

**PROMOTING HOUSING IN SONOMA COUNTY:  
RENEWAL ENTERPRISE DISTRICT**

**June 26, 2018**



# A SEVERE HOUSING SHORTAGE STATEWIDE

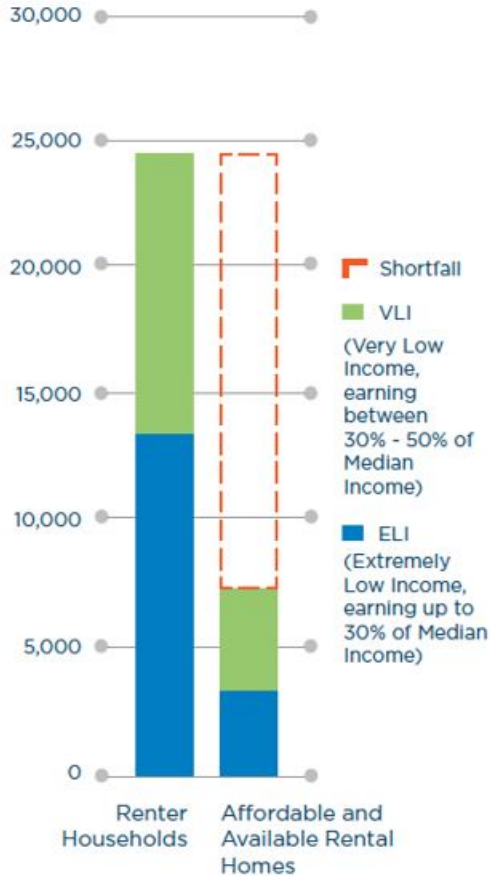
- California is estimated to have a housing deficit of 2.5 million homes. The state is only adding, on average, 80,000 homes per year.
- From 2009 to 2014, California added 544,000 households but only 467,000 net housing units.
- The state now has a \$50 billion to \$60 billion annual housing affordability gap. Virtually none of California's low-income and very low-income households can afford the local cost of housing
- California ranks 49<sup>th</sup> among the 50 US states for housing units per capita.

MCKINSEY GLOBAL INSTITUTE

**A TOOL KIT TO CLOSE  
CALIFORNIA'S HOUSING GAP:  
3.5 MILLION HOMES BY 2025**

OCTOBER 2016

**SONOMA COUNTY NEEDS 17,144 MORE AFFORDABLE RENTAL HOMES**



Source: NLIHC analysis of 2015 PUMS data.

- Cuts in federal and state funding have **reduced investment** in affordable housing in Sonoma County by over **\$41 million annually** since 2008 (87% reduction)
- Median rent has **increased by 16%** since 2000 while median income has **decreased 6%**
- Renters must earn **4x** state minimum wage to afford median rent of **\$2,285**
- Lowest-income renters spend **68%** of their income on rent, leaving little for food, transportation, health and other needs
- The cost of housing alone raises Sonoma County's poverty rate from **10.3** to **17.9%**
- Sonoma County needs **17,144** more affordable rental homes to meet the needs of its lowest-income renters.

**SONOMA COUNTY'S POVERTY RATE RISES TO 17.9% WHEN HIGH HOUSING COSTS ARE INCLUDED**

Official Poverty Measure (OPM)  
**10.3%**  
Unadjusted for Housing Costs

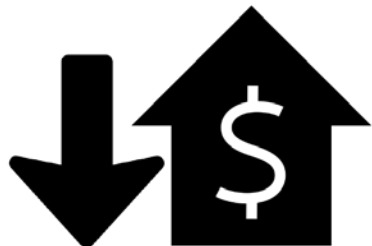
California Poverty Measure (CPM)  
**17.9%**  
Adjusted for Housing Costs and Social Benefits

Source: Public Policy Institute of California. California Poverty by County, 2012-2014.





HOMES THAT ARE AFFORDABLE IMPROVE HEALTH OUTCOMES



**Low-income households that can comfortably afford housing are able to spend:**



**1/3<sup>rd</sup> more on Healthy Food**



**5x as much on Healthcare**

*Image Credit: Housing Cost by Arthur Shlain from the Noun Project; Healthy Food by Adrien Coquet from the Noun Project; Arrow by Adrien Coquet from the Noun Project; Medicine by UNiCORN from the Noun Project;*



Housing  
for All

HOUSING AFFORDABILITY IS LINKED TO  
ECONOMIC VITALITY

HALF THE STATE'S  
HOUSEHOLDS ARE  
UNABLE TO AFFORD  
THE COST OF  
HOUSING IN THEIR  
LOCAL MARKET



**\$50 billion**  
ANNUAL HOUSING  
AFFORDABILITY GAP

**\$140 billion**  
LOST ECONOMIC OUTPUT  
PER YEAR

# Developer pulls out of Napa Creekside housing plan

HOWARD YUNE [hyune@napanews.com](mailto:hyune@napanews.com) Feb 9, 2016  9

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## Federal tax overhaul creates barriers to investment in low income housing

February 2, 2018 | [Staff Writer](#) | By Matt Baker

## Yes, of course, CEQA hampers development and affordable housing



subsidies

[Business](#) > [Real Estate](#)

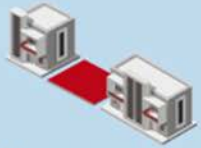
## Housing shortage: New report shows how California cities and counties stack up



## TOOLS TO CLOSE THE GAP



### IDENTIFY "HOUSING HOT SPOTS"



Build on vacant urban land already zoned for multifamily development



Intensify housing around transit hubs



Add units to existing single-family homes



Add units to underutilized urban land zoned for multifamily development



Develop affordable and adjacent single-family housing



### REMOVE BARRIERS TO HOUSING DEVELOPMENT



Incentivize local governments to approve already planned-for housing



Accelerate land-use approvals



Prioritize state and local funding for affordable housing



Attract new investors in affordable housing



Design regulations to boost affordable housing while maintaining investment attractiveness



### UNLOCK SUPPLY BY CUTTING THE COST AND RISK OF PRODUCING HOUSING



Raise construction productivity



Deploy modular construction



Accelerate construction permitting



Reduce housing operating costs



Align development impact fees with housing objectives

# 30,000 homes in 5 years? Sonoma County eyes aggressive approach to ease housing crisis



## RENEWAL ENTERPRISE DISTRICT

(1 of 3) Owner/builders Jose Castro, left, and his wife, Ana Espinoza, work on a new residential home at Catalina Homes, by Burbank Housing, in Santa Rosa on Monday, February 22, 2016. (Christopher Chung/ The Press Democrat)



# RED | RENEWAL ENTERPRISE DISTRICT

Create a trusted, replicable, and enduring model for community development that meets the needs of the 21<sup>st</sup> century by:

- Regionalizing housing production
- Pooling and leveraging financing and funding
- Sharing of risks and benefits of development in new ways
- Streamlining environmental review and providing confidence in good projects
- Putting equity, affordability and climate solutions in the center of local economic strategy

**New financial mechanisms** to share risks and returns in new ways and benefit local economies

**Shared vision, leadership and governance** that leverages broader regional goals for climate adaptation

**Planning and regulatory certainty** for projects that meet agreed-upon goals

**Draws from existing General and Specific Plans** to ensure new development is well-located

**Communities that are:**  
**Climate-Smart**  
**Transit-Oriented**  
**Equitable**  
**Resilient**  
**Balanced**

# Goal: Build 30,000 equitable and resilient homes in five years throughout Sonoma County

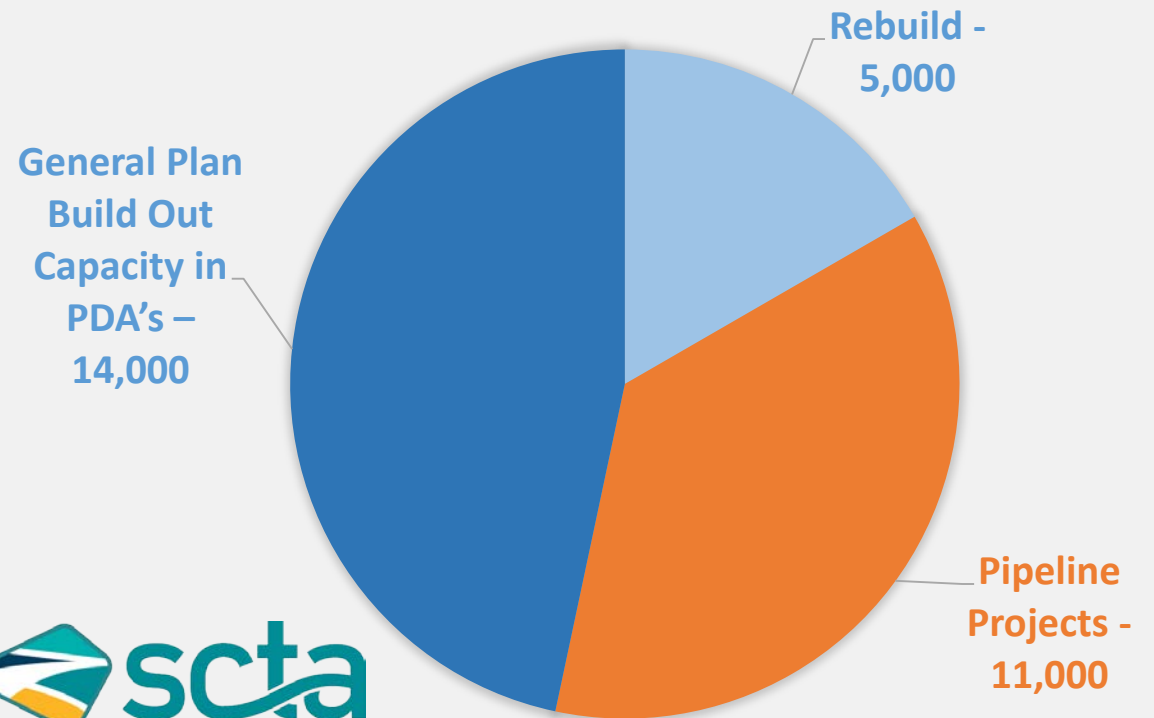
*“A total of 26,074 units would be required to accommodate employment growth, replacement of fire-related losses, and overcrowded housing between 2016 and 2020, which amounts to just over 6,500 units per year”*

– Sonoma County Complex Fires: Housing and Fiscal Impact Report



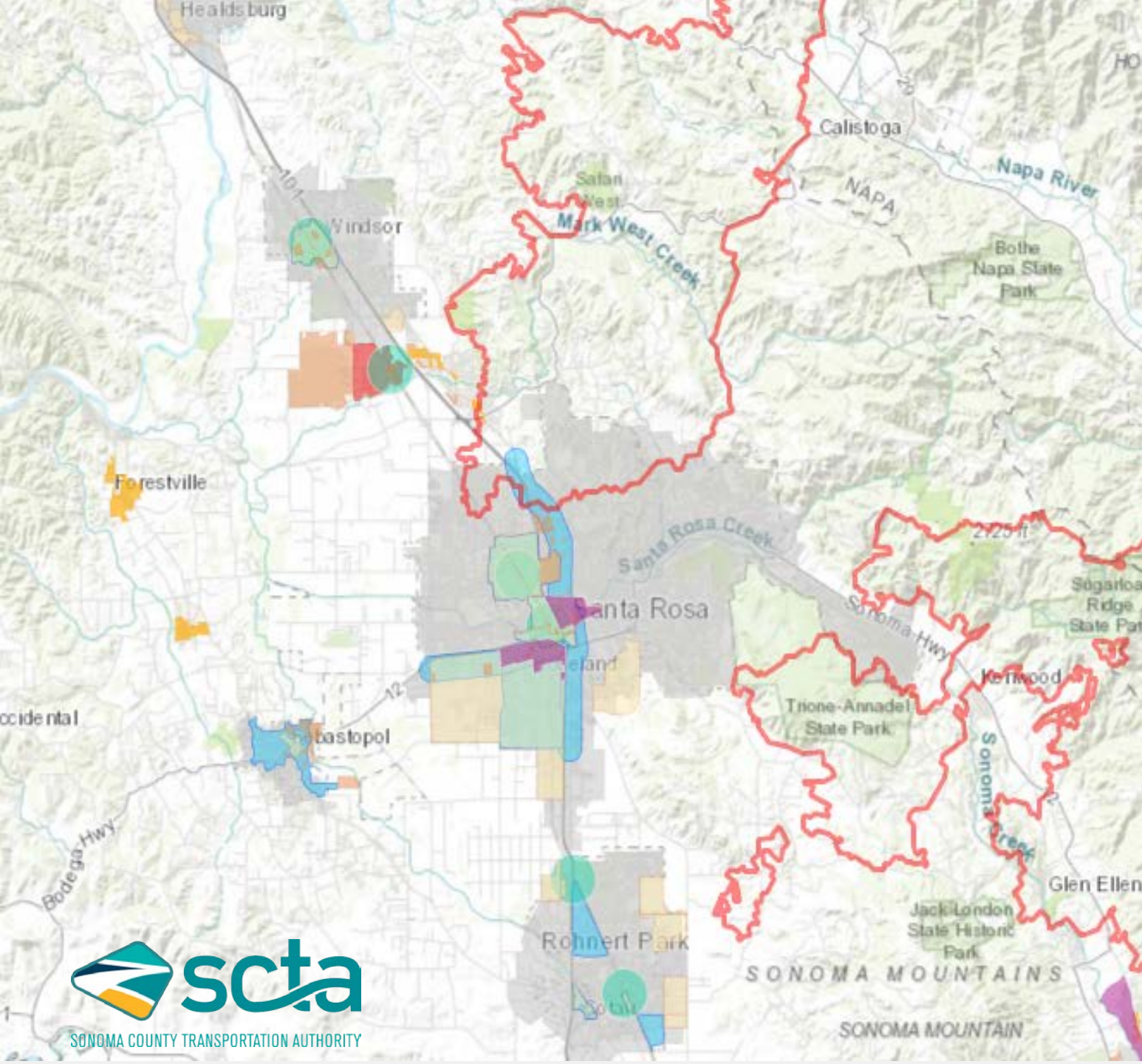
**BEACON**ECONOMICS

COMPONENTS OF SHORT TERM HOUSING UNIT DEVELOPMENT SCENARIO



# RED: PRIORITY DEVELOPMENT AREAS

- Areas identified in General Plans; Specific Plans
- Transit Priority Areas
- Employment centers
- Opportunity Zones (federal designation)
- Publicly-owned parcels
- Rural Investment Areas



# RED | REGIONAL, STATE, FEDERAL AND PRIVATE SUPPORT

- MTC/ABAG (Metropolitan Transportation Commission and Association of Bay Area Governments)
  - Consistency with Plan Bay Area 2040
  - CASA | The Committee to House the Bay Area
- State agency assistance
  - Office of Planning and Research (OPR)
  - Strategic Growth Council (SGC)
  - Housing and Community Development (HCD)
  - California Housing Finance Agency (CalHFA)
- Possible state legislation being developed
  - Tax increment financing tools
  - Regulatory certainty (AB 2267; Wood)
- US Department of Housing and Urban Development
- Federal Reserve Bank of San Francisco convening financial institutions
- Enterprise Community Partners organizing a loan pool for affordable



# RED | PROPOSED JOINT POWERS AUTHORITY

- County and City of Santa Rosa for initial two-year period
  - After two years, JPA could be amended to include other jurisdictions
  - Work with County and City ad hocs to develop agreement for Board and Council approvals
- Existing County, City, CDC, SCTA/RCPA and Sonoma Clean Power staff will manage JPA activities
  - Developing start-up budget to present with JPA
  - Seeking funding from Strategic Growth Council, Hewlett Foundation and others

# RED | NEXT STEPS

- Form Joint Powers Authority
  - Work with ad hocs to develop JPA
  - JPA will come back to Council for approval, along with start-up budget
- Track and support legislation
- Continue to facilitate development projects that meet RED objectives
  - Work to formalize criteria
  - Actively pursue new capital sources to incentivize target development types
  - Prepare City and County owned property for development
- Deepen collaboration with array of public and private partners
  - Work with ad hocs to articulate two-year work plan