See Appendix-1 for jurisdictions with at-risk properties. The inventory must list:

- each development by project name and address;
- type of governmental assistance received;

- earliest possible date of conversion; and
- the total number of elderly and non-elderly units that could be lost from the jurisdiction's low-income housing stock.

## **2. Analysis of At-Risk Units**

The housing element should include an analysis of the risk of conversion for each project that is identified as at-risk. The risk of conversion varies from project to project depending on market (areas with high housing costs and/or low vacancy rates), intent of ownership to convert, and project-based factors (size of units, location, condition of property, etc.).

## **3. Estimate and Analyze the Costs of Replacement Versus Preservation for Units At-Risk in the Current Five-Year Planning Period**

Determine whether replacement or preservation will be the most economical approach to preserving at-risk units. The housing element should estimate the costs of producing new rental housing (comparable in size and rent levels to existing at-risk units) to replace the units that could convert to market rate. Use current land costs and either current construction costs (square footage rates for multifamily development) or the actual cost of recently completed units.

Estimate the cost of preserving the identified assisted housing developments including acquisition and rehabilitation costs long-term affordability controls and project-based rent subsidies.

A project-by-project cost estimate is not required (Government Code Section 65583(a)(8)(B)).

## **4. Identify Entities Qualified to Preserve At-Risk Units**

Identify qualified entities (local public agencies, nonprofit organizations, and for-profit organizations) with the capacity to acquire and manage at-risk projects and commitment to maintain the long-term affordability of the projects.

## **5. Identify Financing and Subsidy Resources**

Identify and consider the use of all federal, State, and local financing and subsidy programs as preservation resources. Indicate which available federal, State, and local financing and subsidy programs, will be targeted for specific preservation program actions (e.g., replacement, preservation through acquisition, extended affordability controls, regulatory actions, direct rental subsidies, rehabilitation, tenant and sponsor technical assistance, etc.)

## **6. Program for Preserving At-Risk Units**

The housing element must include a description of the program a jurisdiction will implement to preserve at-risk units. Programs are the specific action steps the jurisdiction will take to implement its policies and achieve goals and objectives, including: (a) actions to monitor; (b) actions to finance and provide technical and regulatory assistance; and (c) actions to assist tenants. Programs must include a specific time frame for implementation, identify the agencies or officials responsible for implementation and describe the jurisdiction's specific role in implementation.

## **Federal, State and Local Financing and Subsidy Resources for Preservation**

### **A. Federal Housing Funds**

1. Community Development Block Grants (CDBG)
  - Federal funds for loans or grants benefiting lower income households
  - Flexible use for housing or economic development, with some limits on new construction uses
  - Administered locally and by state, depending on size of jurisdiction
  - Federal regulatory compliance requirements:
    - Davis-Bacon prevailing wage rules may apply
    - National Environmental Protection Act clearance needed
2. HOME
  - Federal housing block grant funds
  - Loans or grants benefiting lower income households
  - Administered locally and by state depending on size of jurisdiction
  - Federal regulatory compliance requirements:
    - Davis-Bacon prevailing wage rules may apply
    - National Environmental Protection Act clearance needed
  - Other rules
    - Loan limits
    - Affordability requirements
3. Low Income Housing Tax Credits (4% and 9%)
  - Administered by California Tax Credit Allocation Committee
  - 9% tax credits very competitive, can only be combined with taxable debt
  - Projects with tax-exempt bonds eligible for automatic 4% tax credits
    - Must compete for tax-exempt bond allocation or can be receive over the counter if not too much demand
    - Eligible for MHP funds from the State
4. Tax-Exempt Bonds
  - Private activity mortgage revenue bonds: local government or joint powers issuer must apply for allocation to the California Debt Limit Allocation Committee; can be combined with LIHTC.
  - 501(c)(3) bonds (nonprofit organizations have authority to issue directly); cannot be combined with LIHTC.

5. McKinney Homeless Assistance Programs
  - Provides capital grants, rental subsidies and services for housing serving the homeless. There are currently three major McKinney multifamily programs:
    - Supportive Housing Program (SHP)
    - Shelter + Care (S+C)
    - SRO Moderate Rehabilitation (SRO ModRehab)
6. Housing Opportunities for Persons with AIDS (HOPWA)
  - Can use as capital grants and operating or subsidies
  - Federal program administered locally
7. Federal Home Loan Bank Affordable Housing Program (AHP)
  - Grant or soft loan
  - Member bank “sponsors” AHP application
  - Sponsor applies for a specific project or program
  - Semi-annual RFP – application deadlines April 1 and October 1

## **B. State and Local Housing Funds**

1. Redevelopment Agencies
  - Generate tax increment funds
  - Set aside minimum 20% for low and moderate income housing
  - Administered locally
  - Projects must be in or linked to redevelopment area
2. Housing Trust Funds
  - Created locally and funded through a variety of sources including local taxes, in lieu fees, assessments and charitable contributions.
  - The state has bond funds that it also makes available to eligible housing trust funds on a competitive basis.
3. Multifamily Housing Program (MHP)
  - New construction/rehab multifamily and supportive housing
  - 3% loans, mandatory interest payment
  - Prevailing wage required
  - Funds at permanent closing
  - No 9% tax credit projects (except for SHP)
  - Very competitive, two rounds per year

4. Mental Health Services Act (MHSA)

- Administered by CalHFA (over the counter)
- Must apply through local County Mental Health Dept.
- New construction/rehab multifamily and shared housing for seriously mentally ill homeless and at risk of homelessness
- 0.42%-3% loans, mandatory interest payment
- Capitalized operating subsidy available
- Funds at construction or permanent closing
- Can be used with 9% or 4% tax credit projects
- Targeting to less than 50% AMI

5. Infill Infrastructure Grant Program

- Promotes infill housing development.
- Grants are available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects.
- Funds allocated through a competitive process. Approximately \$240 million is available for allocation during FY 2007-08.

6. TOD Housing Program

- Provides financial assistance for the development of housing and related infrastructure near public transit stations.
- Low-interest loans are available as gap financing for rental housing developments that include affordable units.
- A total of \$285 million available over three years.

## **Best Practices in Local Preservation Strategies**

There are several strategies jurisdictions can pursue to ensure their stock of affordable housing is preserved for the longest period possible. Local preservation strategies are just that, they are local, which means every jurisdiction will have their own strategies that are suitable to their particular communities.

### **Staff activities**

#### **1. Analyze inventory**

Staff can review the inventory of federally assisted units by utilizing the Risk Assessment report published by the California Housing Partnership Corporation (CHPC). Projects designated “At-Risk” are within five years of the end date of the most valuable subsidy or rent restriction. For example, a property with a Section 8 contract that expires four years from the current date is considered “At-Risk”. CHPC also has additional information about individual projects, which is available upon request. For more information contact CHPC at (415) 433-6804.

#### **2. Establish communications with local HUD office**

Regular contact with the local HUD office can provide early warning about the status of opt-outs and prepayments. Notices of intent to opt-out and prepay are sent to the HUD offices. The HUD staff often has additional information regarding owners who are interested in selling. Contact with HUD also reinforces their focus on preservation.

#### **3. Ensure Owners are Complying with the State Notice Law**

Pursuant to the State Preservation Notice Law (California Government Code Section [65863.11](#)), owners of government-assisted projects must provide 12 months notice to affected public entities of their intention to terminate subsidy contracts, prepay a federally-assisted mortgage, or discontinue use restrictions. In addition, owners must provide Qualified Entities with a Notice of Opportunity to Submit an Offer to Purchase. Owners proposing to sell or otherwise dispose of a property at any time during the five years prior to the expiration of restrictions must provide this Notice at least 12 months in advance unless such sale or disposition would result in preserving the restrictions. Qualified Entities are nonprofit or for profit organizations or individuals that agree to maintain the long-term affordability of projects. See HCD’s current list of Qualified Entities at <http://www.hcd.ca.gov/hpd/hrc/tech/presrv/>

See Appendix-2 for a complete summary of the state Notice Law.

The state department of Housing and Community Development does not monitor or enforce compliance with the state Notice Law, therefore it is critical that local jurisdictions ensure that owners are in compliance. Jurisdictions can do this by monitoring the existing Affordable Housing in their communities. Staff can track all state notices for properties in their jurisdictions to ensure both the city and tenants are properly notified. When a notice is received by the city, all stakeholders, including the appropriate council office, should be made aware of the notice and the action being taken by the owner. Owners that don't comply with the state Notice Law should be informed of the legal requirements and guided towards compliance. Staff may also discuss with the owners the possibility of extending the rental restrictions or a possible sale to a preservation purchaser.

4. Contact owners regarding Section 8 renewal plans or mortgage prepayments

In some jurisdictions, local staff has been able to obtain information from owners regarding their plans more readily than tenants or nonprofit organizations. In some cases, these contacts have led to discussions about potential sales, if the owners want to explore that option. This action is primarily applicable to projects owned by profit-motivated owners.

5. Assist in tenant education

The Federal regulations concerning Section 8 renewals and prepayments are complicated. Regardless of the level of risk, there is a desire among many tenants to acquire more understanding of the law and policy issues involved. Local jurisdictions can hire tenant liaisons to organize or attend meetings with residents of assisted developments. Jurisdictions may also consider providing Resident Capacity Grants and Predevelopment Grants to tenant organizations to explore options and make informed choices about how they may want to deal with this transitional time. Most resident organizations look at ways to link with an existing nonprofit organization to assist in keeping the development affordable.

6. Identify potential buyers and potential acquisition funds

Local jurisdictions can take an active role to identify potential purchasers who will preserve the housing at affordable rents for an extended period of time. After contacting owners, staff can help match interested sellers with potential buyers. In addition, staff can identify local funds to make the acquisition possible. Several cities have provided gap funding for nonprofit acquisition of at-risk developments.

7. Establish a preservation coordinator



Some cities designate a staff person to coordinate all of the preservation activities within the jurisdiction. A coordinator can make sure that all of the jurisdiction's efforts work together. Having a coordinator is also a way of publicly recognizing the importance of the local jurisdiction's preservation efforts.

## **Regulatory actions**

### **1. Require owners who want to opt-out or prepay to provide notice**

Federal and state law requires that notice be provided to tenants of an owner's desire to opt-out or prepay. Federal law requires that notice be provided from 5-9 months for prepayments and 12 months for opt-outs. State law requires 12 months notice for all situations. This notice must be provided to tenants, local jurisdictions, HCD, and HUD. Some cities have passed their own notice requirements that have extended this time period even further and also require a public hearing about the impact on the tenants. See the National Housing Law Project's summary of state and local notice ordinances. [http://nhlp.org/html/pres/state/state\\_chart.htm](http://nhlp.org/html/pres/state/state_chart.htm)

### **2. Require a Right of First Refusal from owners who sell assisted projects**

A Right of First Refusal provides an opportunity for the local jurisdiction or a qualified entity (typically a nonprofit organization) to purchase the assisted property. The City of San Francisco requires a six-month period after giving notice in which owners must negotiate with the City or a qualified entity for a "fair return" price. The City of Portland, Oregon, provides a 90-day period in which the City can make an offer based on an appraisal.

### **3. Require owners to provide moving assistance for tenants**

Some cities have enacted ordinances requiring assistance to tenants who are displaced due to a prepayment or opt-out. The City of San Francisco requires a payment for the difference between a tenant's new rent and the tenant-paid portion of the old rent, up to \$5,250. The City of Portland requires that \$1,000 for the first member of each household and \$200 for each subsequent member be paid into a relocation fund, matched 50% by the City.

### **4. Prohibit discrimination against voucher holders**

Owners opting out or prepaying have sometimes refused to accept voucher holders or otherwise discriminating against the source of income of a tenant. While this is becoming clarified in federal and state law, some cities have enacted local ordinances prohibiting such discrimination.

## Financial assistance

### 1. Provide funding for preservation purchases

A key way to assist in preserving at-risk properties is to make local funds available for the purchase of these developments by a buyer who will preserve the housing at affordable rents for an extended period of time. Many cities have set-aside a portion of their HOME, CDBG or local Housing Trust Fund dollars for preservation, or established a priority for preservation in the allocation of such funds.

### 2. Require restrictions in return for financial assistance

When allocating funds to the purchase of an at-risk project, a local jurisdiction should require restrictions in return to insure that the project is truly “preserved”. These restrictions should include the following:

- a. *Require that the purchaser accept all renewals of any project-based subsidy.*
- b. *Require that the purchaser accept tenants who receive vouchers.*
- c. *Require that the period of affordability be extended for an additional 55 years.*
- d. *Require that the purchaser set up a reserve to subsidize tenant payments if Congress stops renewing Section 8 or stops appropriating funds for vouchers. A reserve of 2-3 years of operating expenses is a reasonable size.*
- e. *Require that rents paid by tenants, particularly in Section 236 projects without Section 8, not increase as a result of the acquisition.*
- f. *Require that a majority (50-80%) of the cash flow be used to repay the local loan. The purchaser may be receiving substantially higher rents than the pro forma indicates if they continue to receive Section 8 payments. This is because the pro forma shows the “underwriting rents”, i.e. what will be restricted locally or by TCAC or CDLAC. As Section 8 rents are often substantially higher, the actual cash flow may be very large. The local jurisdiction should share in that cash flow if it is providing funds to the project.*

### 4. Provide guarantees against the Section 8 payments

In the face of annual renewals by HUD, an effective local strategy to increase project feasibility without increasing the cost is to provide a guarantee against Section 8 payments for a long period of time (10-15 years or more). With such a guarantee, lenders will be willing to fund a loan based on the difference between the “underwriting” rents (generally 50%-60% of AMI) and the Section 8 rent. This enables the project to leverage substantially more debt and therefore reduces the project’s shortfall – and, in turn, reduces the

need for more local subsidy. A guarantee does not require any out-of- pocket cash.

## Preservation Program Sample/Template

### Preservation Program Format

Description of Specific Actions Steps, Jurisdiction's Specific Role in Implementation and Demonstration of Commitment to Implement

Timeframe:

Responsible Agency:

Objectives (quantified, where possible):

Funding Sources (where appropriate):

### Sample Preservation Program

The City of \_\_\_\_\_ has a total of \_\_\_\_ units in \_\_\_\_ (*insert type of subsidized properties; i.e. HUD subsidized, other federal subsidy program, state, local*) that are at-risk of conversion to market rate prior to \_\_\_\_\_. The City will continue or undertake the following programs and activities during the period of the housing element to ensure these at-risk units are preserved as affordable to low-income households. \_\_\_\_\_ (*insert name of department responsible for implementation*) will implement these efforts, except where another division or agency of the City is identified. Funding sources to support the implementation of these efforts is specified where appropriate. These local efforts utilize existing City and local resources. They include efforts to secure additional resources from the public and private sector should they become available. The City's program includes the following activities:

- a. **Monitor Units At-Risk** – Monitor owners of at-risk projects on an ongoing basis, at least every three months, in coordination with other public and private entities to determine their interest in selling, prepaying, terminating or continuing participation in a subsidy program. Maintain and annually update an inventory of “at-risk” projects through the use of existing databases (e.g., HUD, State HCD and California Tax Credit Allocation Committee).
- b. **Work with Potential Purchasers** - Establish contact with non-profit agencies interested in purchasing and/or managing units at-risk to inform them of the status of such projects. Where feasible, provide technical assistance and support to these organizations with respect to financing. The City should actively pursue affordable housing opportunities and maintain a list of interested and qualified affordable housing developers. The City will update this list annually.
- c. **Tenant Education** - The City will work with tenants of at-risk units and provide them with education regarding tenant rights and conversion

procedures. The City will also provide tenants in at-risk projects information regarding Section 8 rent subsidies through the Housing Authority, and other affordable housing opportunities in the City.

- d. ***Assist Tenants of Existing Rent Restricted Units to Obtain Priority Status on Section 8 Waiting List*** - HUD has set aside special Section 8 vouchers for existing tenants in Section 8 projects that are opting out of low-income use. Upon conversion, the units will stay affordable to the existing tenants as long as they stay. Once a unit is vacated and new tenants move in, the unit will convert to market-rate housing.

# Building Blocks for Effective Housing Elements

## Adequate Sites Inventory and Analysis

### Second Units

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*Government Code Section 65583.1(a) allows a city or county to identify sites for second units based on the number of second units developed in the prior housing element planning period whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department. Nothing in this section reduces the responsibility of a city or county to identify, by income category, the total number of sites for residential development as required.*

#### I. REQUISITE ANALYSIS

Local governments can employ a variety of development strategies and/or commit to specific program actions to address the adequate sites requirement. As provided in Government Code Section 65583(c)(1)). In addition to identifying vacant or underutilized land resources, local governments can address a portion of their adequate sites requirement through the provision of second units.

To rely on second units as part of an overall adequate sites strategy to accommodate (a portion) of the regional housing need, the element must include an estimate of the potential number of second units to be developed in the planning period based on an analysis that considers the following factors:

- (1) the number of second units developed in the prior planning period;
- (2) community need for these types of housing units,
- (3) the resources and/or incentives available that will encourage the development of second-units; and
- (4) other relevant factors as determined by HCD.

The projection of second-unit development must be based on realistic capacity and development trends of second units in the previous planning period. In addition, the housing element must describe and analyze factors that could affect second unit development within the planning period. At a minimum, the element should analyze development standards (i.e., heights, setbacks, minimum unit sizes, lot coverage, parking standards, etc.), what zones allow second units (by right), architectural review standards, fees and exactions, and any other

components of the ordinance potentially impacting or constraining the development of second units.

**Second-Unit Affordability:** The housing element should also include an analysis of the anticipated affordability of second units. The purpose of this analysis is to determine the housing need by income group that could be accommodated through second-unit development. Second-unit affordability can be determined in a number of ways. As an example, a community could survey existing second units for their rents and include other factors such as square footage, number of bedrooms, amenities, age of the structure and general location. Another method could examine market rates for reasonably comparable rental properties to determine an average price per square foot in the community. This price can be applied to anticipated sizes for second units to estimate the anticipated affordability of second units.

## **Frequently Asked Questions About Second Units**

### What Kind of Environmental Review is Required for Second-Units?

Second-units approved ministerially are statutorily exempt from CEQA pursuant to Section 15268 (Ministerial Projects) of the CEQA guidelines and Section 21080(b)(1) of the Public Resources Code. In addition, second-units can be categorically exempt from CEQA pursuant to Sections 15301 and 15303 of the CEQA guidelines, authority cited under Public Resources Code Section 21083 and 21087.

### What is Ministerial Review?

Chapter 1062 requires development applications for second-units to be "...considered ministerially without discretionary review or a hearing..." or, in the case where there is no local ordinance in compliance with subsections (a) or (c), a local government must "...accept the application and approve or disapprove the application ministerially without discretionary review..." In order for an application to be considered ministerially, the process must apply predictable, objective, fixed, quantifiable and clear standards. These standards must be administratively applied to the application and not subject to discretionary decision-making by a legislative body (for clarification see the definition of ministerial under California Environmental Quality Act (CEQA) Guidelines, (Section 15369).

An application should not be subject to excessively burdensome conditions of approval, should not be subject to a public hearing or public comment and should not be subject to any discretionary decision-making process. There should be no local legislative, quasi-legislative or discretionary consideration of the application, except provisions for authorizing an administrative appeal of a decision

## How Can a Locality Encourage Second-Units?

Local governments can encourage second-unit development through a variety of mechanisms.

- Develop information packets to market second-unit construction. A packet could include materials for a second-unit application, explain the application process, and describe incentives to promote their development.
- Advertise second-unit development opportunities to homeowners on the community's web page, at community and senior centers, in community newsletters, and in local utility bills, etc.
- Establish and maintain a second-unit specialist in the current planning division to assist in processing and approving second-units.
- Establish flexible zoning requirements, development standards, processing and fee incentives that facilitate the creation of second-units (Government Code Section 65852.2(g)). Incentives include reduced parking requirements near transit nodes, tandem parking requirements, pre-approved building plans or design prototypes, prioritized processing, fee waivers, fee deferrals, reduced impact fees, reduced water and sewer connection fees, setback reductions and streamlined architectural review. For example, the City of Santa Cruz established pre-approved design prototypes to encourage and stimulate the development of second-units.
- Monitor the effectiveness of ordinances, programs and policies encouraging the creation of second-unit development. Some localities monitor implementation of second-unit strategies through the annual general plan progress report (Government Code Section 65400). Evaluating the effectiveness of a second-unit ordinance can assist the local government in determining appropriate measures to improve usefulness and further facilitate the development of housing affordable to lower- and moderate-income families.

See LINKS below for additional information and FAQs on state planning law related to second units, a second-unit bibliography prepared by HCD, and other program resources including examples of local program actions.

## **KEY IDEAS**

### **II. MODEL ANALYSES**

[Sample Sites Inventory](#)



### **III. LINKS**

[HCD: Memo on AB 1866 — Second-Unit Legislation](#)

[HCD: Bibliography on Second Unit Resources](#)

[City of Santa Cruz Accessory Dwelling Unit Development Program](#)

[San Luis Obispo County's Secondary Unit Stock Plans](#)

[County of Marin Second Unit Amnesty Program](#)

[County of Los Angeles Second Unit Ordinance](#)

[City of Martinez's Second Unit Ordinance](#)

[San Anselmo's Second Unit Ordinance](#)