

COUNTY OF SANTA CLARA
HOUSING TASK FORCE
Report : 2002



Produced by

County of Santa Clara Housing Task Force Steering Committee

chair: Chris Block
Charities Housing

district 1: Maureen O'Malley-Moore
Office of Supervisor Donald F. Gage

district 2: Javier Aguirre
Office of Supervisor Blanca Alvarado

district 3: Daniel Murillo
Office of Supervisor Pete McHugh

district 4: Jean Cohen and Caroline Judy
Office of Supervisor James T. Beall, Jr.

district 5: Chleora Yoyi Aglipay
Office of Supervisor Liz Kniss

Frank Motta
Corporation for Supportive Housing

Alex Sanchez
Housing Authority of the County of Santa Clara

Kristy Sermersheim
Service Employees International Union Local 715

Jane Decker
Deputy County Executive, County of Santa Clara

Ray Villarreal
Interim Housing Coordinator, County of Santa Clara

staff: Linda Deacon
County Counsel

Bonnie Bamburg
Community Housing Developers

Poncho Guevara
Housing Trust of Santa Clara County

Will Lightbourne and Verna Johnson
Santa Clara County Social Services Agency

Prepared by

Poncho Guevara
Housing Trust of Santa Clara County

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COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Statement: Hon. James T. Beall and Hon. Donald F. Gage

County of Santa Clara

Office of the Board of Supervisors

County Government Center, East Wing
70 West Hedding Street, 10th Floor
San Jose, California 95110
(408) 299-4321 299-2323
FAX 298-8460 TDD 993-8272



April 2002

As elected public servants of the County of Santa Clara, we have heard the compelling stories of working parents struggling to make ends meet, of young families wondering if they will ever be able to purchase a home here, of senior citizens worrying if their fixed incomes will force them to leave the region they helped build, and of employees yearning to live in the community they serve. The scarcity of affordable housing touches us all and represents a threat to the economic vitality and the social fabric our Santa Clara County community.

The persistent housing crisis has focused the attention of community leaders and policy makers on the need for action. However, in spite of the efforts to respond on the part of the fifteen local cities and townships, and the County itself, the crisis worsens. This sobering truth, that no one institution can solve this problem, presents a unique challenge for anyone concerned about the long-term health of Silicon Valley.

It is for this reason that the Board of Supervisors took a unique step to involve the wider community in the policy discourse by establishing the County of Santa Clara Housing Task Force. Through an intensive community planning process, hundreds of stakeholders worked for several months to develop a firmer understanding of the housing concerns we face and the solutions we might work on together. Over the last few months a Steering Committee has further analyzed and refined several proposals for consideration by the Board of Supervisors.

*The **County of Santa Clara Housing Task Force Report 2002** is the culmination of this groundbreaking collaboration and represents a thoughtful articulation of a comprehensive regional response. Ultimately, the Board of Supervisors will discuss the ideas in this report and establish an appropriate course of action for the County of Santa Clara. We are confident that the foundation laid by this effort will help position the County to play a constructive and collaborative role in addressing our region's housing crisis.*

We thank the Task Force for its work and look forward to the dialogue it has framed.

Sincerely,

James T. Beall, Jr.
Santa Clara County Supervisor, District 4
Board Chair 2001

Donald F. Gage
Santa Clara County Supervisor, District 1
Board Chair 2002

Board of Supervisors:
Donald F. Gage
District 1

Blanca Alvarado
District 2

Pete McHugh
District 3

James T. Beall, Jr.
District 4

Liz Kniss
District 5



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

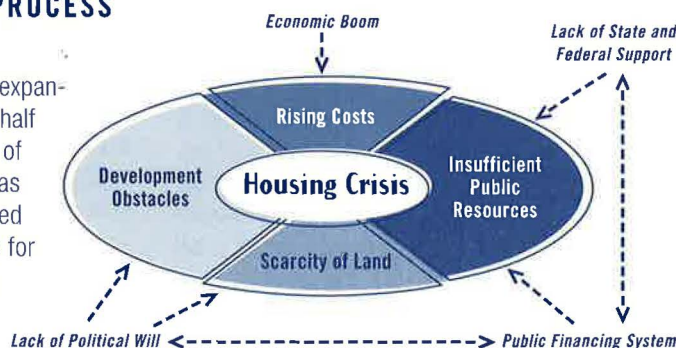
Introduction: Process, Analysis, and Current Efforts

In what can only be described as a stunning paradox, housing, one of our most fundamental human needs, is among the defining issues for the region that gave birth to the high technology revolution. More precisely, the lack of affordable housing in Santa Clara County has contributed to a crisis in the shadow of Silicon Valley's much-heralded prosperity. Long recognized as an innovative and responsive public institution, the County of Santa Clara is uniquely positioned to play a constructive and collaborative leadership role to respond to the housing needs of county residents.

CRISIS, RESPONSE, AND PROCESS

The Crisis:

The flip side of a record economic expansion that stretched through the latter half of the past decade, the shortage of affordable housing in our region has facilitated dramatic and unprecedented increases in rents and home prices for our entire community. The result is a potentially crippling legacy for the regional economy. For the private sector, increasing housing costs have made it difficult to attract and retain an increasingly mobile workforce, forcing many firms to limit expansion or relocate altogether. For individuals and families here, the impact has been debilitating as an increasing share of family income is devoted to housing expenses. As a consequence, the dream of home ownership becomes more elusive, or commuting fantastic distances from homes elsewhere becomes the only realistic alternative.



special needs populations. With the CHTF, the Board of Supervisors has taken an unprecedented step by convening community members, policy makers, city planners, housing advocates, and experts to define a comprehensive action plan that may shape strategic interventions and future initiatives by the County to make a quantifiable impact on our region's housing woes.

The Response:

While the myriad implications of the crisis are sobering, the reaction by community leaders and institutions has remained both fractious and inadequate. In response to increasing calls for regional leadership on the housing crisis, the County of Santa Clara, under the leadership of Supervisor Jim Beall, initiated a community planning effort to define a county-wide strategic action plan for affordable housing known as the *Santa Clara County Housing Task Force* (CHTF). Historically, the County has not played a central role in the development of housing, because zoning and land use authority, which has the most impact on housing production levels, is retained by the 15 cities and townships in the county. However, the County of Santa Clara and its affiliated agencies are significant leaders in addressing the continuum of housing needs, with various programs that support homebuyers, low-income families and

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leadership role...**

The Process:

Starting in May of 2001, over 200 participants the CHTF process worked to develop this report to the Board of Supervisors. Five committees met over the summer and fall to refine our understanding of specific dimensions of housing needs and to flesh out policy recommendations. The committees included: Regional Housing Action Plan, Special Needs Housing, Community Land Trust, Surplus Government Land, and Employee Housing.

A unique charge of this effort was to craft an analysis of the housing needs and current economic and policy trends exacerbating the housing shortage. After a thorough review of existing data sets on the nature of the needs and barriers, the CHTF set about identifying and prioritizing solutions. The final phase of the effort united the chairs from each committee with representatives from each member of the Board of Supervisors to review, evaluate, and craft viable implementation strategies for consideration by the Board of Supervisors. This report is the culmination of a bold initiative on the part of the Board of Supervisors to engage the broader community in identifying focused objectives and viable strategies for the County to take a leadership role in the affordable housing arena.

ANALYSIS: TRENDS, BARRIERS, AND NEEDS

To develop a foundation on which to build specific recommendations, the CHTF invested a considerable amount of time investigating our regional housing needs and barriers contributing to our current crisis. What participants found were interlocking trends that both present daunting hurdles and illuminate key objectives for action. The economic boom experienced by our region had a dramatic impact on housing costs, facilitating a growing imbalance between job growth and housing availability. Efforts to correct for these production inequities must compete with fiscal constraints placed on municipalities by our state's public financing system and the localized interests of cities, which have ultimate land use authority. Complicating matters is the decline in resources from the state and federal government, which shouldered much of the responsibility for public investment in housing until recent decades. The

result of all of these trends is overwhelming unmet housing needs for all low-income families, including special needs populations and public employees.

Economic Boom and Spiraling Costs:

From 1992 through 2001, the Silicon Valley economy created 334,000 new jobs but only 50,100 units of new housing, or over 6 times the number of jobs than housing units.¹ As a consequence, the competition for existing housing stock sent home prices and rents to dizzying heights. Despite the job losses witnessed in our current recession, the mean home price in Santa Clara County stands at \$551,317 for existing homes and \$740,003 for new homes.² The median-income household can afford to buy only approximately 15 percent of the houses sold in Santa Clara County. This number contrasts with the national average of 63 percent, making our region the 4th least affordable in the nation.³

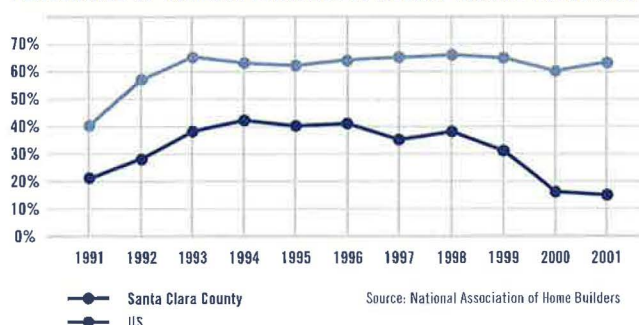
The competition for existing housing stock sent home prices and rents to dizzying heights...



Over the last decade housing prices have increased by 70 percent, while median household income has increased approximately 50 percent.⁴ However, this growth in household income has primarily benefited only the highest paid workers. As

Working Partnerships reported last year, fully 39 percent of local jobs pay less than \$30,000 per year.⁵ Looking at future job growth, four of the ten fastest growing occupations pay less than \$21,000 annually.⁶ Beyond fundamental equity issues, this growing income inequality equates to an increasing rent burden for more working families. Of the 226,000 households that rent in Santa Clara County, 39 percent spend 30 percent or more of their income on housing.⁷ While rents have declined over the past year, the market rent for a two-bedroom apartment in Santa Clara County is \$1,592.⁸

PERCENTAGE OF HOMES AFFORDABLE TO MEDIAN-INCOME HOUSEHOLDS¹



Fierce competition for developable land, for both commercial and residential projects, has kept land prices at over \$1.1 million per acre.⁹ This fact alone makes the prospect of developing affordable housing for low-income families without some form of public subsidy nearly impossible.



Jobs/Housing Imbalance:

The jobs/housing imbalance has precipitated key problems for local policy makers. From 1979-1999, more than 70 percent of the total job growth in Silicon Valley has been concentrated in northwest Santa Clara County (Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Santa Clara and Sunnyvale), north San Jose, and southern San Mateo County.¹⁰ The Association of Bay Area Governments (ABAG) estimated that between 1995-2000, 6 jobs were created for every housing unit built in Santa Clara County. ABAG expects this imbalance to continue between 2000-2005, with 2.5 jobs for every unit of new housing, mostly concentrated in the northern part of the county.¹¹

In certain cities, the astonishing number of jobs created in that city dwarfs the number of residents. Looking at data from 2000, Palo Alto had 2.7 jobs per employed resident, while Santa Clara had 2 jobs per employed resident.¹² Other north County cities—Sunnyvale, Mountain View, Milpitas, and Cupertino were projected to be at or above 1.5.¹³ This concentration of jobs in certain cities without corresponding housing development there means other communities must shoulder that responsibility. For example, San José only had 0.8 jobs per employed resident.¹²

Traffic congestion is among the more tangible consequences. Without delving into the details of the transportation crisis, we can see that the impact of having only 78 percent of the county workforce actually residing in the county¹⁴ has lead to the 47 percent increase in in-commuting to Santa Clara County between 1990-2000.¹⁵ Recent Census figures indicate that over 35 percent of county residents spend over 30 minutes commuting to work each day; that figure is over 40 percent for San Jose residents.¹⁶

This concentration of jobs in certain cities means other communities must shoulder that responsibility...

Public Financing System:

A key trend discussed in the CHTF process is that California's system of local government finance limits the amount of revenue generated by housing leading to a phenomenon that has been dubbed "fiscalization of land use." In the aftermath of

California's system of local government finance limits the amount of revenue generated by housing...

Proposition 13 and subsequent reforms such as Proposition 218, the ability of local government to raise revenues through increases in property taxes has been severely impaired. The cost of paying for the infrastructure that was once shared across a region (such as schools, parks, streets, and sewers), makes adding new residential units an expensive endeavor for municipalities. These expenses are used as justification for cities to limit new or higher-density housing production or are tacked on to the cost of housing in the form of development fees. Such fees are passed along to consumers making homes even less affordable. As a result, cities are encouraged to favor retail development, which produces sales tax dollars, over new residential or office projects.

Cities that have prioritized sales tax generation in their land use policies, instead of new and higher density housing production, remain in a stronger fiscal position relative to communities that do the converse. Here in Santa Clara County, cities such as Santa Clara, Palo Alto, and Mountain View collect over twice as many sales tax dollars per capita as San José.¹⁷ The downside of such a reliance on sales tax revenues, however, is that such cities may also suffer disproportionately when the economy suffers cyclical downturns. While San José continues to accommodate and build more housing, at times it has also been forced to prioritize retail development to pay for basic services.

2000 SALES TAX REVENUES PER CAPITA¹⁷

Source: California Board of Equalization, Census 2000

Santa Clara	\$40,837
Palo Alto	\$36,365
Mountain View	\$33,198
Los Gatos	\$28,123
Campbell	\$26,168
Milpitas	\$25,380
Sunnyvale	\$23,358
Cupertino	\$22,178
Gilroy	\$22,003
San Jose	\$15,208
Morgan Hill	\$13,110
Los Altos	\$8,841
Saratoga	\$3,489
Los Altos Hills	\$1,190
Monte Sereno	\$829



Lack of Political Will:

The lack of political will, that is in some ways closely linked with the fiscalization of land use, also presents major hurdles for cities to increase housing supply. Policymakers are confronted with some rather unique challenges here. Because of Silicon Valley's thirst for more office space, law-makers are at times placed in the difficult position of rejecting jobs for residents. It is often easier to approve commercial development than residential, especially at higher densities. Current residents will frequently assert that they do not want to see the character of their neighborhood change with higher density housing, and affordable developments in particular, by referencing what impacts they expect on property values, traffic, schools, and other public services.

Local policy makers are squeezed by competing considerations...

While this may not always be the case, local policy makers are squeezed by competing considerations. On one hand, the compelling regional housing crisis threatens to choke off our valley's competitive position as residents and employers are forced to leave the area because of spiraling costs. On the other hand, there are commercial developments clamoring for land on which to build and constituents rallying to oppose new housing proposals.

Federal and State Support:

Public investment to increase housing supplies and support infrastructure has historically been a priority for federal and state government. However, federal support for housing has declined since the 1970s, and our state has suffered disproportionately from that decline. California received fewer federal housing assistance dollars in 1999 for each individual living below the federal poverty level than all but one of the ten largest states. While the federal government spent, on average, \$286 on housing assistance for each person in poverty, California received only \$171 per person in poverty.¹⁸

State housing spending dropped substantially during 1990s, from 0.7 percent of total spending in 1990-91 to 0.2 percent of total spending in 1999-00. California allocated \$109.6 million for

housing programs in 1999-00. In the same year, Florida, with less than half the population of California, allocated \$149 million for housing programs for low- and moderate-income families. Massachusetts, which allocated \$187 million for housing in 1999-00, has less than a fifth of our population.¹⁹

Federal support for housing has declined since the 1970s, and our state has suffered disproportionately from that decline...



Another alarming circumstance is that a significant fraction of the state's federally subsidized housing units are reaching the expiration dates of their contracts to maintain affordability. In the past three years, California has lost more than 15,000 affordable housing units to opt-outs and prepayments, a total of 11 percent of the federally assisted inventory, with most of the losses occurring in Los Angeles, Orange, San Diego, and Santa Clara Counties. The State Department of Housing and Community Development estimates that more than 180,000 units may be at risk of conversion from affordable to market rents over the next decade.²⁰

In Santa Clara County, 2,185 units had either opted out or pre-paid as of April 2001. 2,447 units were in the process of doing so as of last November. While 444 of those affordable units have been preserved, it has come at great cost for acquisition and rehabilitation of that housing. Looking forward, another 905 can leave their

CONVERSION OF FEDERALLY-SUBSIDIZED AFFORDABLE UNITS TO MARKET RATE

	Units
Lost: Opted-out or Prepaid* 444 have been preserved	2185
In Process of Prepayment**	1428
In Process of Opt Out***	1019
Eligible to Expire 2002-06	905
Eligible to Expire 2007-11	151
Eligible to Expire 2012-	338
Total affordable units lost, at risk, or preserved	6026

*As of April 2001, **As of Nov.2001, *** As of August 2001
Source: California Housing Partnership Corporation²¹



affordability restrictions behind in the next 4 years, with an additional 489 set to expire from 2007 and thereafter.²¹ All told we have lost, have paid to preserve, or stand to lose over 6000 affordable units, almost negating the significant investments made by local government to create new affordable housing units over the past decade.

We have lost, have paid to preserve, or stand to lose over 6000 affordable units...

Housing Needs:

While estimates vary on the precise scale of housing needs for individuals and families in Santa Clara County, there is widespread agreement that the problem is significant and represents a threat to the quality of life of local residents. The Regional Housing Action Plan committee estimated that in 2000 Santa Clara County had a shortage of more than 81,800 housing units that were affordable to extremely low- and very low-income households (0-50 percent of area median income). Because this number does not incorporate uncounted families at that income range, those living "doubled up" (i.e. multiple families living in a single home, in illegally converted garages, etc.), or such workers forced to commute in from outlying communities, the actual deficit of units for this population may exceed 100,000.

ABAG's most recent projections of housing needs reflect a deficit of over 57,000 units including over 16,000 for low and very low-income households.²² Although the current recession may continue to curb increases in housing costs over the near

term, the concurrent dampening of earning capacity of families compounded with the spectre of layoffs may also erode their ability to improve their housing situations.

Santa Clara County had a shortage of more than 81,800 housing units...



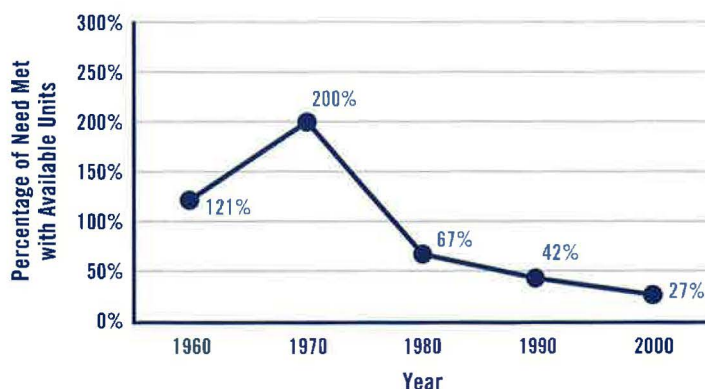
Special Housing Needs:

The impact of the housing crisis is most critical for vulnerable special needs populations. For example, many of the 40,971 persons receiving Supplemental Security Income (SSI) in Santa Clara County in 2000 have specific housing needs.²³ The County Collaborative on Affordable Housing Homeless Issues reported an unmet housing need for homeless individuals and families with children of nearly 4500 units.²⁴ Despite the fact that Santa Clara County has roughly 26 emergency shelters providing 1,020 beds year round (with an additional 150 beds at armories during the winter), it is estimated that 1,000 people sleep on the streets on a typical night.²⁵ Annually, there are at least 20,000 episodes of homelessness by individuals and families in the County,²⁶ and an estimated 1,500 homeless teenagers are found on the streets of downtown San Jose.²⁷

The impact of the housing crisis is most critical for vulnerable special needs populations...



PERCENTAGE OF HOUSING NEED MET FOR VERY LOW-INCOME AND EXTREMELY LOW-INCOME HOUSEHOLDS



CURRENT INVENTORY OF HOUSING FOR THE HOMELESS ²³			
	Individuals	Families with Children	TOTAL
Emergency Shelter	809	410	1219
Transitional Housing	592	674	1266
Permanent Supportive Housing	438	368	806
TOTAL	1839	1452	3291

UNMET HOUSING NEED FOR THE HOMELESS ²³			
	Individuals	Families with Children	TOTAL
Emergency Shelter	381	476	857
Transitional Housing	841	1013	1854
Permanent Supportive Housing	504	1277	1781
TOTAL	1726	2766	4492

Source: Santa Clara County Collaborative on Affordable Housing and Homeless Issues, Continuum of Care Gaps Analysis 2001

The last update of the Santa Clara County Consolidated Plan reports the following:²⁸

- As of November 2000 there were 26,331 persons on the Section 8 waiting list for Santa Clara County. Of these 3,849 were elderly, 4,741 were disabled, and 4,168 identified themselves as homeless.
- More than 6,000 are on the public housing waiting list.
- More than 41,000 are on the low-income housing tax credit program waiting list.
- Over the past five years, 944 mobile home units have been lost in the Urban County (where most are located).
- The number of County licensed foster care facilities has decreased from approximately 800 in 1991 to 378 in 1999.
- Over 130 board and care units under contract with the Mental Health Department will be lost within the next year due to redevelopment plans in downtown San José.
- There are 3,500-5,500 agricultural workers earning \$11,960-\$13,000 and only 300 beds at Ochoa provided by the Housing Authority of the County of Santa Clara.
- 7,726 units of subsidized low-income housing units are at risk of conversion to market rate housing, and many of the individuals and families living in them have special housing needs.

Public Employees:

The housing crisis also directly impacts all local public institutions, severely limiting our ability to recruit and retain high quality public employees. Public agencies are experiencing critical shortages of nurses, teachers, fire fighters, police officers, and other critical service employees. This greatly affects the quality of services provided by local governments. More public employees are living further from their jobs and commuting long hours to get to work. Long commutes for all employees mean less time with their families and the inability to be involved in their local communities in a meaningful way. For those public employees in customer service or other high stress jobs, the stress associated with long commutes further diminishes their quality of life, morale, and in some cases their job performance. Although the affordability crisis faced by public employees, particularly in lower paid positions, does not differ significantly from that of lower paid private sector employees, the Task Force focused upon the critical workforce shortages in service oriented public sector positions. Because public agencies are experiencing high rates of turnover and losing more experienced employees, policy makers have started to echo the call for more concerted regional action.

The housing crisis also directly impacts our ability to recruit and retain high quality public employees...



CURRENT EFFORTS

While the County of Santa Clara has not historically considered itself a force in housing, it has a strong tradition of housing related activity that can provide a foundation for greater leadership in the coming decade. Working with local agencies, the Housing Authority, and public and private sector partners, the County actively provides an array of housing opportunities and services that cover the spectrum of housing needs in Santa Clara County. Services include: rental and homeownership financial assistance, building and rehabilitating affordable housing, providing shelter for the homeless, and coordinating services and resources for individuals and families with special needs. More recently, the County is a founding partner of and the largest single contributor to the Housing Trust of Santa Clara County. Its investment of \$2.5 million has helped leverage over \$20 million in public and private sector contributions to support the diverse array of housing financing programs provided by the Trust. The Board of Supervisors has spearheaded the Fairgrounds revitalization project, which includes the development of hundreds of residential units. The County is also looking at other housing opportunities on the Fair Oaks Clinic site, Elmwood in Milpitas, and on other properties.



**The County of Santa Clara has a strong tradition
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foundation for greater leadership...**



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002**Recommendations**

Building upon a comprehensive analysis of housing needs and the root causes of our region's housing crisis, the County Housing Task Force identified and prioritized potential strategic interventions on the part of the County to respond. The Steering Committee further evaluated the recommendations and crafted implementation strategies for consideration by the Board of Supervisors.

The recommendations are presented as sets of policy briefs grouped in the following categories:

INFRASTRUCTURE AND ORGANIZATION

Internally focused proposals to strengthen the existing foundation of housing activity by the County and establish a more integrated structure to respond to needs, obstacles and opportunities.

REGIONAL LEADERSHIP AND ADVOCACY

Externally oriented activities that create the context for greater regional cooperation and action.

RESOURCE ACQUISITION AND ALLOCATION

Policy directives that position the County to address critical resource deficits by securing land and financing for affordable housing.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Infrastructure & Organization: Office of Affordable Housing

SUMMARY:

The County of Santa Clara may establish the Office of Affordable Housing (OAH) to strategically coordinate existing County housing service efforts and to proactively seek opportunities for the County to contribute resources to increase the supply of affordable housing. The OAH may also serve as support to the Board of Supervisors in order to exert countywide leadership and may bring together multiple local jurisdictions to form a County Housing Commission.

GOAL: *The goal of this proposal is to establish an institutional structure that will expand the County's regional leadership role in housing and strengthen our capacity to deliver necessary services by creating more affordable housing opportunities countywide.*

BACKGROUND

Problem Statement:

Santa Clara County's severe and sustained housing crisis shows little evidence of abating during the current economic downturn, suggesting that the problem will remain with us into the foreseeable future. Indeed, all indications are that exorbitant housing costs, coupled with a stagnant if not deteriorating economy, further threatens the quality of life for local households, especially the low-income special needs populations that the County serves. Over the long-term, as the costs of market housing continue to rise, the expenses incurred by the County will continue to increase as well and erode services.

The lack of coordinated internal and regional solutions directed at addressing the housing crisis is hindering the County's ability to effectively and efficiently deliver services. Therefore, it is in the County's best interest to take concerted action now. Participants in the County Housing Task Force (CHTF) concluded that the County, as currently configured, is unable to meet the challenges of the housing crisis in a strategic, proactive, and meaningful way.

The lack of coordinated internal and regional solutions directed at addressing the housing crisis is hindering the County's ability to effectively and efficiently deliver services...



Throughout the County, agencies and programs are struggling admirably to cope with overwhelming housing needs and are increasingly looking for more integrated direction that can advance comprehensive solutions. The County cannot continue to rely solely on local jurisdictions and the housing market to produce enough affordable housing for its residents and special needs clients.

The Current Environment

County: Existing housing services are scattered throughout the County organization and are focused narrowly on the needs and functions of their respective departments. This decentralized structure virtually precludes effective inter-departmental coordination of resources and services.

County housing staff report that all available affordable housing sources are operating at maximum capacity, while demand for their services continues to grow. Overwhelmed by staggering demand, departmental housing staff have become focused on housing placement services and on attempts to retain existing units.

Little, if any, proactive efforts are made to acquire new affordable units. As a result, their numbers continue to decline, while the costs of existing units continue to climb.

Affordable Housing Development: A recent survey conducted by First Community Housing revealed that there are 223 affordable housing complexes in Santa Clara County, providing 22,084 units. These units provide housing for individuals and families with incomes primarily between 50-120 percent of the County's median income. While the above efforts are to be congratulated, they hardly begin to scratch the surface of the housing needs of extremely low-income special needs individuals and families.

THE PLAN

To help the County of Santa Clara respond to our region's housing crisis, the CHTF recommends the establishment of an Office of Affordable Housing (OAH) that would strategically coordinate existing County housing services and seek opportunities for the County to contribute resources to the creation of



more affordable housing. The OAH may serve as support to the Board of Supervisors in order to exert county-wide leadership on housing policies. Furthermore, the OAH may bring together multiple local jurisdictions to form a County Housing Commission (CHC).

The OAH may play a number of critical roles in the implementation and development of County housing strategy.

First, by having the County create the OAH and acknowledge that affordable housing is a policy priority, *the OAH may become the point of contact within the County organization for affordable housing policy activities, issues, and proposals.* The OAH may conduct research; evaluate policy proposals and pending legislation; and produce and disseminate reports and informational resources as requested.



Second, *the OAH may serve as a coordinating hub for County departments engaged in finding housing for County clients.* The OAH may function as a repository of critical housing data, as well as a source of information about County housing activities and financial resource opportunities for agencies and housing providers. The OAH may help evaluate data, programs, and projects in order to better target resources and maximize opportunities for collaboration between departments, developers, and service providers.

Third, *the OAH may establish its role in the wider community as a facilitator and consensus builder for affordable housing.* Working with cities, builders, service providers and lenders, the OAH may advocate for and seek projects where County resources (funds, services, and/or surplus land) may be leveraged into affordable housing opportunities.

Fourth, *the OAH may implement a Special Needs Housing Program.* Such a program may identify and evaluate development opportunities where County land, funds, and support could be leveraged to create affordable housing for special needs clients. The OAH may work with County agencies and service providers to disseminate affordable housing information. The office may also support and build upon the current efforts to create a countywide database of affordable units that would be available to special needs clients, housing staff, and service providers. The OAH may also develop a financial assistance program to help special needs clients obtain affordable housing. Further, the OAH may work closely with special needs housing service providers to insure that programs are managed according to "best practices" methods. The OAH may explore and recommend ways to provide incentives for programs that are run effectively.

Fifth, *the OAH may work with local jurisdictions and assist in the development of a County Housing Commission.* The OAH may work with the CHC to develop and implement regional housing solutions to regional housing problems. Examples might include: using surplus land for affordable housing, developing public employee housing assistance, or advocating as a region for additional housing support from the state and federal governments.

Finally, *the OAH may actively coordinate and advance policy advocacy efforts on housing issues among all levels of govern-*

ment in partnership with local leaders, advocates, and community members. By providing research, communications infrastructure, policy analysis, and strategic planning, the County can work with the CHC to more thoughtfully create and advance legislation that will ameliorate our region's housing crisis. Such activity might include leading research and advocacy efforts to secure a source of local public financing.

The creation of the OAH would send a strong message within the County organization and to the community at large that the County recognizes the seriousness of the housing crisis...



Benefits and Opportunities:

The recommendation to establish an OAH is part of an overall strategy envisioned by the CHTF to reposition the County into a new public leadership role as a **"county-wide affordable housing champion."** The creation of the OAH would send a strong message within the County organization and to the community at large that the County recognizes the seriousness of the housing crisis and is equally serious about making significant inroads towards addressing the problem.

The CHTF clearly identified the County as the largest provider of housing opportunities for special needs and impoverished individuals and families, but it also identified a number of gaps and deficiencies in the way those services and opportunities are delivered. Establishing the OAH may address those issues by bringing a new focus that agencies and housing staff working separately and isolated from one another currently lack. The efficiencies generated by the collaboration, coordination, and sharing of information and expertise between the diverse group of existing housing specialists could benefit both the County and its clients.

County agency housing staff may also benefit from having an OAH that may work in the wider community and advocate for their housing interests and needs.

Consequences of Doing Nothing:

The County of Santa Clara's existing decentralized response to the housing crisis will remain in place. The scale of the crisis will continue to erode the County's ability to efficiently provide services to local residents.

Fiscal Implications of Establishing an Office of Affordable Housing:

Depending on the scope of responsibilities identified for the program, the costs borne by the County may range from moderate to significant. Staffing, organizational infrastructure costs, research capacity, information database development, printing and communications costs would likely represent the basic level of program support. If the County were to move forward with directly investing in the development of affordable housing, such a resource allocation would represent more considerable opportunity costs that must be measured against other uses. Funding for providing financial assistance to special needs clients would have to come from consolidation of existing programs and/or a new source of funding.

KEY ACTIVITY CLUSTERS

- 1) The Board of Supervisors may accept the recommendation to establish an Office of Affordable Housing and direct the Administration to take the necessary steps for creating the office effective July 1, 2002.
- 2) The County may adopt a work plan for the Office of Affordable Housing.



SUMMARY:

The County of Santa Clara may establish an integrated program to lead efforts in improving the coordination, quality, and development of housing for its special needs clients. By compiling critical data, disseminating resource and best practice information, coordinating efforts of existing housing and assistance programs, and leveraging County resources for the purpose of developing more special needs housing, a County Office of Affordable Housing can better position the County to fulfill its service mission.

GOAL: *The goal of this proposal is to establish an institutional vehicle that will allow the County to more thoughtfully and strategically address the housing needs of the vulnerable populations it serves.*

BACKGROUND

Problem Statement:

The housing crisis in Santa Clara County is especially difficult for low- and extremely low-income special needs populations, many of whom are served by County agencies. From the beginning of the process, participants in the County Housing Task Force (CHTF) broached the most basic concern about special needs housing: there has never been enough of it. The reasons for this are many and reflect those underlying the housing crisis in general, but the magnitude and consequences are even more severe for those with special needs.

First, the economic boom, which witnessed unprecedented competition for all types of housing, created an opportunity for landlords to raise rents beyond the means of those on fixed incomes. In the case of many federally financed affordable projects, property owners converted units to market rents or sold them altogether. As a result, the countywide inventory of housing affordable to those on limited or fixed incomes has diminished rapidly. Second, prospective development of special needs housing often must confront the fears of neighborhood residents, which creates political hurdles to the siting of facilities. Third, the expense of building such housing requires significant levels of public subsidy that local jurisdictions are often unable or unwilling to fund due to fiscal constraints. Fourth, state and federal assistance has been drastically

scaled back, leaving communities to identify or generate resources to meet escalating needs on their own.

The magnitude and consequences are even more severe for those with special needs...



The Current Environment

County: Housing and housing related services are a vital component in the matrix of social services provided by the County to those with special needs. Traditionally, the County's ability to effectively deliver social services in a cost efficient way has been directly tied to the availability of low cost housing. Today, that availability is in serious jeopardy and has given rise to the dilemma of escalating impoverishment and homelessness of special needs persons.

As reported in the County's Supportive Housing Initiative Report, *"agencies are bearing a significant and increasing burden because there are never enough beds or units to meet the need. Front line managers and case managers are spending more of their days trying to find housing for clients. Housing that is available is more costly both to the County and the clients, meaning more service dollars and client dollars are being used for housing rather than on services. The Continuum of Care strategy of the County for serving special needs populations is in danger of collapsing as more dollars are spent on fewer units and consequently less service."*

County agencies currently provide housing or housing assistance to over 4,300 clients across all special needs programs...



It is estimated that County agencies currently provide housing or housing assistance to over 4,300 clients across all special needs programs. The Housing Authority assists over 14,000 clients through its Section 8 programs and over 2,300 through their other housing programs for low-income individuals and



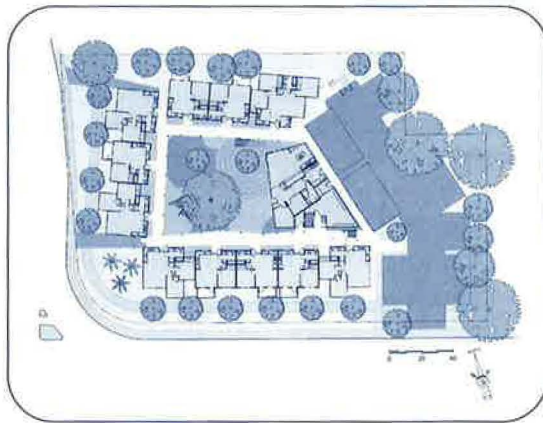
families. The scale of affordable housing needs far outstrips the market supply and the current resources at the disposal of any local public entity. Without a nexus for cooperation with non-profit developers and service providers, the County and the special needs persons it serves will continue to lose ground.

Therefore, it is in the County's best interest to engage in aggressive action now.

THE PLAN

In order to better coordinate the development and execution of special needs housing opportunities, the CHTF recommends that the County of Santa Clara establish an integrated Special Needs Housing Program component of an Office of Affordable Housing that would have a number of critical roles to play in the implementation of a comprehensive County housing strategy.

First, the Program may function as an *advocate for affordable housing for special needs clients throughout the county*. Its purpose would be to seek out and evaluate affordable housing development projects where County resources (land or funds) and support can be leveraged into affordable housing for special needs clients. By bringing resources to the table in discussions with cities, developers, and service providers, the County is in a position both to further the common goal of affordable housing development and to negotiate for units to be accessible to County clients.



Second, the Program may function as an *information clearinghouse for countywide affordable housing services and programs available to special needs clients*. This information would be kept updated and published for distribution to the public, service providers, and County housing staff. By working with County housing staff, the Program may evaluate existing housing education

services and make recommendations to fill unmet needs. The Program may also support the current efforts to develop an online information database of available affordable housing units, services provided, and rental market conditions.

Third, the Program may function as a *research and information development strategist*, working with County housing staff and service providers to develop critical countywide housing needs data with emphasis

on special needs housing data. The Program may also remain current on potential revenue sources available from state and federal housing programs that may be used for the development of more low-income housing. Its purpose would be to assist County housing

staff and service providers with critical data and other administrative assistance necessary for securing additional local, state, and federal funding.

Fourth, the Program may function as a *coordinating hub for County departments engaged in finding housing for County clients and those allocating resources*. The program would work with County housing staff to evaluate and prioritize data, programs, and projects in order to better target resources such as Community Development Block Grants and other housing funds while maximizing opportunities for collaboration between departments, developers, and service providers.

Finally, the Program may *provide a level of quality assurance* and work closely with County housing staff and housing service providers to ensure that special needs housing programs are managed according to "best practices" methods. To insure County agencies and clients are getting the best possible housing services, the County may explore different community-based special needs housing models to find innovative designs that would be effective in Santa Clara County. For example, it may explore incentives to make the common, single-family home, board and care model more financially feasible, or it may identify other models that are more desirable for certain special needs clients.

[For specific proposed activities, please see Appendix 3.]

Benefits and Opportunities:

The CHTF clearly identified the County of Santa Clara as the largest provider of housing opportunities for special needs individuals and families, but it also identified a number of gaps and deficiencies in the way those opportunities are developed and delivered. Establishing the Special Needs Housing Program under



a County Office of Affordable Housing could bring a new focus that agencies and housing staff, working separately and in isolation from one another, currently lack. The efficiencies generated from diverse group of housing specialists located within one organization and collaborating together, would benefit clients and the County.

By investing land and financial resources into affordable housing development, the County may become a powerful advocate on behalf of individuals with special needs, and is instantly positioned to help lead a coordinated regional response to the housing crisis.

Consequences of Doing Nothing:

The housing crisis in Santa Clara County is a systemic and long-term problem that will not be resolved by market forces alone, particularly for those with special needs. Indeed, economic and political pressures far beyond the County's control guarantee that the housing problems will remain into the foreseeable future. However, by doing nothing, it is certain that the crisis will grow and take its toll on the County.

The scale of the crisis continues to erode the County's ability to efficiently provide services to vulnerable populations. Therefore, without aggressive intervention, the County's Continuum of Care strategy will remain in danger of collapsing.

Fiscal Implications of Establishing a Special Needs Housing Program:

Depending on the size, functions, and responsibilities of the program, the costs borne by the County could range from nominal to significant. Staffing, research capacity, information database development, printing and communications costs would likely represent the basic level of program support. If the County were to move forward with directly investing in the development of affordable housing (including special needs set-asides) by designating financial resources or surplus land for that purpose, it would represent more considerable opportunity costs that would be measured against other uses.

KEY ACTIVITY CLUSTERS

- 1) The County may establish special needs housing as a key program component of a County Office of Affordable Housing and identify the staffing and organizational infrastructure to implement such a program.
- 2) The County may direct allocation of land or appropriate financial resources toward the development of affordable and special needs housing.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Regional Leadership & Advocacy: County Housing Commission

SUMMARY:

The County of Santa Clara may establish a County Housing Commission (CHC) that would foster a regional dialogue on issues of housing among local elected officials and provide a vehicle to launch collaborative initiatives to address critical needs. The CHC may include representatives from local municipalities, the County, and other appointed members at the discretion of the Board of Supervisors.

GOAL: *The objective of this proposal is for the County to address the lack of regional coordination on housing issues by creating a context in which local leaders can communicate and develop regional responses.*

BACKGROUND

Problem Statement:

Many of the factors which have precipitated our housing crisis are regional in nature. However, the lack of a coordinated regional response among local policy makers has created a leadership vacuum in which public entities grasp for solutions to a set of problems larger than their sphere of authority. At the same time, because municipalities retain primary responsibility for the land use decisions that either promote or restrain housing development in their jurisdiction, city councils are among the key battlegrounds in the struggle to address our housing shortage.

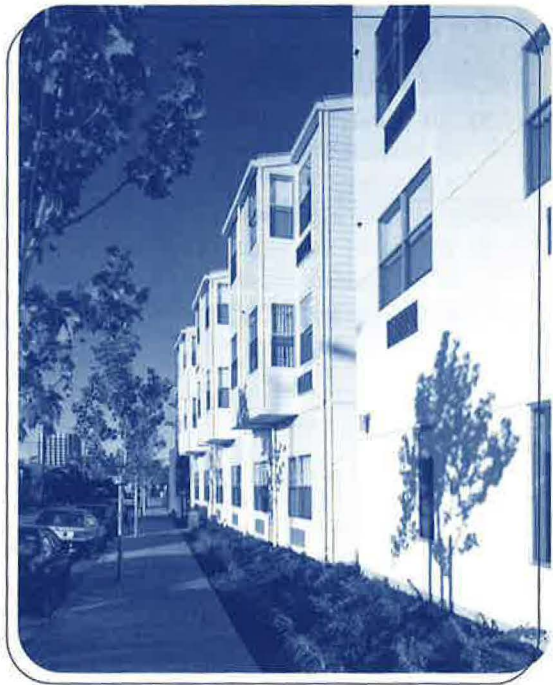
Throughout the County Housing Task Force (CHTF) process, advocates and decision makers acknowledged the need for a conduit to understand, refine, and collectively implement policy and programmatic initiatives that address both the symptoms and root causes of our crisis.

As it relates to local government, four major circumstances present significant barriers to the development of more housing, or are symptomatic of the direct impact of the crisis. First, the state's system of local government finance has created perverse disincentives to housing creation. Second, the lack of political will on the part of local jurisdictions has deflected attempts to make policy decisions that could ameliorate the crisis. Third, a growing imbalance between jobs and housing

has created a destabilizing economic and social disequilibria between cities within the county and between our county and others. Fourth, the housing crisis has severely restricted the ability of all local public institutions to recruit and retain high quality public employees.

Current Environment

Local Government: Among the issues of foremost concern to local elected leaders involved in the Santa Clara County Cities Association are issues of housing, air quality, and transportation. One element that makes housing unique, however, is that it does not have an established public inter-governmental entity like the Air Quality Management District or the Valley Transportation Authority (VTA) to provide monitoring, research, visibility, and directed response to the issue. Cities are responsible for crafting and implementing their housing elements on a regular basis. However, there is no consistent



“Housing does not have an established public inter-governmental entity to provide monitoring, research, visibility, and directed response...”



mechanism for regional discussion or evaluation of progress made in achieving our goals.

Other: One recent development has been the establishment of the Housing Trust of Santa Clara County, which has brought together many different constituencies from the public and private sectors to invest in a common response to our region's housing woes through a revolving loan and grantmaking fund. Each municipality in the County has invested resources into the Housing Trust - a nascent, if indirect, common vehicle.

THE PLAN

To maximize the impact of enhanced County activity in housing and to leverage greater regional cooperation, the CHTF recommends that the County establish a County Housing Commission (CHC) that would include representatives from all local jurisdictions and other appropriate appointees. The primary function of this commission would be to foster a collective dialogue on issues of housing and provide a vehicle for regional action.

The commission would foster a collective dialogue on issues of housing and provide a vehicle for regional action...



Activity: While the CHTF felt that the membership of such an inter-governmental commission, once established, should determine its own objectives, the process identified and prioritized potential activities including:

- Spearhead regional planning processes that will mitigate the housing/jobs imbalance and establish countywide housing goals.
- Collect, analyze, and disseminate data on local trends in housing needs, costs, and production levels, as well as the impact of specific housing policies.
- Take a leadership role in a community campaign to establish a new source of public revenues for affordable housing.
- Educate other elected officials on the importance of affordable housing development in their cities.
- Develop an ongoing education campaign to build political and community support for the development of affordable housing.
- Establish countywide inter-jurisdictional housing agreements to expedite the creation of special needs housing development and/or services.

- Work with cities on siting and expediting approval of appropriate special needs and affordable housing projects on surplus government-owned lands, or on County unincorporated land (seeking waivers or variances on LAFCO rules, transportation services rules, density rules, etc.)
- Partner with local jurisdictions to effect land use policies that result in affordable housing units being created.
- Establish a countywide Land Bank, comprised of surplus land and financial contributions from all local jurisdictions, to be administered by the CHC or other non-profit agency, for the purpose of building and rehabilitating low-, very low-, and extremely low-income housing.
- Develop a countywide Housing Action Plan to comprehensively address the housing needs of all Santa Clara County residents, and enlist regional support for the implementation of this plan.
- Evaluate and comment on the housing elements of individual cities to the State HCD.

Potential activities specific to *housing for public employees*:

- Create a "one-stop shop" for public employees to acquire information on available resources for housing.
- Establish a multi-jurisdictional revolving loan program to provide rental and home buying assistance for public employees.
- Collect and compare data on local economic trends, salary levels, turnover and job vacancy rates, housing costs, caseloads, and anecdotal information to aid in identifying solutions.
- Partner with public sector unions to determine needs of public employees through surveys and focus group discussions.
- Work with our state and federal delegations and appropriate agencies to provide tax incentives for public employees who live in high cost areas, and for property owners and developers to provide affordable housing opportunities for public employees.

Membership: The CHTF Steering Committee recommends that the County look at two models in determining the membership of the CHC. The first model would emulate the representation of the Board of Directors of the VTA. The CHC could be composed of representatives from population-weighted clusters of cities and the County (12 to 17 appointees and alternates). The second model would reintroduce the structure employed at one time by the County's Inter-Governmental Council,



Involving committed elected leaders from throughout the county increases the chance of a tangible response to our region's housing crisis...

but for the purposes of housing. Each City and the County could appoint one or more representatives based on its population (17 to 25 members). Such structures can create geographic balance, broad ownership, and comprehensive local public representation.

Either of the two models could incorporate community representatives (business, labor, housing advocates, developers, and other stakeholders.)

Benefits and Opportunities:

By working collaboratively with local jurisdictions to understand the scope of the problem and create strategies to address the crisis, the county can instigate regional planning efforts that involve those most responsible for implementing them. Involving committed elected leaders from throughout the county increases the chance of a tangible response to our region's housing crisis.



Consequences of Doing Nothing:

The existing decentralized authority for housing concerns would remain in place. In all probability, the leadership vacuum, as well as fiscal and local political constraints, would continue to overwhelm the ability of independent jurisdictions to address the problem in a meaningful way. If existing trends remain in place, the crisis will worsen.

Fiscal Implications of Establishing a County Housing Commission on:

Depending on the identified structure and activities, the costs borne by the County could range from moderate to nominal. Staffing, organizational infrastructure, and research capacity would be the most critical initial requirements.

KEY ACTIVITY CLUSTERS

- 1) The County may author a proposal for a partnership with the Santa Clara County Cities Association to craft an effective membership structure for a County Housing Commission (CHC) comprised of representatives from local municipalities, the County, and other appointed members.
- 2) The County may identify staffing, organizational infrastructure, and funding to develop and support the CHC which may include membership dues.
- 3) The County may pass an ordinance authorizing the creation of the CHC.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Regional Leadership & Advocacy: Policy Advocacy

SUMMARY:

The County of Santa Clara may reposition itself to be a proactive force in affordable housing advocacy for our region. By making housing advocacy at the local, state, and federal levels an institutional priority of a County Office of Affordable Housing, the County may spearhead efforts to enact housing policies and secure resources for Santa Clara County.

GOAL: *The objective of this proposal is for the County to actively coordinate and advance policy advocacy efforts on housing issues at all levels of government in partnership with local leaders, advocates, and community members.*

BACKGROUND

Problem Statement: While there is wide recognition among community members and policy makers throughout our region of the effects of our housing crisis, there have been precious few examples of coordinated efforts on the part of local government in response. Currently, local jurisdictions engage in advocacy independently of each other, which results in a lack of regional balance, and diminishes our regional influence, resulting in fewer resources for the region.

While the absence of a coordinated response cannot be attributed to any one factor, the lack of political will on the part of local jurisdictions and traditional spheres of authority have often limited intervention by an overarching political entity to address the housing issue. Because of the interlocking nexus of fiscal, economic, and regulatory circumstances that overlay our entire region (and not just individual municipalities), collaborative action is crucial. Consideration of jurisdiction, protocol, and tradition should be recognized and respected, but the severity of the crisis and the lack of comprehensive, compelling solutions took precedence over all else and motivated the participants in the County Housing Task Force (CHTF) as they created the recommendations in this report.

Currently, local jurisdictions engage in advocacy independently of each other, which diminishes our regional influence...

The Current Environment

Local Government: Existing leadership and advocacy roles are decentralized throughout the County and are largely driven by individuals, programs, and services. Piecemeal approaches exist via Community Development Block Grants (CDBG), the Santa Clara County Cities Association, the Board of Supervisors Legislative Committee, and other individual departments and agencies. However, there is no central organization that advocates for legislation and funding for the entire County. A lack of an integrated strategy to advance clear policy directives prevents the County from efficiently leading or advocating on housing issues.

To the extent that developing and supporting the creation of affordable housing is a regional responsibility, no single organization currently exists to assume this role. The cities and County are individually responsible to meet mandatory housing requirements but do not coordinate or support one another in a comprehensive fashion. This lack of cohesive regional organization and proactive advocacy reduces the effectiveness of the County and all other local public jurisdictions. Without a comprehensive internal or external approach, the County will continue to be unable to meet local housing needs and federal/state requirements for affordable housing.

There is no central organization that advocates for legislation and funding for the entire County...

Community Organizations: Several distinguished organizations and advocacy groups have played important roles in raising the profile of the housing crisis and advocating for specific responses. Major studies have been generated by key organizations including Working Partnerships USA, the Silicon Valley Manufacturing Group and Greenbelt Alliance. Community advocacy groups such as Association of Community Organizations for Reform Now (ACORN), the Affordable Housing Network, People Acting in Community Together, Peninsula Interfaith Action, and the Interfaith Council have pushed local leaders to address housing needs, especially those of low-income families. Other collaborative bodies—including the Housing Leadership Council, the Housing Action Coalition, the Santa Clara County Collaborative on Affordable Housing and



Homeless Issues, and Housing for All Coalition—have coalesced housing advocates, policy makers, service providers, trade associations, and community, religious, business, and labor leadership in creative ways to advance common goals.

Such organizations and coalitions have in recent years been instrumental in the approval of many individual affordable housing developments, and have successfully advocated for policy responses including:

- An increased allocation for extremely low-income housing development by the City of San José's Redevelopment Agency from \$25-\$35 million.
- An increased percentage allocation for affordable housing development by the City of Milpitas' Redevelopment Agency from 20 percent to 30 percent.
- A new below market rate program and housing impact fee in the City of Mountain View.
- An expanded below market rate program in the City of Palo Alto.
- A significant increase in Low-Income Housing Tax Credit equity for the State of California at both the state and federal levels.
- A dramatic increase in non-project based Section 8 allocations to our County over the last ten years, from 7,600 units to over 14,000 today.

**An integrated lobbying strategy
that involves both local government
and community constituencies
must be in place...**



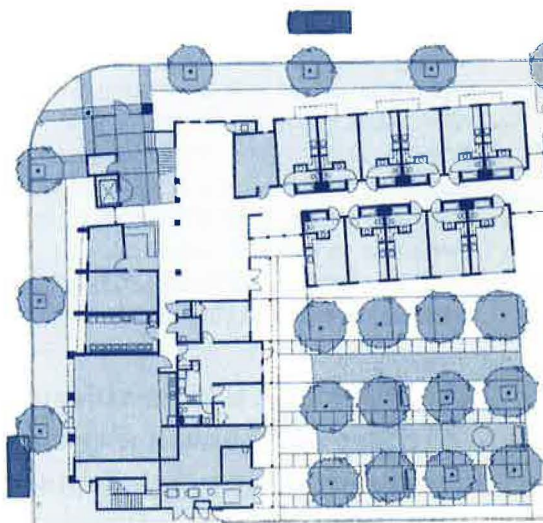
On the Horizon: Despite the presence of active community constituencies, many participants in the CHTF process maintained that public sector leadership, specifically from a regional entity like the County of Santa Clara, is essential in coordinating and mobilizing larger scale legislative advocacy efforts toward the state and federal government. Given that there is some movement on proposals in Sacramento and Washington to bolster housing assistance, timing for action is critical. The California legislature is considering placing a \$2 billion bond for a Housing and Emergency Shelter Trust Fund on the ballot for November of 2002. Federal legislation for a National Housing Trust Fund is weaving its way through the halls of Congress. If Santa Clara County is to receive significant resources under either initiative, then an integrated lobbying strategy that involves both local government and community constituencies must be in place.

THE PLAN

To reposition the County into a new public leadership role as **"the countywide affordable housing champion,"** the CHTF recommends that the County of Santa Clara make affordable housing advocacy at the local, state, and federal levels an institutional priority. The County can play a critical role in the development of policies, and advocate for regional concerns and additional resources. A core function of a County Office of Affordable Housing could be to spearhead legislative advocacy efforts to potentially unite many of the important constituencies supporting affordable housing with local policy makers, resulting in greater legislative outcomes. By providing research, communications infrastructure, policy analysis, and strategic planning, the County can work with a County Housing Commission to more thoughtfully create and advance legislation that will ameliorate our region's housing crisis.

Policies: The CHTF identified dozens of potential policy initiatives, but prioritized the following:

- Promote implementation of favorable land use policies and set asides for affordable housing developments.
- Urge Cities to implement SB 211, which requires allocation of 30 percent of their redevelopment funds to affordable housing.
- Advocate for Housing Element reforms (to strengthen both reporting and implementation requirements for local jurisdictions.)
- Encourage our state delegation to lead a large-scale effort to review and reform special needs licensing requirements and codes.
- Advocate for funds, tax incentives, and programs (e.g., the State Housing and Emergency Shelter



Trust Fund) aimed at developing affordable housing in high cost counties throughout the state.

- Support legislation to address construction defect liability, in order to remove the disincentive to construction of multi-family housing.
- Support legislation to create Housing Redevelopment zones where increases in property taxes are allocated toward affordable housing on a county-wide basis.

Benefits and Opportunities:

By proactively developing partnerships to lobby for resources and policy changes, the County would be better able to encourage and influence legislation, land use policies, and leverage other resources to support the development of affordable housing. With an increased County profile and presence, the needs of County clients and programs will be better met with improved representation, resources, and policies.

Consequences of Doing Nothing:

The existing networks of housing advocates and organizations will continue to work independently to increase development of affordable housing. The County and local jurisdictions will continue to advocate separately and will partner on an ad-hoc basis if they can identify legislation in their common interests. Without a nexus for cooperation with other partners, the County will continue to shoulder the burden for advocating for the housing needs of County clients and programs. If existing trends remain in place, the housing crisis will worsen.

Fiscal Implications of Establishing a Policy Advocacy Program:

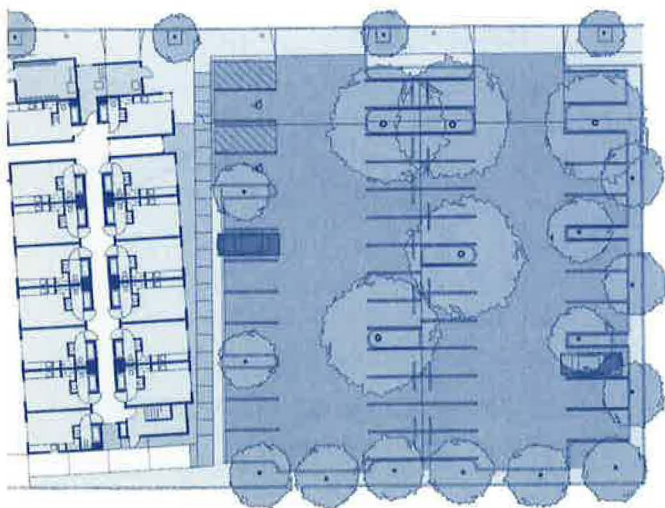
Depending on the depth of activities, the costs borne by the County could range from moderate to nominal. Staffing, research capacity, communications infrastructure, and potential travel costs would be the most extensive requirements.



With an increased County profile and presence, the needs of County clients and programs will be better met...

KEY ACTIVITY CLUSTERS

- 1) The County may establish legislative and policy advocacy efforts as a key program component of a County Office of Affordable Housing and identify the staffing and organizational infrastructure resources to implement such a program.
- 2) The County may further research and evaluate the policy priorities identified in the CHTF Report to craft legislation and policy goals for a County Office of Affordable Housing.
- 3) The County may reach out to and expand our lobbying efforts with local partners to increase resources and advocate for regional affordable housing policies.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Resource Acquisition & Allocation: Public Source of Local Financing

SUMMARY:

The County of Santa Clara may spearhead a county-wide effort to identify and secure an ongoing source of local public revenue to support the development of affordable housing.

GOAL: *The objective of this proposal is for the County to initiate a process that can significantly bolster the financial resources available to address the continuum of affordable housing needs in our county and to create fiscal incentives for increasing the production of affordable housing.*

BACKGROUND

Problem Statement: Among the primary barriers to the creation and preservation of affordable housing, identified in every phase of the County Housing Task Force (CHTF) process, were the lack of adequate financial resources and incentives for development. The nature and underlying causes of our region's housing crisis have focused the attention of leaders and advocates on a need for greater financial resources at the local level.

Three major trends have been described as working together to create a "perfect storm" exacerbating the shortfall of affordable housing. First, the explosive growth of our regional economy has precipitated both spiraling costs for existing housing stock and extremely high land prices. Second, the lack of adequate federal and state subsidy support for affordable housing development and preservation has contributed to the chasm between supply and need. Third, the state's public finance system discourages cities from allowing more housing development.

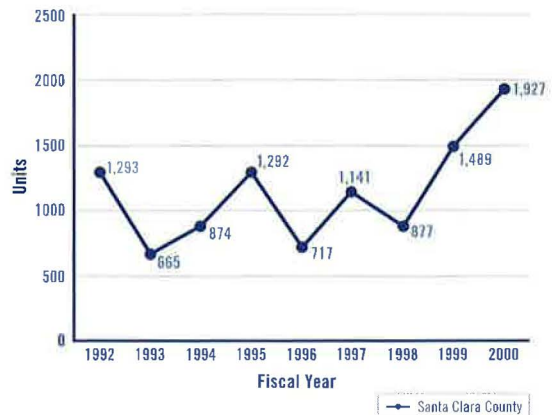
The nature and underlying causes of our region's housing crisis have focused the attention of leaders and advocates on a need for greater financial resources at the local level...



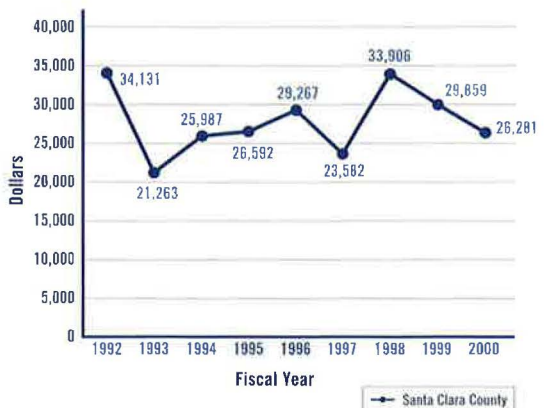
Current Environment

Local Government: Over the last decade, cities in Santa Clara County have invested in the production of affordable units using various financing sources, primarily redevelopment tax-increment financing. Taking a snapshot of nine cities which have compiled reliable data from 1992 to 2000 (Campbell, Los Gatos, Milpitas, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, and Sunnyvale), we see the following three trends. First, San José has supported the lion's share of the production of housing units affordable to moderate-, low-, and extremely low-income families in the County over the past decade, accounting for 88 percent of total units produced in 1992, growing to 95

SANTA CLARA COUNTY AFFORDABLE HOUSING UNITS PRODUCED



SANTA CLARA COUNTY AFFORDABLE HOUSING FUNDING PER UNIT



percent of units produced in 2000. (1,135 and 1,823 units in those respective years). Second, the County's overall production of has increased over that period by nearly 50 percent (from 1,293 units in 1992 to 1,927 units per year in 2000) although city funding amounts have increased only 1.7 percent annually. Third, as a result, the subsidy level per unit in nominal dollars has fluctuated between \$34,131 per unit in 1992 to \$26,281 per unit in 2000, a drop of 23 percent even before adjusting for inflation. The significant swings we have witnessed in the economy over the past decade are also evident in the production and subsidy figures.

Housing Trust of Santa Clara County: For the last two decades, housing advocates have cited the possibility of developing a local housing trust fund to raise new sources of public revenue to finance affordable housing. In the late 1990s a local steering committee explored the possibility of securing public financing streams similar to those that have been used to fund the other 257 housing trusts around the nation. After determining that the voting public's responsiveness to a tax or fee-based housing fund would be bolstered by establishing an organization with a track record, a unique public/private collaborative decided to push forward to establish a trust fund using a philanthropic fundraising model to obtain an initial capitalization.

Building a sustainable public revenue source remains a priority...



Under the leadership of the Board of Supervisors, the Silicon Valley Manufacturing Group, Santa Clara County Collaborative on Affordable Housing and Homeless Issues, and Community Foundation Silicon Valley, the Housing Trust of Santa Clara County (HTSCC) was formed to raise and distribute funds to address the continuum of affordable housing needs. From mid-1999 to 2001, the campaign raised \$20 million in 24 months. The \$2.5 million investment from the County, by far the largest donor, along with public contributions from every city in the county, has accounted for more than a third of the capitalization. Nearly two-thirds of the money raised came from the private sector (local corporations, private foundations, and individuals). In operation for only eight months, the HTSCC has completed its initial round of gap financing for affordable multifamily and homeless/transitional housing, assisting the development of over 800 units. The Trust's first-time homebuyer program has helped over 126 families move into their first homes. While this early success is remarkable, building a sustainable public revenue source remains a priority for the leaders involved in the effort.

THE PLAN

The Source: The CHTF recommends that the County take steps necessary to establish an ongoing source of local public revenue for affordable housing. The Regional Housing Action Plan Committee discussed a myriad of possible revenue streams to be allocated toward a countywide housing pool and/or the Housing Trust and prioritized action on these three:

- Use a portion (30 percent) of the County's settlement with the City of San José's Redevelopment Agency and any future settlements with cities.
- Work with local cities to create a countywide sales-tax revenue pool for affordable housing. While currently permitted under state law, implementing such a plan requires the initiative of local leadership.
- Support legislation that will create Housing Redevelopment zones where increases in property tax-increments are funneled toward affordable housing countywide.

Furthermore, the CHTF recommends planning, analysis, and regional consultation on several alternatives for an affordable housing fund:

- Sales tax [0.25 percent, temporary or otherwise]
- Bond financing [general obligation bond]
- Linkage fees [Housing or commercial development fees]
- Property transaction taxes/fees [real estate/mortgage transfer taxes, penalties, etc.]
- Pooling in-lieu fees from local jurisdictions with inclusionary zoning policies
- Proceeds from the sale of government owned land

The first step for the County would be sponsorship of an update to the revenue nexus study developed for the Housing Trust, to provide a current analysis of the revenue potential and feasibility of various sources of public financing for an affordable housing fund.

The Use: As noted previously, every element of the Task Force process identified objectives that may carry some fiscal ramifications. Rather than stipulate which recommendations are most deserving, from those discussions we can instead identify a few principles to help shape future funding priorities.



First, such a revenue source should be used to subsidize development of housing along the continuum of the county's housing need: from direct investment in affordable housing development for low-income families, to critical housing supports for special needs populations, to bolstering homeownership programs for low- and moderate-income families. Several assessments by both public and public-benefit institutions have been made of the dire need for affordable housing locally. Needs have been thoroughly documented by local cities through their housing elements and comprehensive planning processes, by various County agencies working to secure adequate housing for special needs clients, and by other organizations such as the County Collaborative on Affordable Housing and Homeless Issues, and United Way Silicon Valley.

We must look to strategically leverage investments to create maximum outcomes...

Second, we must look to strategically leverage investments to create maximum outcomes. For example, one innovative proposal was identified in response to the burden of infrastructure costs associated with residential development. This phenomenon is often cited by local cities as a reason not to allow more or higher density housing, or as justification to pass along those costs to developers, who, in turn, increase housing prices. The Regional Housing Action Plan Committee recommended that a portion of a local revenue source be directed toward a fund to support infrastructure improvements in cities in order to incentivize development of affordable housing and higher density housing. While such investments may stray from traditional notions of project-based funding of affordable housing, they may provide an opportunity to create even more housing by addressing multiple obstacles and cultivating partnerships among cities to make development happen.

Benefits and Opportunities:

By increasing the resources available to address our region's housing concerns, including those specific to vulnerable populations, the County can both respond to critical internal needs and create a context for regional leadership. With dedicated resources to invest in housing for key populations, such as County clients and public sector employees, the County will be better positioned to fulfill its mission. By strategically targeting and leveraging resources while employing a more comprehensive lens, the County can step into a critical leadership role for our region and work in partnership with local cities, the private, and public-benefit sectors to address our housing concerns.

Consequences of Doing Nothing:

The existing patchwork of affordable housing revenue streams would continue, with cities maintaining primary responsibility. Two potential changes loom on the horizon that may affect both the availability of currently affordable housing and funding for future development. First, a significant public investment may be required to acquire and preserve the affordability of federally subsidized units whose affordability requirements are due to expire.

Second, changes to state redevelopment law may significantly impact the amount of tax-increment collected by the City of San José's Redevelopment Agency. The largest redevelopment program in the State of California, San José's program has provided the most significant source of local revenue toward building affordable housing in the County. Even with new requirements that a higher percentage of the tax-increment be directed toward housing (30 percent up from 20 percent), adjustments to the designation of redevelopment zones may significantly reduce the overall pool of funding and, consequently, the housing set-aside.



With dedicated resources to invest in housing for key populations the County will be better positioned to fulfill its mission...

Without a new source of public revenue, with increasing demand for significant new investment to expand and preserve our affordable housing supplies, and with the potential for existing revenue streams to plummet, the consequence of doing nothing may be an intensification of an already severe housing crisis.

Fiscal Implications of Establishing a Public Source of Local Financing:

Depending on the specific revenue streams and scale of investment identified on an annual basis, the costs borne by the County could range from significant to nominal. If the County were to decide to direct 30 percent of the settlement with the Redevelopment Agency of the City of San José toward the Housing Trust or other housing development opportunities, it would mean an investment of upwards of \$4.5 million per year at current levels. If the County were to seek new tax or fee-based revenue sources, the allocation of staff time, an updated revenue nexus study, and preparation for a public ballot initiative would be comparatively nominal.



KEY ACTIVITY CLUSTERS

- 1) The County may immediately consider the recommendation for directing 30 percent of the settlement with the City of San José's Redevelopment Agency toward affordable housing.
- 2) The County may update the revenue nexus study for the Housing Trust of Santa Clara County.
- 3) The County may start consultations with local leadership on the timing, scale, and priorities for a local source of public revenue for affordable housing, (e.g. sales tax, bonds, fees, etc.)
- 4) Working with those partners, the County may lead a campaign for an appropriate local revenue source for affordable housing.
- 5) Working with local cities, the County may create a countywide sales-tax revenue pool for affordable housing.
- 6) The County may support state legislation to create Housing Redevelopment zones where increases in property tax-increments are directed toward affordable housing on a countywide basis.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Resource Acquisition & Allocation: Publicly-owned Surplus Land

SUMMARY

The County of Santa Clara may lead a regional effort to make surplus government-owned land available for the development of affordable housing, both by committing available County properties, and by creating a context for other local jurisdictions to do the same.

GOAL: *The primary goal of this proposal is to increase the amount of land available for affordable housing development. Making surplus County land available for affordable housing may also create new opportunities for strategic partnerships with cities to address the continuum of housing needs, especially those of County clients.*

Santa Clara County suffers from an acute and persistent shortage of inexpensive, usable, and available land for affordable housing...

BACKGROUND

Problem Statement:

Santa Clara County suffers from an acute and persistent shortage of inexpensive, usable, and available land for affordable housing. Developers of low-income, affordable housing agree it is their inability to buy or control land that primarily restricts their ability to build affordable housing. With the costs of land exceeding limited financing opportunities, housing advocates, non-profit developers, and service providers have turned their attention to local, state, and federal jurisdictions that own surplus or under-utilized lands for affordable housing development.

Despite the opportunity to facilitate the creation of new long-term affordable housing using surplus public land, the County Housing Task Force (CHTF) identified resistance on the part of local jurisdictions and various County Departments to use such properties for that purpose. Other significant obstacles presented by local governments include the inaccessibility of surplus land

inventories, the inability of housing advocates to influence decisions on what is considered surplus land, and the lack of a broad community and political commitment to use government-owned land for affordable housing. Many of these issues can be attributed to the lack of a regional vehicle for collaboration on the housing crisis.

Current Environment:

Currently, jurisdictions utilize surplus lands for affordable housing sporadically and without regard to a regional affordable housing strategy. The burden for pulling a complex transaction together rests largely on the developer. However, the County has previously demonstrated its leadership in this area with the development of the County Fairgrounds property. Currently the largest affordable development in the state, the project will create 560 units of family and senior housing on 12 acres of a County-owned site that will be annexed by San José.

The CHTF recognizes that strict state codes and local guidelines govern how publicly-owned lands are converted to surplus status and made available to the market. With the context for public collaboration created by a County Housing Commission, however, local jurisdictions could make use of the latitude that exists. The current environment lacks regional consensus on the underlying causes, scope, and appropriate responses to our housing crisis. Without consensus and an integrated plan there is little incentive for cooperation. The issues concerning the use of surplus land for affordable housing could be a focal point for regional consensus building, planning, and ultimately working together to resolve our affordable housing shortage.



The County has previously demonstrated its leadership with the development of the County Fairgrounds property...

THE PLAN

In order to increase the amount of land available for affordable housing development, the CHTF proposes seven interrelated recommendations regarding utilization of publicly-owned surplus land. First, the County may commit its currently available surplus lands for affordable housing development where it is deemed



feasible and appropriate. Second, the County may develop a new process to make its surplus land available, by reevaluating its current land inventory and developing a more flexible definition of "surplus lands." Third, the County may work with local cities to have such surplus properties annexed to those cities to facilitate the development of housing. Fourth, the County may encourage local (and locally-based) government jurisdictions to commit their surplus lands to affordable housing development and together compile an inventory of surplus lands available countywide. Fifth, the County may spearhead changes to state law concerning surplus land and housing elements which would facilitate the conversion of surplus lands into affordable housing and require cities to account for all surplus land in their jurisdictions. Sixth, the County may facilitate the development of an affordable housing land bank. Lastly, the County may strongly reaffirm its intention to follow through on its own stated objectives in the SCC General Plan's Housing Element.

Commitment of County-owned Land: The County may lead by example and publicly commit its surplus land to affordable housing. A bold follow-up to the leadership it has demonstrated with the Fairgrounds development, it would provide the County with new resources and opportunities to participate in the development of affordable housing countywide. The County's support and its contribution of resources could help ensure that all types of affordable housing are developed, especially housing accessible to County clients with special housing needs. Moreover, it would send a strong message throughout the County organization of the Board of Supervisors' commitment to affordable housing.

The County may lead by example and publicly commit its surplus land to affordable housing...

Process: The County may establish a new process for evaluating and then declaring which County owned lands are considered surplus or excess land, thus making such lands available for affordable housing development. While some work has been done to account for vacant or potentially surplus County properties, the County may reevaluate its current inventory and may consider adopting the following definition of surplus land:

"Surplus Lands are vacant or under-utilized lands or structures that have not had clearly defined

uses for the past 5 years, and do not have defined uses over the next 5 years. Surplus lands also include 'air rights' where mixed-use developments are suitable for affordable housing projects."

By proactively seeking opportunities to make its land available and implementing policy directives that facilitate that goal, the County can also model new best practices for other jurisdictions to follow.

Working with Other Jurisdictions: The County may begin to work with and support all local, state, and federal jurisdictions (including special tax districts) within the county to make their own surplus lands available for the production of affordable housing. Working with other jurisdictions, the County may hire a consultant to compile an inventory of all vacant or surplus government-owned land countywide. By engaging other local and locally-based government entities through an organization such as a County Housing Commission, the County can work toward building a consensus around a myriad of housing issues, including the use of surplus lands.

Changes to State Law: The County may advocate for changes to state law concerning surplus land. For example, the County may request that our state delegation sponsor legislation to:

- Require cities and counties to include in their Housing Elements a section identifying all vacant and surplus lands owned by the jurisdiction, their intentions for future use, and timeline.
- Require public jurisdictions to make surplus lands available for affordable housing if the land does not have a specified use within the next five years.
- Make it easier for public jurisdictions to sell or dispose of surplus land for the purpose of developing affordable housing.

Affordable Housing Land Bank: The CHTF also recommended that the County initiate the establishment of a land bank to deposit these lands. The Affordable Housing Land Bank (AHLB) could serve as repository for lands that are either gifted to the land bank from private and public sources, or are purchased by the land bank. In this role, the AHLB could hold and manage lands that are earmarked for affordable housing development. *[For AHLB key activity clusters, please see Appendix 4.]*

County Housing Element:

In the Santa Clara County General Plan, several key strategies had been identified to increase the supply of affordable housing, including:



- Planning for a balanced housing supply adequate to need
- Promoting residential construction
- Providing financial assistance for the construction of housing affordable for low- and moderate-income families
- Removing fiscal barriers to housing construction

If the County of Santa Clara is to provide credible leadership, and encourage other entities to do the same, we must also adhere to the goals we have established in our Housing Element.

Benefits and Opportunities:

The commitment to use surplus lands for affordable housing development would signal the County's intent to become an active force in addressing our region's housing crisis. More importantly, it would free up, and in the long run, generate resources necessary for the County to advance an affordable housing agenda compatible with the County's needs.

Making publicly owned surplus land available for affordable housing development would also make the

County an active partner in individual projects and give it the ability to negotiate for commensurate quantities, types of units, and terms of affordability. Again, the advantage is the ability to forward the County's agenda.

The Consequences of Doing Nothing:

Development of affordable housing would occur similarly to the way it always has, with the responsibility largely resting on the shoulders of local jurisdictions. Without significant funding or land to offer, the County would have little input in development.

Fiscal Implications:

Fiscal implications would occur on a case-by-case basis depending on whether the County was selling or gifting the land. The County would then have to consider the opportunity cost of committing the land for affordable housing development in comparison to selling the land at market values. Also, any value (i.e., any housing opportunities) negotiated in exchange for the County's land would have to be factored in as well. Staffing to manage the surplus land activities would come from the proposed Office of Affordable Housing.

The commitment to use surplus lands for affordable housing development would signal the County's intent to become an active force in addressing our region's housing crisis...

KEY ACTIVITY CLUSTERS

- 1) The County may adopt a resolution declaring its intent to use vacant or surplus lands owned by the County for the purpose of developing affordable housing where it is deemed feasible and appropriate and establish a process for doing so.
- 2) The County may work with all local, state, and federal jurisdictions in the county to inventory their own vacant or surplus lands, and to make these available for affordable housing where it is deemed feasible and appropriate. Such a process may also facilitate annexation of appropriate parcels by local cities.
- 3) The County may research the feasibility of developing a countywide Affordable Housing Land Bank, outside of County government, to hold and manage donated or purchased land for the singular purpose of developing affordable housing.
- 4) The County may sponsor legislation requiring local jurisdictions to include in their Housing Elements a section identifying all vacant and surplus lands owned by the jurisdiction as well as their intentions for future use and timeline.
- 5) The County may strongly reaffirm its intention to follow through on its own stated objectives in the SCC General Plan's Housing Element.



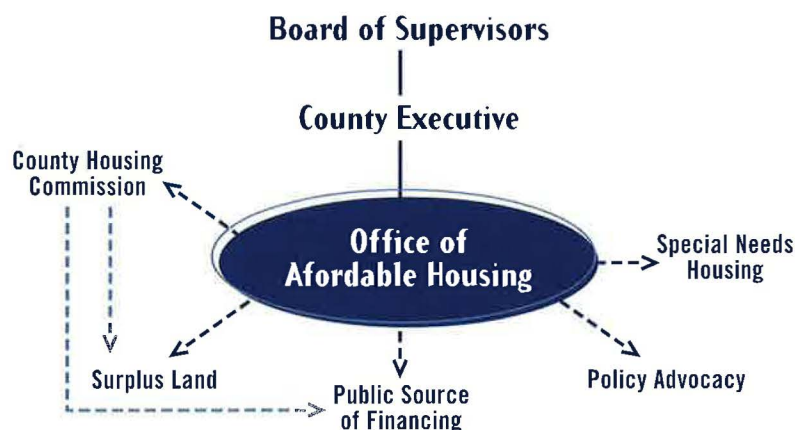
Conclusion

For a community that prides itself on being on the cutting edge, the irony is not lost upon local policy makers that the edge cuts both ways. The strength of our regional economy, which has made Silicon Valley the envy of the world, has also helped create a severe shortage of affordable housing. While elevated housing costs are not exactly a new phenomenon for residents of Santa Clara County, the last decade has witnessed some of the most eye-popping escalations in rental and home prices encountered anywhere in the nation. The impact is destabilizing for the long-term health of both the regional economy and the social fabric of our community.

To say simply that we have a housing problem adds nothing to the current discourse. To create a context for community stakeholders to take an active role in framing the issues and identifying solutions represents a fundamentally new approach. This has been the premise behind and promise of the County of Santa Clara Housing Task Force (CHTF).

At the direction of the Board of Supervisors, hundreds of participants were charged with analyzing the scope and underpinnings of our region's housing woes. The Task Force explored several key interconnecting trends that either highlight or reinforce the crisis:

- The *spiraling housing costs* resulting from an unprecedented economic boom.
- The increasing *imbalance between job growth and housing production*.
- The fiscal constraints created by our state's *system of public financing*.
- The *lack of political will* on the part of local jurisdictions to act aggressively and in a coordinated fashion to increase housing supply.
- The *diminishing support from federal and state government* to address housing needs at the local level.
- The *need for affordable homes*, particularly for low-income families and those with special needs.



Recognizing the County's existing foundation in housing activity through internal programs and agencies or affiliated partnerships, the CHTF proceeded to identify viable strategic interventions on the part of the County that could facilitate a comprehensive and integrated local response to our region's housing crisis. Ultimately, the CHTF Steering Committee developed, analyzed, and refined six focused recommendations that individually stand on their own merits, but also, when considered together, weave a comprehensive plan for dramatic County action.

**The six focused recommendations
weave a comprehensive plan for
dramatic County action...**



The proposals are as follows:

To strengthen the internal *infrastructure and organization* of the County to respond to the crisis:

- 1) Establish an **Office of Affordable Housing**
- 2) Develop an integrated **Special Needs Housing** Program

To create a context for *regional leadership and advocacy*:

- 3) Establish a **County Housing Commission**
- 4) Make housing **Policy Advocacy** an institutional priority

To facilitate *acquisition and allocation of resources* that can strategically address critical needs:

- 5) Establish an ongoing **Public Source of Local Financing**
- 6) Utilize **Publicly-owned Surplus Land** for affordable housing

While specific implementation steps have been identified for each proposal, what holds all of the recommendations together is the establishment of a central coordinating hub of County housing related activity, a County Office of Affordable Housing, working under the County Executive.

In addition to providing an integrated institutional direction to housing activity for the County, the Office may also implement each of the other proposals further positioning the County as a regional leader on housing issues. The Office may develop the Special Needs Housing Program to coordinate existing supportive housing activities for County clients and to promote development of housing accessible to special needs populations. If the Board of Supervisors were to affirm affordable housing policy advocacy as an institutional priority of the County of Santa Clara, the Office could spearhead policy efforts to expand funding and development of more affordable

units in our community. The Office may proactively organize a regional consensus building process among local policy makers both to create an ongoing source of local public revenue and to allocate publicly-owned land for affordable housing.

By providing staffing, research, and logistical support to an inter-governmental County Housing Commission, the Office of Affordable Housing may also lay a foundation for greater regional cooperation to achieve these goals and implement other regional solutions.

Just as there is no single factor responsible for the region's housing crisis, there is not one strategy, nor one public entity, that can fix it. Local municipalities have done much to respond to the housing needs of residents, but all concede it has not been enough. Recognizing a vacuum of regional leadership, the Board of Supervisors invited the community to work with them in a groundbreaking collaborative process to devise a comprehensive plan from a regional perspective. It is the sincere desire of the County of Santa Clara Housing Task Force that this report informs what a

new constructive and collaborative leadership role on the part of the County of Santa Clara might entail for consideration and deliberation by the Board of Supervisors.

This report informs what a new constructive and collaborative leadership role might entail...



RECOMMENDATION	SUMMARY	GOAL	KEY ACTIVITY CLUSTERS
Office of Affordable Housing	The County of Santa Clara may establish the Office of Affordable Housing (OAH) to strategically coordinate existing County housing service efforts and to proactively seek opportunities for the County to contribute resources to increase the supply of affordable housing. The OAH may also serve as support to the Board of Supervisors in order to exert countywide leadership and may bring together multiple local jurisdictions to form a County Housing Commission.	To establish an institutional structure that will expand the County's regional leadership role in housing and strengthen our capacity to deliver necessary services by creating more affordable housing opportunities countywide.	<ol style="list-style-type: none"> 1) The Board of Supervisors may accept the recommendation to establish an Office of Affordable Housing and direct the Administration to take the necessary steps for creating the office effective July 1, 2002. 2) The County may adopt a work plan for the Office of Affordable Housing.
Special Needs Housing	The County of Santa Clara may establish an integrated program to lead efforts in improving the coordination, quality, and development of housing for its special needs clients. By compiling critical data, disseminating resource, and best practice information, coordinating efforts of existing housing and assistance programs, and leveraging County resources for the purpose of developing more special needs housing, a County Office of Affordable Housing can better position the County to fulfill its service mission.	To establish an institutional vehicle that will allow the County to more thoughtfully and strategically address the housing needs of the vulnerable populations it serves.	<ol style="list-style-type: none"> 1) The County may establish special needs housing as a key program component of a County Office of Affordable Housing and identify the staffing and organizational infrastructure to implement such a program. 2) The County may direct allocation of land or appropriate financial resources toward the development of affordable and special needs housing.
County Housing Commission	The County of Santa Clara may establish a County Housing Commission (CHC) that would foster a regional dialogue on issues of housing among local elected officials and provide a vehicle to launch collaborative initiatives to address critical needs. The CHC may include representatives from local municipalities, the County, and other appointed members at the discretion of the Board of Supervisors.	To address the lack of regional coordination on housing issues by creating a context in which local leaders can communicate and develop regional responses.	<ol style="list-style-type: none"> 1) The County may author a proposal for a partnership with the Santa Clara County Cities Association to craft an effective membership structure for a County Housing Commission (CHC) comprised of representatives from local municipalities, the County, and other appointed members. 2) The County may identify staffing, organizational infrastructure, and funding to develop and support the CHC which may include membership dues. 3) The County may pass an ordinance authorizing the creation of the CHC.
Policy Advocacy	The County of Santa Clara may reposition itself to be a proactive force in affordable housing advocacy for our region. By making housing advocacy at the local, state, and federal levels an institutional priority of a County Office of Affordable Housing, the County may spearhead efforts to enact housing policies and secure resources for Santa Clara County.	To actively coordinate and advance policy advocacy efforts on housing issues at all levels of government in partnership with local leaders, advocates, and community members.	<ol style="list-style-type: none"> 1) The County may establish legislative and policy advocacy efforts as a key program component of a County Office of Affordable Housing and identify the staffing and organizational infrastructure resources to implement such a program. 2) The County may further research and evaluate the policy priorities identified in the CHTF Report to craft legislation and policy goals for a County Office of Affordable Housing. 3) The County may reach out to and expand our lobbying efforts with local partners to increase resources and advocate for regional affordable housing policies.



RECOMMENDATION	SUMMARY	GOAL	KEY ACTIVITY CLUSTERS
Public Source of Local Financing	The County of Santa Clara may spearhead a countywide effort to identify and secure an ongoing source of local public revenue to support the development of affordable housing.	To initiate a process that can significantly bolster the financial resources available to address the continuum of affordable housing needs in our county and to create fiscal incentives for increasing the production of affordable housing.	<ol style="list-style-type: none"> 1) The County may immediately consider the recommendation for directing 30 percent of the settlement with the City of San José's Redevelopment Agency toward affordable housing. 2) The County may update the revenue nexus study for the Housing Trust of Santa Clara County. 3) The County may start consultations with local leadership on the timing, scale, and priorities for a local source of public revenue for affordable housing, (e.g. sales tax, bonds, fees, etc.) 4) Working with those partners, the County may lead a campaign for an appropriate local revenue source for affordable housing. 5) Working with local cities, the County may create a countywide sales-tax revenue pool for affordable housing. 6) The County may support state legislation to create Housing Redevelopment zones where increases in property tax-increments are directed toward affordable housing on a countywide basis.
Publicly-owned Surplus Land	The County of Santa Clara may lead a regional effort to make surplus government-owned land available for the development of affordable housing, both by committing available County properties, and by creating a context for other local jurisdictions to do the same.	To increase the amount of land available for affordable housing development. Making surplus County land available for affordable housing may also create new opportunities for strategic partnerships with cities to address the continuum of housing needs, especially those of County clients.	<ol style="list-style-type: none"> 1) The County may adopt a resolution declaring its intent to use vacant or surplus lands owned by the County for the purpose of developing affordable housing where it is deemed feasible and appropriate and establish a process for doing so. 2) The County may work with all local, state, and federal jurisdictions in the county to inventory their own vacant or surplus lands, and to make these available for affordable housing where it is deemed feasible and appropriate. Such a process may also facilitate annexation of appropriate parcels by local cities. 3) The County may research the feasibility of developing a countywide Affordable Housing Land Bank, outside of County government, to hold and manage donated or purchased land for the singular purpose of developing affordable housing. 4) The County may sponsor legislation requiring local jurisdictions to include in their Housing Elements a section identifying all vacant and surplus lands owned by the jurisdiction as well as their intentions for future use and timeline. 5) The County may strongly reaffirm its intention to follow through on its own stated objectives in the SCC General Plan's Housing Element.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Appendix I: Footnotes

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COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Appendix 2: Office of Affordable Housing—Proposed Activities

PROPOSED ACTIVITIES

Coordination:

- Coordinate current housing programs, projects, and resources of County departments to serve a broad County commitment to producing more affordable housing opportunities.
- Provide resource development and grant writing assistance to County agencies and housing service providers to facilitate the development of more affordable housing.
- Work to ensure Community Development Block Grant funds are allocated to meet County affordable housing objectives.
- Utilize all surplus County lands (or proceeds from the sale thereof) for the development of affordable housing, especially for very low- and extremely low-income households.

Research:

- Gather, evaluate, and organize critical data relative to the housing needs of public employees and low- and moderate-income households throughout Santa Clara County.
- Develop a standardized intake system among County agencies to better determine the housing needs of County clients and facilitate effective housing placement.
- Develop a marketing strategy including a promotional campaign and materials in support of affordable housing.
- Research, evaluate, and recommend potential permanent revenue sources that could be used for the development of more affordable housing.

Collaboration:

- Become a facilitator of affordable housing developments by utilizing County resources to bring together cities, developers, and service providers and make projects happen.
- Negotiate linking local land use approvals and funding assistance with tradeoffs benefiting affordable housing developments.
- Work with cities on finding appropriate locations for affordable housing projects on surplus lands.
- Make housing information easily available to the developers and service operators and assist them in acquiring state and federal funding.
- To insure County agencies and clients are getting the best housing services possible, work with affordable housing providers to seek "best practices" in managing programs and explore ways, including financial incentives, to encourage and reward successful projects and programs.

Advocacy:

- At the regional level, advocate attaching to core business functions of the local economy the financing of affordable housing.
- Advocate that all government surplus lands (or proceeds from the sale thereof) be dedicated to the development of affordable housing.
- Advocate for and work with local, state, and federal agencies on developing flexible conditions and consistent reporting requirements on the use of public funds for special needs housing.
- Advocate for additional state and federal housing resources and tax incentives in high cost areas to encourage the development of very low- and extremely low-income housing.
- Advocate for a large-scale effort to review and reform antiquated state licensing requirements and codes to encourage more property owners to provide affordable housing.

Assistance Programs:

- Become an insurer or guarantor of financing from public or private sources for appropriate affordable housing projects.
- Establish a revolving loan fund that nonprofit developers could utilize to secure land while additional financing is pursued.
- Establish affordable housing information services (Housing Education Assistance Program) for low-income families and public employees.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002

Appendix 3: Special Needs Housing—Proposed Activities

PROPOSED ACTIVITIES

Research and Coordination:

- Provide resource development and grant writing assistance to County agencies and housing service providers to facilitate the development of more low-income special needs housing.
- Work to ensure Community Development Block Grant funds are allocated to meet County special needs housing objectives.
- Utilize surplus County lands (or proceeds from the sale thereof) for the development of very low-and extremely low-income housing with services for special needs individuals and families.
- Gather, evaluate and organize critical data relative to the housing needs of special needs populations throughout Santa Clara County.
- Develop a standardized intake system among County agencies to better determine the housing needs of County clients and facilitate effective housing placement.
- Support the development and dissemination of an information database on available units or beds for special needs individuals.

Development:

- Become a facilitator of special needs housing developments by utilizing County resources to bring together cities, developers, and service providers and make projects happen.
- Work with cities on finding appropriate locations for special needs housing projects on surplus lands.

Advocacy:

- Work with local jurisdictions towards changing local land use policies to include more special needs housing components.
- Develop countywide housing goals for special needs populations based on needs assessments and inventory data, and advocate for regional support to meet those goals.
- Develop countywide housing goals for special needs populations based on needs assessments and inventory data, and advocate for regional support to meet those goals.
- At the regional level, advocate attaching to core business functions of the local economy the financing of affordable housing and/or housing services for special needs populations.

Assistance Programs:

- Work with special needs housing providers to seek "best practices" in managing programs and explore ways, including financial incentives, to encourage and reward successful projects and programs.
- Establish a rental housing assistance fund that developers can utilize to buy down rents and help finance the development of projects for special needs clients.
- Establish affordable housing information services (Housing Education Assistance Program) for special needs clients.
- Provide "catalyst financing" to assist special needs housing developers at critical points in the project.



COUNTY OF SANTA CLARA HOUSING TASK FORCE Report 2002**Appendix 4: Publicly-owned Surplus Land—Affordable Housing Land Bank****KEY ACTIVITY CLUSTERS**

The County may research the feasibility of developing a countywide Affordable Housing Land Bank (AHLB), outside of County government, to hold and manage donated or purchased land for the singular purpose of developing affordable housing.

- a) The AHLB may seek initial funding from local jurisdictions, Redevelopment Agencies, the Housing Trust of Santa Clara County (HTSCC), private, and philanthropic sources.
- b) All local jurisdictions and the state may make contributions to the AHLB for the single purpose of building permanent affordable housing developments.
- c) The AHLB may also be empowered to purchase government surplus lands for affordable housing developments.
- d) The AHLB may also be empowered to purchase private lands or residential buildings for affordable housing developments or rehabilitation.
- e) The County may require that the AHLB work in partnership with the HTSCC, the Housing Authority of the County of Santa Clara or a local non-profit development corporation.
- f) The County may urge jurisdictions to deposit "surplus lands" in the AHLB for a specified period of time. If the surplus lands are not utilized by the jurisdiction within the specified time, the AHLB could either sell the property with the proceeds going towards affordable housing, or advance the development of the property into affordable housing.

