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# Building H O M E S:

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## *A Policy Maker's Toolbox for Ending Homelessness*

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September 2015

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Sonoma County Community Development Commission



# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

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### TOOLBOX RESOURCE SUPPLEMENT (Separate Volume)

- A. Cost Savings from Housing and Supportive Services
- B. Using Medi-Cal Funding for Homeless Services
- C. Pay for Success / Social Impact Bonds
- D. Vacation Rental Impacts



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## EXECUTIVE SUMMARY

### INTRODUCTION

*Building HOMES: A Policymaker's Toolbox for Ending Homelessness* seeks to provide an understanding of the needs and opportunities to end homelessness in Sonoma County by 2025. It reviews proven strategies, proposes new initiatives to strengthen and build upon the *10-Year Homeless Action Plan: 2014 Update* (Sonoma County Continuum of Care), and acknowledges that hard choices, substantial investments, and committed action will be required.

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*“There are those that look at  
things the way they are, and  
ask why?”*

*I dream of things that never  
were, and ask why not?”*

*Robert F. Kennedy*

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Local innovation informed by national best practices can create the path to end homelessness by providing safe, secure housing coupled with essential services. With focused vision, clearly articulated goals, and determined commitment, Sonoma County can achieve success and enhance the quality of life for all residents.

This report, or “Toolbox”, describes a series of alternatives that can be used to create the amount and types of homes needed to eliminate homelessness. Many of the tools discussed can also help to address the growing need for more “workforce” housing.

The Toolbox is organized around five basic questions:

**H**OUSING: What are the needs?

**O**PTIONS: What can be done?

**M**EASUREMENTS: What is the goal?

**E**NGAGEMENT: Who can help?

**S**TRATEGIC ACTION: What is the plan?

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## A Policy Maker's Toolbox for Ending Homelessness

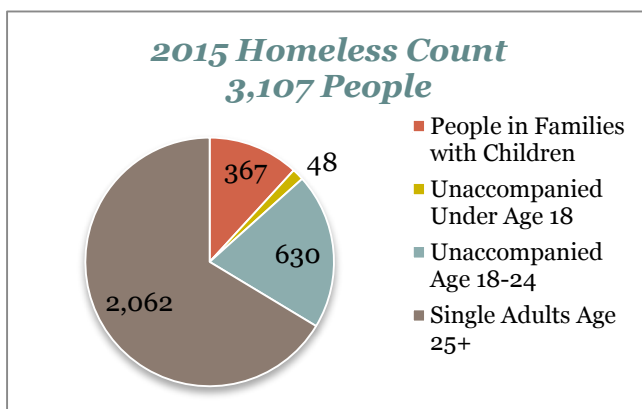
### HOUSING: What are the needs?

#### SCOPE OF NEED

The discussion about strategies to end homelessness must be based on an understanding of the nature of homelessness and the realities of the current housing market in Sonoma County.

The 2015 Homeless Count (Applied Survey Research) identified 3,107 people who were homeless on a single night. An estimated 5,574 people – more than 1% of the County's population - experience homelessness annually. This is three times the national rate of homelessness.

The homeless population is comprised of distinct subpopulations, which require different housing solutions. The demographic profile of Sonoma County's homeless population is as follows:



- 87% of homeless people are single adults over age 18;
- 22% of homeless people are unaccompanied youth under age of 24;
- 127 families with children (367 people) comprise 12% of homeless people.

#### Homeless People by Subpopulation

	Sheltered	Unsheltered	Total	% of homeless population
Veterans	81	136	217	7%
Chronically Homeless Individuals <sup>1</sup>	114	588	702	23%
Adults with Serious Mental Illness	495	1,277	1,772	57%
Adults with Substance Abuse Disorder	263	685	948	31%
Adults living with HIV	19	37	56	2%
Victims of Domestic Violence	298	807	1,105	36%

<sup>1</sup> HUD defines "chronically homeless" as a person who is disabled and homeless continuously for one year or more, or homeless on four or more occasions over the past three years.



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## A Policy Maker's Toolbox for Ending Homelessness

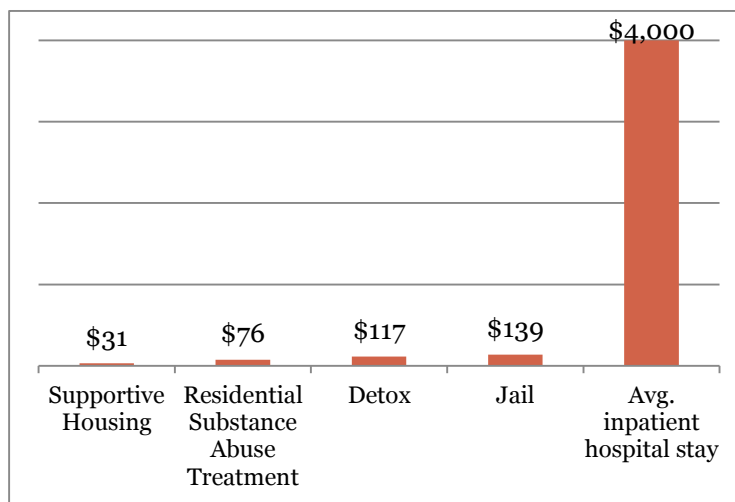
Experience has proven that emergency shelters are not the optimal path for helping people to escape homelessness. However, despite its shortcomings, shelter capacity will need to be expanded if the supply of housing that is available, affordable, and coupled with supportive services as needed, is not in ready supply.

### *Housing First Approach*

Access to permanent housing is all that some people need to escape homelessness. Others have needs beyond housing, and will need supportive services to be successful in housing. “Housing First” is a proven strategy for ending all types of homelessness and has been demonstrated to be the most effective overall approach to ending chronic homelessness. Housing First offers people *immediate access* to permanent housing and provides any needed services *after* they are in a safe and stable living environment. The Housing First model yields higher success in treatment outcomes, higher housing retention rates, lower returns to homelessness, and significant reductions in the use of crisis services, hospitals, jails, and other institutions. (National Alliance to End Homelessness)

### *Costs of Homelessness*

A growing body of research on the costs of homelessness and its impacts on public agency budgets suggests that significant cost savings can be realized by providing supportive housing. When compared to people living in supportive housing (at an average of \$31/day), people who are homeless use expensive interventions like emergency rooms more frequently, are more often admitted to hospitals, and stay longer once admitted. They also are arrested more often and spend more time incarcerated.<sup>2</sup>



*Cost Per Day in Supportive Housing, Treatment, Jail, & Hospital, Sonoma County 2014-15.*

<sup>2</sup> Sonoma County sources in the chart above include: Sonoma County Continuum of Care (Permanent Supportive Housing costs, 2014); Health Care for the Homeless Collaborative, “What we know about the costs of chronic intoxication in Sonoma County” (residential treatment & detox costs, 2014); Sonoma County Sheriff Dept (Jail per day cost, 2015); Catholic Charities Nightingale Project reports (Hospital Avoidable Days cost., 2014-15).

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### ***Current Housing Market***

Sonoma County's real estate market is experiencing rapidly escalating rents and vacancy rates as low as 1.5% (REIS, Inc., 2015). These conditions are exposing more lower-income households to the risk of becoming homeless, and pushing out working families, as well.

- Rents have increased over 30% the since 2012 and average almost \$1,600 per month (Press Democrat, 2014);
- A majority of renters earning less than 50% of area median income pay more than half their income for rent; the accepted affordability standard is 30% or less of household income (Center for Neighborhood Technology, 2014);
- Even households that receive rental assistance are having difficulty finding homes they can afford to rent, in large part due to regulatory cost limits (So. Co. Housing Authority).

### **TYPES OF HOUSING**

To end homelessness, Sonoma County communities would have to create an estimated 2,200 homes that are affordable to extremely low-income people, distributed appropriately throughout all areas of the County.

### ***Operational Structures***

Housing for people who are homeless can be categorized by types of *operational* and *physical* structures. The operational structure of housing can vary by the type of ownership, tenure, and management approach used to ensure that each household receives the range of financial, health, and human services needed to succeed. This Toolbox reviews several operational approaches, including:

- |                                      |                                |
|--------------------------------------|--------------------------------|
| • Rapid Re-Housing                   | • Extremely Low-Income Housing |
| • Permanent Supportive Housing       | • Housing Choice Vouchers      |
| • Housing For Homeless Youth         | • Transitional Housing         |
| • Set-Asides in Housing Developments | • "Safe Haven" Housing         |

### ***Physical Structures***

The physical structure of housing will also vary based on the needs of the intended occupants. The majority of homeless people in Sonoma County are single adults, so homeless-specific housing will be predominantly very small apartments. This Toolbox reviews housing types that might be used, in two categories – portable vs. permanent structures.

**Portable** structures include:

- |                         |                         |
|-------------------------|-------------------------|
| • Tiny Houses           | • Travel Trailers       |
| • Recreational Vehicles | • Cargo Container Homes |

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**Permanent** structures include:

- Single-Room Occupancy
- Efficiency Apartments
- Small One-Bedroom Apartments
- Manufactured Housing
- Tiny Houses
- Acquisition/Rehab of Market-Rate Apts.
- Repurposed Non-Residential Buildings
- Shared Housing

The estimated 2,200 homes needed to end homelessness for Sonoma County residents will be created using a variety of strategies, including new construction, adaptive reuse of vacant or underutilized properties, rehabilitation of substandard housing, set-asides in affordable housing developments, and rental assistance in market-rate apartments. About 200 of the needed homes can be created with rental assistance in existing housing. This Toolbox focuses primarily on the remaining 2,000 homes that require construction or rehabilitation.

### *Interim Measures*

This Toolbox focuses on permanent housing, and thus does not fully explore the interim measures that can reduce the suffering of persons experiencing homelessness and provide a more stable place from which they could be connected to housing and services. These might include:

- Camping and Safe Parking Areas with Restrooms
- Tents, Yurts, Conestoga Huts, Tiny Homes, Cars, Camper Shell Trucks, Small RVs

### **COSTS OF HOUSING**

This Toolbox assumes that 2,000 of the 2,200 needed homes will involve new construction or substantial renovation of existing structures. The estimated “per unit” costs to develop homeless-specific housing averages \$160,000, of which an estimated \$55,000 would be required from local sources - an investment of \$110 million over ten years.

### **SUPPORTIVE SERVICES**

Some people exiting homelessness have needs that create obstacles to living inside. Access to supportive services is critically important to help them end chronic or repetitive homeless episodes. An effective housing program for people who are homeless must assure both housing and supportive services, including:

- Services for people with disabilities
- Life skills training and intensive case management
- Housing locator services to assist in the search for housing
- Direct access to health care, including mental health and substance abuse services
- Assistance accessing employment opportunities, disability income, and other supplemental resources

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### **OPTIONS: What can be done?**

#### **FINANCING OPTIONS**

The goal of ending homelessness cannot be achieved with the existing level of resources. However, there are opportunities – public policy choices that can be made, and other steps that can be taken – that can make housing for homeless people a reality.

This Toolbox reviews the federal, state, and local funding streams that have historically been available for development of affordable housing, and explores new funding options that might be used to create the needed housing. Potential new funding options include:

- Low/Mod-Income Housing Asset Fund
- Redevelopment Residual Receipts
- Inclusionary Housing Fees
- Commercial Linkage Fees
- Transient Occupancy and Other Taxes
- Enhanced Infrastructure Finance Districts
- Housing Revenue Bonds
- Housing Trust Fund
- Private Endowments
- Pay for Success

#### **POLICY, LAND USE, AND REGULATORY INCENTIVE OPTIONS**

The Toolbox also examines policy, land use, and regulatory incentive options that could reduce costs and increase the effectiveness of available resources. This would effectively reduce the amount of local financing required to create the needed housing, and help to optimize use of the limited amount of developable land in the County.

##### **Policy options include:**

- Impact fees based on size
- Rental assistance preferences for homeless people
- Project Based Vouchers for new homes for people who are homeless
- Development assistance incentive for homeless-dedicated housing
- Use of Public Facilities

##### **Land use options include:**

- Increased zoning densities
- Use of public land for housing development
- Development readiness measures
- Disposition of surplus land

##### **Regulatory incentive options include:**

- Greater density bonuses for small homes
- Housing overlay zoning on commercial and industrial land

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### **MEASUREMENTS: What is the goal?**

As the number of homes increases, the primary indicator of success for this effort will be to reduce the number of persons experiencing homelessness to zero. The proposed objectives to support this goal will focus on Housing, Income, and Health as identified in the Continuum of Care's *10-Year Homeless Action Plan 2014 Update*.

- Increase the percentage of participants retaining housing for at least 12 months to 100% by 2025.
- Increase the percentage of participants with employment income to 50% by 2025.
- Increase the percentage of participants with income from other sources to 80% by 2025.
- 100% of adults receiving homeless services should have health coverage by 2020.
- 96% of people entering homeless services will exit with a source of primary care by 2020.

### **ENGAGEMENT: Who can help?**

#### ***Collaborative Action***

Ending homelessness in Sonoma County will require collaboration amongst all local jurisdictions, housing developers, funders, community service providers, faith-based organizations, businesses, labor organizations, schools, health care systems, and the community at large. County and city leadership will be vital in developing the required consensus for action.

#### ***Community Acceptance***

Affordable housing is valued by most members of the community; however development on any specific site often engenders neighborhood concerns, which grow when the intended residents are homeless or people with special needs. Concerted efforts can be undertaken to increase broad public awareness of affordable housing and homelessness issues, and to develop effective strategies to address the concerns and needs of various constituencies.

### **STRATEGIC ACTION: What is the plan?**

This Toolbox is intended to be a resource for local governments and for the general public to begin building an informed commitment to end homelessness for Sonoma County residents. Strategies for using many of the tools presented here are suggested for consideration by the County and city policy makers.

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The lack of adequate affordable housing in Sonoma County has been called a “crisis”, and action needs to be taken to ensure that local residents and their children can be safely and securely housed now and into the future. This housing crisis will have wide-ranging and enduring social and economic consequences if it is not addressed. A concerted effort is needed to plan, incentivize, and build more homeless-dedicated and affordable housing throughout Sonoma County at a pace that at least keeps up with employment growth and new household formation.

The tools described throughout this Toolbox will present policy makers with choices for moving forward. These choices, however, will be hard choices, as policy makers will need to consider strategies to end homelessness in light of limited available resources, and balanced with other local priorities.

Arriving at a consensus and commitment to take the necessary actions to end homelessness is the first step.



# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

### I. INTRODUCTION

*Building HOMES: A Policymaker's Toolbox for Ending Homelessness* seeks to provide an understanding of the needs and opportunities to end homelessness in Sonoma County by 2025. It reviews proven strategies, proposes new initiatives to strengthen and build upon the *10-Year Homeless Action Plan: 2014 Update* (Sonoma County Continuum of Care), and acknowledges that hard choices, substantial investments, and committed action will be required.

Local innovation informed by national best practices can create the path to end homelessness by providing safe, secure housing coupled with essential health and human services. With focused vision, clearly articulated goals, and determined commitment, Sonoma County can achieve success and enhance the quality of life for all residents.

This report, or “Toolbox”, describes a series of alternatives that can be used to create the amount and types of homes needed to end homelessness. Homeless-specific housing differs in some respects from “workforce” housing<sup>3</sup>, but there are significant areas of overlap in the tools that might be used to create both types of housing. The tools and strategies discussed in this report can therefore also help to address the growing need to house the County’s workforce.

The Toolbox is organized around five basic questions:

**H**OUSING: *What are the needs?*

Scope of Need, Types and Costs of Housing, Supportive Services

**O**PTIONS: *What can be done?*

Financing, Policy, Land Use, and Regulatory Incentive Options

**M**EASUREMENTS: *What is the goal?*

Outcome Goals, Indicators of Success

**E**NGAGEMENT: *Who can help?*

Collaboration, Community Acceptance

**S**TRATEGIC ACTION: *What is the plan?*

Hard Choices, Substantial Investments, Committed Action

<sup>3</sup> The term “workforce housing” lacks one standardized definition. As used in this Toolbox, it refers to housing units with rent levels that can be afforded by households with incomes above 30% of area median income. This income level will typically include at least some income from employment, rather than reliance solely on benefit income such as SSI/SSDI.

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### II. HOUSING: What is the need?

#### A. SCOPE OF NEED

The discussion about strategies to end homelessness must be based on an understanding of the nature of homelessness and the realities of the current housing market in Sonoma County. The Sonoma County Continuum of Care's *10-Year Homeless Action Plan: 2014 Update*, and the *Sonoma County Homeless Point-in-Time Census & Survey Comprehensive Report 2015*, provide data to inform this work (See Appendix A, Bibliography).

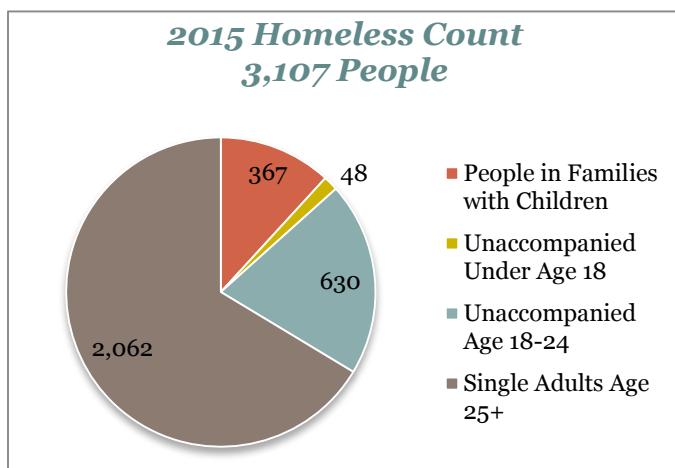
#### Demographics of the Homeless Population

The biennial homeless count conducted on January 23, 2015 found 3,107 people who were homeless on a single night: <sup>4</sup>

- 1,037 (33%) were “sheltered”, sleeping in emergency shelters or transitional housing
- 2,070 (67%) were “unsheltered”, sleeping in encampments, abandoned buildings, vehicles, and other outdoor areas

An annualization formula using count demographics estimates that 5,574 people – more than 1% of the County's population – experience homelessness over the course of a year. The good news is that these figures represent a 27% decrease in the number of homeless people since the 2013, reflecting the improving economy. Unfortunately, the “point-in-time” figure still tracks at three times the national rate of homelessness.

The homeless population is comprised of distinct subpopulations, which will require different housing solutions. The demographic profile of Sonoma County's homeless population in 2015 is as follows:



#### Homeless People by Household Type & Age

- 87% of homeless people are single adults over age 18
- 22% of homeless people are unaccompanied youth under age of 24
- 127 families with children make up 12% of the homeless population

<sup>4</sup> The 2015 geographic distribution of homeless people across jurisdictions and regions is found at Appendix B.



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## *A Policy Maker's Toolbox for Ending Homelessness*

### Homeless People by Subpopulation

	Sheltered	Unsheltered	Total	% of homeless population
Veterans	81	136	217	7%
Chronically Homeless Individuals <sup>5</sup>	114	588	702	23%
Adults with Serious Mental Illness	495	1,277	1,772	57%
Adults with Substance Abuse Disorder	263	685	948	31%
Adults living with HIV	19	37	56	2%
Victims of Domestic Violence	298	807	1,105	36%

Significant percentages of the homeless population are struggling with mental illness, substance abuse, or histories of trauma. These populations are highly vulnerable, and their homelessness results in enormous expense in the law enforcement and health care systems that they regularly touch. This Toolbox adopts the high priority on the most vulnerable persons that has been promulgated by the US Department of Housing and Urban Development (HUD) for homeless service systems (HUD, July 2014).

### Shelter for Homeless People

Creating additional emergency homeless shelter and transitional housing capacity for unsheltered homeless people is not an objective of this Toolbox. Experience has proven that emergency shelters are not the optimal path for helping people to escape homelessness. As the national focus has shifted to ending homelessness rather than simply managing it, the shrinkage of ongoing operational funding for shelters and transitional housing underscores the need to focus on permanent housing.

The focus of this Toolbox is instead on the expansion of opportunities for people who are homeless to live in permanent housing as independently as possible, with appropriate supportive services as needed. If the majority of homeless people can be housed, the existing shelter capacity will more than meet continuing episodic emergency response needs. However, despite its shortcomings, shelter capacity will need to be expanded if the supply of housing that is available, affordable, and coupled with supportive services as needed, is not in ready supply.

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<sup>5</sup> HUD defines “chronically homeless” as a person who is disabled and homeless continuously for one year or more, or homeless on four or more occasions over the past three years.

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### Health and Human Service Needs of Homeless People

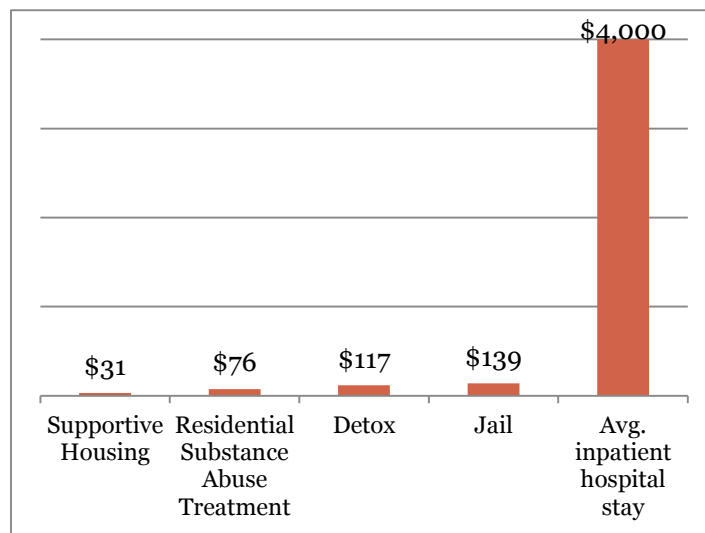
The range of needs among people who are homeless include affordable housing, supportive services, healthcare, and employment and income support. Housing is the common need, and for many, access to housing is all they need to escape homelessness. Others have needs beyond just housing, and they will need additional assistance to be successful in housing.

### Housing First Approach

“Housing First” is a proven strategy for ending all types of homelessness and has been demonstrated to be the most effective overall approach to ending chronic homelessness. Housing First offers people experiencing homelessness *immediate access* to permanent affordable or supportive housing, without prerequisites like completion of a course of treatment or evidence of sobriety, and making every effort to remove barriers to entry into housing (such as income requirements). Such treatment programs and access to income and other services are instead provided *after* the person is placed in a safe and stable living environment. The Housing First model yields higher success in treatment outcomes, higher housing retention rates, lower returns to homelessness, and significant reductions in the use of crisis services, hospitals, jails, and other institutions. Due its high degree of success, Housing First is identified as a core strategy for ending homelessness in *Opening Doors: the Federal Strategic Plan to End Homelessness* and has become widely adopted by national and community-based organizations as a best practice for solving homelessness (US Interagency Council on Homelessness, 2010).

### Costs of Homelessness

A growing body of research on the costs of homelessness and its impacts on public agency budgets suggests that significant cost savings can be realized by providing supportive housing.<sup>6</sup> When compared to people living in supportive housing (at an average of \$31/day), homeless people use expensive interventions such as emergency rooms more frequently, are more often admitted to hospitals, and stay



Cost Per Day in Supportive Housing, Treatment, Jail, & Hospital, Sonoma County 2014-15.

<sup>6</sup> Sonoma County sources in the chart above include, Sonoma County Continuum of Care (Permanent Supportive Housing costs, 2014); Health Care for the Homeless Collaborative, “What we know about the costs of chronic intoxication in Sonoma County” (residential treatment & detox costs, 2014); Sonoma County Sheriff Dept (Jail per day cost, 2015); Catholic Charities Nightingale Project reports (Hospital Avoidable Days cost., 2014-15).

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longer once admitted. They also are arrested more often and spend more time incarcerated.

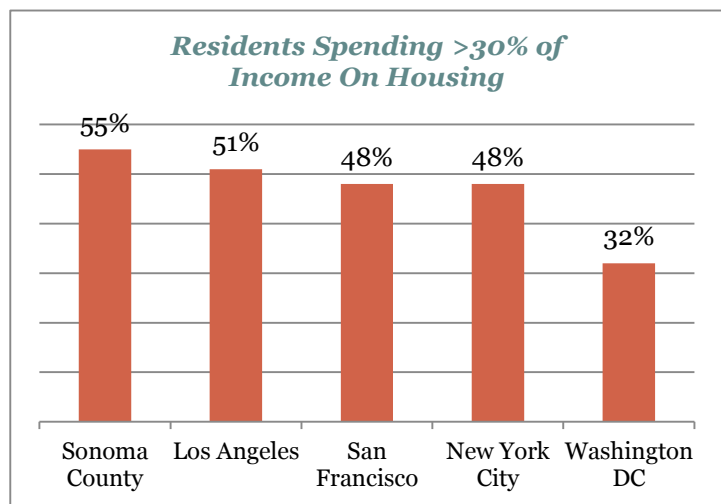
Many studies suggest that there is an overall net savings of public resources even considering the costs of producing housing. This conclusion continues to gain credibility as additional research is done. Thus this Toolbox adopts HUD's high priority on housing persons with the most complex needs. Outcomes may vary in specific circumstances and that housing often requires a large up-front investment, but the conclusion that the supportive housing actually reduces public spending has been demonstrated. The ability to provide substantial savings has been demonstrated within the health care system of Sonoma County. The Nightingale Respite Shelter is estimated to save hospitals more than \$17 million annually in "avoided hospital days" by providing a safe place for homeless people to recover following hospitalization (See Appendix C, Cost Savings in the Health Care System: Avoidable Days), suggesting savings from ensuring people are permanently housed could be even greater. The shift from triaging and use of costly emergency care to preventive primary care is clear. Avoiding hospital costs by providing housing also benefits public health, social service and public safety agencies.

Additional information about cost savings of providing housing for people who are homeless can be found in Appendix C and in the *Toolbox Resource Supplement*.

### Current Housing Market

Sonoma County's current rental vacancy rate is now at 1.5%, or essentially full occupancy (REIS, Inc., 2015). This further exacerbates the difficulty of providing safe and secure housing that is affordable for people who are homeless. Real estate market dynamics are causing an increasingly rapid escalation of rents, exposing more lower-income households to the risk of becoming homeless, and pushing out higher-income working families, as well. The facts are:

- Rents increased 46% from 2000 through 2012, and have risen by another 30% in just the past 3 years, now averaging almost \$1,600 per month (Sonoma State Star, 2015).
- Over half of very low-income households (those earning less than 50% of area median income annually, \$28,000 for an individual and \$39,950 for a 4-person household) pay more than 50% of their incomes for rent (Center for Neighborhood Technology, 2014).



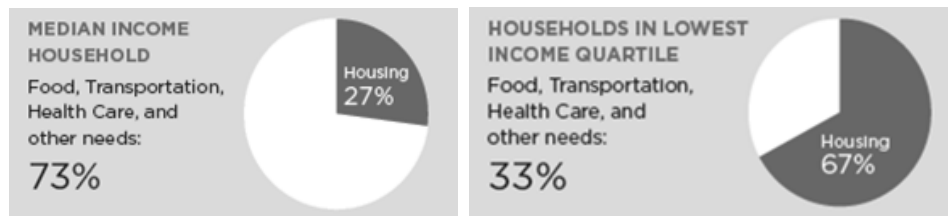
Source: Housing + Transportation Index, [www.htaindex.cnt.org/map](http://www.htaindex.cnt.org/map)

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- During the past 6 years, 18,800 jobs have been added in Sonoma County, increasing the demand for housing at a time when housing production is constrained (Economic & Planning Systems, Inc., 2015).

People who are homeless generally have extremely low incomes (below 30% of area median income - \$16,800 for an individual and \$24,250 for a 4-person household) (So. Co. Housing Authority, 2015). According to the *2015 Homeless Point-in-Time Census & Survey*, two-thirds of survey respondents in Sonoma County had annual incomes of less than \$5,400. There are very limited opportunities for them to find housing in the current market. If they do find housing, the percentage of income they have remaining for other essential costs such as food, transportation, and health, is often inadequate to meet their needs.



*California's High Housing Costs: Causes & Consequences (Legislative Analyst Office, 2015)*

It is clear that the current housing market cannot address the existing need. To end homelessness in Sonoma County, an estimated 2,200 affordable homes must be created. About 200 of these can be created with rental assistance in existing housing, and the remaining 2,000 homes will require new construction or substantial renovation of existing structures.

## **B. TYPES OF HOUSING**

All jurisdictions will need to consider preferred housing types to address homelessness in their communities, and the number of homes each intends to accommodate and assist. Housing for people who are homeless can be categorized by type of operational structure and by type of physical structure.

### **Operational Structures**

The operational structure of housing can vary by the type of ownership, tenure, and management approach used to ensure that each household receives the range of financial, health, and human services needed to succeed.

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## *A Policy Maker's Toolbox for Ending Homelessness*

### ***Rapid Re-Housing***

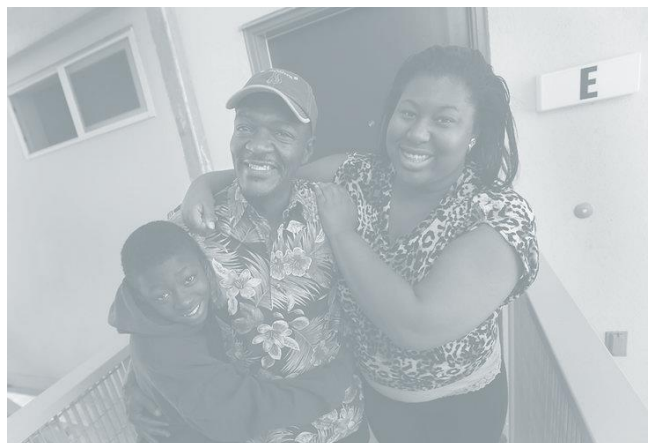
Rapid Re-Housing is the practice of focusing short- and medium-term resources on helping people to quickly move out of homelessness and into permanent housing, primarily in the private rental market. Services to support rapid re-housing include housing search and landlord negotiation, short-term financial and rental assistance, and the delivery of home-based housing stabilization services, as needed. Priority is placed on helping people move into permanent housing as rapidly as possible and providing services to help them maintain housing. Rapid Re-Housing has demonstrated effectiveness in reducing homelessness, particularly among families, and has played a key role in a significant reduction of the number of homeless families with children in Sonoma County since 2011. Rapid Re-Housing also decreases the length of time people stay in emergency homeless shelters, which allows the shelters to accommodate more families without increasing bed capacity.

Rapid Re-Housing serves people experiencing homelessness who need *time-limited* assistance to move into and keep permanent housing. It reduces the length of time families experience homelessness, minimizes the impact of homelessness on their lives, and facilitates their access to resources in the community. Rapid Re-Housing programs often use a relatively “light-touch” approach to financial assistance and supportive services, seeking to provide “just enough” assistance to help people get back into housing, while being available to offer additional support or connections to other resources and programs if more help is needed. Rapid Re-Housing does not necessarily ensure that people will have housing that meets the affordability standard (meaning housing where the tenant pays only 30 percent of their income toward housing costs). Even so, data from some experienced programs indicate that 90 percent of households served by Rapid Re-Housing are successfully housed and do not return to homelessness.

A Rapid Re-Housing program is most workable when there is a significant level of vacancy in the rental market with low enough rents or with an identifiable source of additional rental assistance. Unfortunately, these conditions do not characterize Sonoma County at this time; however, success in identifying available rentals is increased if Rapid Re-Housing programs are staffed with a “housing locator” (National Alliance to End Homelessness).

### ***Permanent Supportive Housing***

Permanent Supportive Housing is an intervention for people who need *on-going* housing assistance and supportive services to achieve a safe and stable living environment in their communities. This model has been proven to be an effective, efficient, and humane approach to housing people and providing services to help them with their specific disabilities or other special needs.



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Permanent supportive housing enables people to obtain housing and remain in their homes, and to live as independently as possible. Many of these programs use a Housing First approach (rapid access to housing with minimal preconditions) to serve people experiencing homelessness, making this model the primary permanent housing intervention for people with severe challenges such that they cannot live independently in community housing (US Interagency Council on Homelessness).

In Sonoma County, permanent supportive housing serving people exiting homelessness is currently provided through master leasing by homeless service agencies, development of homeless-specific facilities, provision of rental assistance to homeless people living in privately-owned properties, and inclusion of formerly homeless residents within larger low-income affordable housing developments.

### **Permanent Supportive Housing with Master Leasing**

Master leasing involves the rental of a house, apartment building, or group of homes by a housing provider that sublets them to residents who are unable to rent on their own, addressing the challenge of housing clients who would not pass private landlord screening criteria. Master leasing programs pair leasing funds with supportive service funds in programs uniquely designed to serve the needs of hard-to-house homeless populations. Clients sign month-to-month occupancy agreements or sub-leases with the service provider agency. Because master leasing programs are located in existing rental housing, but leased and managed by service providers, master leasing represents a strategy for getting programs in place quickly, without the lengthy development period required for new construction.

### **Permanent Support Housing with Rental Assistance**

Two federally funded rental assistance programs are dedicated for homeless people. These operate similarly to Housing Choice Vouchers (described below) but also provide supportive services to match housing subsidies. One source, through the Continuum of Care, is specifically targeted to homeless people with disabilities. This program, until recently called “Shelter Plus Care”, offers rental assistance that is matched locally by supportive services. A second program, the Veterans Administration Supportive Housing (VASH) program, similarly includes rental assistance for chronically homeless veterans, matched by intensive case management. Additional rental assistance can be created by local agencies using other sources, as the Sonoma County Housing Authority has done using federal HOME funding.

### ***Housing for Homeless Youth***

According to the 2015 homeless count, homeless minors (less than 18 years of age) account for less than 2% of homeless persons. When the definition of youth is extended to include “transition-aged youth” (ages 18 to 24), the homeless youth population expands to 22% of homeless people. In the 2015 Count survey, fully one-third of homeless youth reported a history of foster care. Housing instability has been identified as a critical issue in the transition to adulthood, especially for foster youth. Housing and services specifically targeted to transition-aged youth (including foster youth) has an established precedent, and housing for



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them, usually in the form of single room occupancy (SRO) or shared rooms, is expanding in Sonoma County, particularly with the efforts of Social Advocates for Youth (SAY). These programs combine housing with systematic supportive services. While much of this housing is transitional, ending at age 25, most of the youth residents

move on to other housing before that age. Youth use this housing “transitionally” because of their developmental stage: their average length of stay is about 9 months.

### ***Set-Asides in Housing Developments***

Developers of new affordable housing, as well as owners of existing affordable rentals, can create set-asides of apartments designated for occupancy by formerly homeless people. This approach has proven successful in Sonoma County to create homes for people who were homeless or have other special needs. Because these developments typically include a mix of apartment sizes including 2, 3, and 4-bedrooms, this type of housing would also be an optimum option for families with children.



*Amorosa Village in Santa Rosa includes 20 set-aside apartments for formerly homeless families.*

Typically, the housing owner enters into an agreement with a service provider agency to provide the specific types of services needed by the residents, if any. This approach has the benefit of absorbing the cost of building homes for people who are homeless into financing obtained for the larger affordable housing development, but it will not provide more than a modest share of the total housing needed.

### ***Extremely Low-Income Housing***

The term “extremely low-income” (ELI) refers to household incomes below 30% of median income. In Sonoma County this currently ranges from \$16,800 for a single person to \$24,250 for a four-person household (So. Co. Housing Authority, 2015). Much of current housing financed through use of Low-Income Housing Tax Credits includes some apartments that are affordable to extremely low-income households. ELI apartments are generally the only ones that would potentially meet the needs of formerly homeless tenants without rental assistance.

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They are also the only apartments that can serve a larger group of extremely low-income households who are not currently homeless. ELI apartments, which can be created by new construction or by acquisition and rehabilitation of existing buildings, are a resource both for homeless housing opportunities and for homelessness prevention.

### ***Housing Choice Vouchers***

Housing Choice Vouchers (aka Section 8), funded by the U.S. Department of Housing and Urban Development (HUD), are the largest and most widespread direct housing subsidy in the nation. Vouchers subsidize the rent for low-income tenants primarily in market-rate rental housing. Housing Authorities must use at least 75% of newly issued vouchers to assist extremely low-income households.

Tenant-based rental assistance vouchers have potential, but also some drawbacks, for meeting homeless needs. Landlords can choose whether or not to accept vouchers. They may choose not to accept them because a particular applicant does not meet rental history and credit requirements. Because Housing Authorities make rental payments on behalf of the tenant directly to the landlord, the funding is not considered as tenant income, and fair housing laws prohibiting discrimination based on source of income do not apply. Therefore, landlords can also refuse to accept them as a matter of general policy or because they are able to fully rent up without renting to households using vouchers.

Rental assistance can be dedicated to specific housing developments to make more apartments accessible to homeless residents by connecting the vouchers to a set of apartments owned by a participating property owner, rather than to individual tenants renting in scattered sites. This is called “project-basing” vouchers.

Housing Authorities can also establish a limited preference for homeless applicants where a certain percentage of vouchers are set-aside for homeless people. Should Housing Authorities establish this preference, these vouchers could be limited to persons enrolled in programs operated by partnering service providers, as is already the policy of the Continuum of Care and VASH rental assistance programs.

### ***Transitional Housing***

Transitional housing involves an apartment or room being made available to homeless people for a limited period of time, after which they are expected to move on to a permanent housing situation. While there has been some success with this approach, only about half of participants typically move into permanent housing. Despite the housing being a more stable situation, during the period the person is in transitional housing, she or he is still considered “homeless” according to federal rules. Because of lengthy periods of homeless status and the expense of resolving homelessness through transitional housing, this strategy has fallen out of favor and operational funding is less available than in the past.

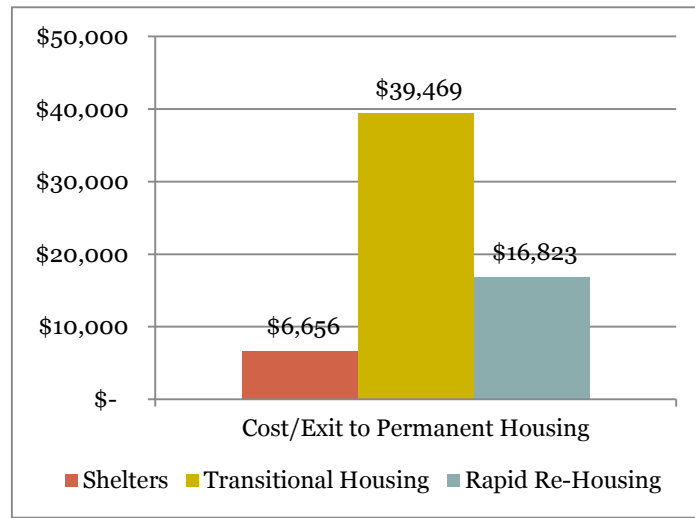


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There are, however, several populations that require a facility-based residential program with intensive support and/or supervision before they can be housed more independently. Examples might include otherwise non-disabled persons exiting residential substance abuse treatment, parolees under correctional supervision, and transition-aged youth.

According to calculations of unmet housing need in the *10-Year Homeless Action Plan* and similar calculations going back to 2007, if there were enough permanent homes for people who are homeless to meet the need, the existing stock of transitional housing in Sonoma County would be more than enough to meet these continuing transitional housing needs.



Average Cost to Resolve Homelessness with Shelter, Transitional Housing or Rapid Re-Housing  
(Sonoma County HMIS data, 2014)

### “Safe Haven” Housing

Because of the scarcity of permanent housing currently available in Sonoma County, it will be necessary to create interim housing resources to expedite efforts to bring homeless people indoors. “Safe havens” can be provided with a room or a small basic apartment in either a permanent building or portable structure. The use of repurposed buildings, particularly motels, hotels, and hospitals, could be an effective short-term strategy for the provision of such interim housing. The use of this housing would not be for an arbitrarily determined fixed amount of time, but until more adequate permanent supportive housing becomes available. Residents would receive assistance to place their names on the waiting lists for existing and new affordable rental housing. They would then have an opportunity to move into a larger apartment with greater amenities, and leave behind the “safe haven”.

### Physical Structures

The physical structure of housing will also vary based on the needs of the intended occupants. Because the majority of homeless people in Sonoma County are single adults, homeless-specific housing should be predominantly comprised of very small apartments or other types of homes. Housing types that might be used for this purpose can be characterized in two categories: portable vs. permanent structures. In comparing building types, a number of variables need to be kept in mind, including:

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- Land use / zoning designation
- Availability of financing and subsidy
- Applicability of impact fees
- Infrastructure requirements
- Ownership and management model
- Suitability for delivery of services
- Appropriateness as permanent supportive housing
- Comparative costs
- Community acceptance

### **Portable Structures**

There are a variety of options for portable structures to meet housing needs of homeless people. If appropriately zoned land and financing is available, these can generally be put into place fairly quickly. They may be less expensive to develop than permanent structures, and may be moved to alternate sites as needed or desired. They will need to rely more heavily on local public and private financing, as they do not have access most federal and state subsidy programs, including Low-Income Housing Tax Credits.

### **Tiny Houses**

There is currently widespread interest in tiny houses, but there is not yet one commonly accepted definition of this term. Some are large enough to include kitchen and bathroom facilities, with floor areas up to 450 square feet. Others are very small, simply providing a place to sleep - a sort of wooden tent (also called “camping cabins”) that would need to be used in conjunction with communal kitchens and restrooms. Tiny houses are classified as portable structures when they are not installed on a permanent foundation and connected to water, sewer, and electrical utilities. Depending on size and amenities, tiny houses can be constructed inexpensively. The analysis of whether portable tiny houses would be useful to house homeless people will need to be informed by as-yet unanswered questions, including where they can be placed, how they might be connected to utility services, what fees would be charged, and how they would be regulated.



### **Recreational Vehicles and Travel Trailers**

Recreational vehicles (RVs) and travel trailers have met temporary housing needs for low-income people for decades. They can be relatively inexpensive to buy and can provide housing without a long period of design, approvals and construction. In Sonoma County, RVs and travel trailers can be legally used only for limited periods of time and only when sited in RV parks or at an approved “Safe Parking” location.



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### **Cargo Container Homes**

Another portable home design uses a steel cargo container to produce a living area. These are easily portable and can include some residential amenities. Although their aesthetic appeal is limited, they are durable and may be put into service relatively quickly. Unfortunately, retrofits that are needed to allow these structures to meet the minimum requirements of housing code, including insulation, limit the practicality of this housing type.



### ***Permanent Structures***

There are more options for permanent structures to meet housing needs for people exiting homelessness. They will generally require more time to develop and may be more expensive. They will allow for greater development density, are more compatible with urban infill development and may be more appropriate for the delivery of supportive services. They also have access to greater subsidy opportunities including Low-Income Housing Tax Credits.

### **Single Room Occupancy (SRO)**

An SRO is essentially a rented room without a kitchen and possibly without a private bathroom. Shared kitchen facilities may be provided, and sometimes a common dining room is available. These were more common in earlier times in the form of residential hotels and boarding houses. The opportunity to preserve and rehabilitate this type of housing should be investigated. Properly operated SROs can provide a community and support system for people exiting homelessness, and any plan to initiate new SRO construction should include discussions with service providers and homeless people themselves. There are some good examples of SROs providing supportive housing in Sonoma County, including Stony Point Commons, operated by Community Support Network, and Tamayo Village operated by SAY. SAY will also operate the larger Dream Center, which will open by the end of 2015. All of these made use of repurposed buildings.

### **Efficiency and Small One-Bedroom Apartments**

Apartment developments consisting of studio and one bedroom apartments ranging from 220-400 square feet could be developed at up to 50 units per acre with standard wood frame construction or by using stackable modular units. If a community building with meeting rooms were included within the development, its usefulness for service delivery would be enhanced.

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### Manufactured Housing / Park Model Homes

Manufactured housing (commonly referred to as “mobile homes”) are typically owned by their occupant and installed on a rented space in a mobile home park. This is a familiar form of housing in Sonoma County and comprises a significant portion of the local supply of affordable homes. Smaller manufactured homes up to 400 square feet, often called “park model homes”, could also be used as rentals for people exiting homelessness. Construction costs for permanent installations of park model homes are likely similar to apartments, but there could be savings in design and construction interest costs. They are somewhat less durable than standard construction. The full cost of developing a mobile home park or special occupancy park for park model homes must be considered to accurately compare their cost to standard permanent construction. They are a less efficient use of land than apartments or SROs, as the maximum density is probably less than half of what could be accomplished with apartment development. While few mobile home parks have been established in recent years, their revival would provide new affordable housing opportunities. Parks could also include a community building and supportive services.



### Tiny Houses

As noted in the Portable Structures section, there is not yet one commonly accepted definition of the term “tiny house”. Some are large enough to include kitchen and bathroom facilities, with floor areas up to 450 square feet. Where tiny homes do not include bathroom and kitchen facilities, communal facilities would need to be provided. Tiny houses are classified as permanent structures when they are installed on a permanent foundation and connected to water, sewer, and electrical utilities. Tiny homes would likely be installed in a “village” with shared utility infrastructure, similar to a mobile home park. Construction costs for permanent tiny house installations are likely similar to apartments, but there could be savings in design and construction interest costs. The full cost of building a tiny home village must be considered to accurately compare their cost to standard permanent construction. They are a less efficient use of land than apartments or SROs, as the maximum density is probably less than half of what could be accomplished with apartment development. The analysis of whether permanent tiny houses would be useful to house homeless people will need to be informed by as-yet unanswered questions about how they would be permitted and regulated. Tiny home villages could also include a community building and supportive services.

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### Acquisition and Rehabilitation of Market Rate Apartments

Acquisition and rehabilitation of existing market-rate housing apartments, and subsequently restricting them as affordable housing, has been successful in Sonoma County. Low income tenants have been able to remain in the renovated housing, and over-income tenants have had to be relocated at the developer's expense. While the actual costs to create restricted affordable apartments through this approach can typically be less expensive than new construction, it is an unlikely source of housing for homeless people at this time because vacancy rates are extremely low and rental housing sales prices are high. Further, relocation of existing tenants would be difficult and expensive.



### Repurposed Nonresidential Buildings

Renovating existing buildings such as hotels, motels, hospitals, and board and care facilities may be able to produce housing in a less expensive and faster manner than new construction. These structures are likely to accommodate SRO type apartments, but might also be suitable for repurposing as small efficiency or one-bedroom apartments. A number of reuse projects of this type have been successful in Sonoma County. Underutilized or vacant commercial buildings may also lend themselves well to this type of repurposing, depending on the location, configuration, and other specifics of the property.

### Shared Housing

Shared housing is a rental model that maximizes the use of existing housing stock by matching people who own homes with more bedrooms than they need with unrelated persons in need of housing. Typically the homeowner is a single person over the age of 60 on a fixed income whose personal support network may be weaker than desired. The owner may be struggling to pay utilities or property taxes, or to maintain the home. They may face additional challenges to remain in the home and safely age in place. Sharing the home with another adult may allow a homeowner who needs help with housing costs and/or minimal care to stay in the home, rather than move to assisted living or other congregate housing (SHARE of Sonoma County). Shared housing could be a win/win for the homeowner and person seeking to exit homelessness. Using 2013 Elder Economic Security Standard Index data, there are an estimated 22,000 single seniors in Sonoma County who own homes with 35,600 extra bedrooms (Sonoma County Human Services Department, 2015).



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### Interim Measures



While the focus of this Toolbox is on permanent housing and supportive services, local government can provide free, or very low cost, safe camping and overnight parking areas, coupled with restrooms. These measures can reduce the suffering of homeless people, although people living in temporary structures without full sanitary and food preparation facilities remain homeless by definition. Implementation of these measures would “decriminalize” homelessness and provide a more stable place from which homeless people could be connected with supportive services and find access to housing.

The types temporary structures that could be utilized as interim measures include tents, small yurts, conestoga huts, minimal tiny homes (“camping cabins”), passenger vehicles, camper shell pickups, and small RV’s. The utility of these types of shelter would be limited to warmer months, unless a warming center or other source of heat is available at the site.

There are costs associated with providing these services including site development and on-going maintenance. An adequate level of supervision must also be provided to ensure orderly operations, safety of the residents, and mitigation of any conflicts that may arise with the surrounding areas. However, there are also costs attached to maintaining the status quo. For example, the provision of camping areas with restrooms would reduce the cost of cleaning creeks in areas of unsanctioned encampments, and the costs of potential fines for not cleaning them adequately. The costs of homeless camp clean up generally would be reduced, and there may be a reduction of vandalism on both public and private property. Additionally, these interim measures could reduce law enforcement costs including the number of jail bookings, jail time, and the issuance of uncollectable citations. Finally, medical intervention could be improved, reducing the number of emergency room visits.

Appendix D, Alternative Housing Types, includes illustrative examples depicting some of the structure types discussed above.

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### C. COSTS OF HOUSING

There are a number of variables to be considered in projecting the total cost of creating an estimated 2,200 affordable homes to end homelessness in Sonoma County. Costs will vary based on the number of new homes that will be constructed and the number that will be created through alternate approaches, such as acquisition and rehabilitation of existing rentals, repurposing of nonresidential buildings, homeless set-asides in affordable housing developments, and rental assistance in market-rate apartments.

#### **Number of Homes Needed**

Following methodology described in the Continuum of Care's *10-Year Homeless Action Plan: 2014 Update*, to end homelessness in Sonoma County requires 2,200 homes that are affordable to extremely low-income persons. This calculated number of homes would address the housing needs of the 2,070 persons currently living outside, as well as anticipated new persons falling into homelessness in coming years.

It is estimated that 2,000 of the homes will need to be created through new construction and substantial renovation of existing residential or nonresidential buildings. Given that over 80% of homeless people in Sonoma County are single adults, most of the homes should be efficiency and small one-bedroom apartments or other small individual living areas. Of these, approximately 400 homes are needed to address the needs of homeless youth.

The remaining 200 homes, mostly for family households, can be created through homeless set-asides in affordable housing developments and rental assistance or Rapid Re-Housing in market-rate housing.

A baseline listing of Permanent Supportive Housing currently operating in Sonoma County is found at Appendix F, Permanent Supportive Housing Inventory.

#### **Estimated Costs of Development**

The total per-unit cost to develop new, affordable-restricted apartments in Sonoma County, with a mix of studios, one-, two-, three-, and four-bedrooms, has averaged \$350,000 in recent years. Building primarily very small homes to serve the needs of single adults, with simple design and more modest site amenities, is estimated to reduce the costs by up to 55%.

Using standard wood frame construction in an efficiently designed building, a 300 square foot studio apartment would cost about \$42,000 to build. After adding in all other development costs (e.g. land acquisition, impact fees, utilities), the total cost for this apartment would average \$160,000.<sup>7</sup>

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<sup>7</sup> These amounts assume an efficient land use entitlement and permit approval process and no unusual site development or environmental mitigation costs.

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Manufactured homes and tiny houses have similar costs to construct, but are expected to be somewhat more expensive when all factors are considered, primarily because their individual, single-story configuration allows a lower number of homes per acre.

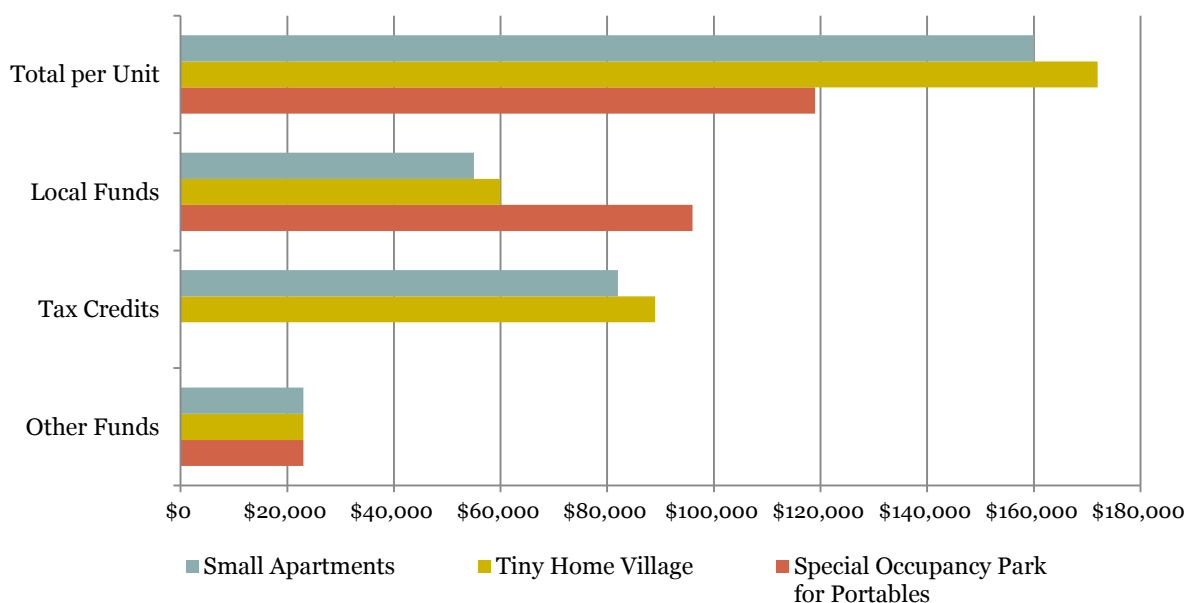
The costs to create the needed homes for people who are homeless can be reduced through a variety of policy, land use, and regulatory incentive options that are discussed in the Opportunities section of this Toolbox. Possible changes in State and Federal regulatory policy and funding programs can also affect the total cost to create the desired number of homes.

Appendix E, Housing Development Budgets, includes budgets showing the estimated costs to build small apartments, park model or tiny homes villages, and special occupancy parks for portable structures.

### **Local Financing Required**

Based on historical financing experience of local nonprofit developers, approximately \$55,000 of local funding would be required to leverage the federal, state, and private financing needed for a \$160,000 small apartment. The estimated total of local sources needed to produce the projected 2,000 new homes to be built for persons who are homeless would be approximately \$110 million if all were small apartments. Local financing requirements would increase modestly for development of park model / tiny home villages, in proportion to the higher overall development costs for those structures. Development of special occupancy parks for portable structures would require significantly more local resources, as they are not eligible for tax credit financing.

### *Estimated Development Costs for Homeless-Dedicated Housing*





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### **D. SUPPORTIVE SERVICES**

While many homeless people have a history of successful independent living and are primarily in need of an affordable housing opportunity, the availability of supportive services is critically important for the majority of homeless people in ending chronic or repetitive homeless episodes. The lack of sufficient resources for supportive services has been a constraint for an adequate supply of permanent supportive housing. The lack of housing makes the delivery of services less effective, and the lack of services lowers the likelihood of success in housing for people with disabilities or other special needs. An effective housing program for homeless people must assure both housing and supportive services.

#### **Homelessness Assistance**

Sonoma County has a robust network of public and nonprofit agencies that provide supportive services to homeless people with disabilities. A Continuum of Care structure has been established that allocates almost \$3 million of federal homelessness assistance annually to the local nonprofits and public agencies for the provision of housing and supportive services. The Continuum of Care estimates that in all, over \$20 million in federal and state funding, including private donations, is available for homeless-dedicated rental assistance and supportive services annually in Sonoma County. (See Appendix G, Current funding for Homeless Services.)

As noted above under Set-Asides in Housing Developments, there is a precedent for collaboration between nonprofit affordable housing organizations and service providers to make housing available to people with disabilities and other special needs, including specifically for people exiting homelessness.

#### **Housing Navigator Program**

Housing navigator programs can help people exiting homelessness to obtain permanent housing by working with them closely through the housing search process. Seeking out available housing opportunities and applying for tenancy is often an exhausting and expensive process. The low rental vacancy rate in Sonoma County means that apartments and houses are rented quickly, many times before they are even advertised. Having the connections to hear about what rentals might become available, the transportation with which to travel to rental locations to submit an application, a good credit and rental history, and the money with which to pay the non-refundable application fees (which average \$25-\$45 per adult resident), are critical to success in the hunt for housing. These are tools that homeless people frequently lack. “Rent Right” and similar programs operated by local nonprofit agencies help to provide tenancy education that enhances the likelihood of success in this process. A county-wide Housing Navigator Program could take this a step further by providing more individualized housing search assistance, including payment of application fees. Local funds could be used to pay an agency, selecting pursuant to a Request for Qualifications process, to provide this assistance.

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### **Expansion of Services through Medi-Cal Funding**

New resources are becoming available for services as a result of the Affordable Care Act, which has broadened the scope of Medicaid (“Medi-Cal” in California). States such as California have expanded Medicaid to cover anyone with an income less than 133% of the federal poverty line.

The Sonoma County Continuum of Care and the Sonoma County Human Services Department are working together towards a specific plan to enroll homeless people in Medi-Cal and Medicare and to connect them with a “medical home,” that is, a regular source of care. Accomplishing these enrollments for unsheltered homeless people is difficult, but it should be a priority for the well-being of homeless people and for the savings in County and hospital funding that can be realized. These advantages are not likely to be fully realized until housing is available.

Beyond direct medical services, the Affordable Care Act will allow for Medi-Cal funding of supportive services if they are provided by public agencies or Federally Qualified Health Centers (FQHCs) using credentialed professionals. New proposals have been made for greater access to Medi-Cal funding, including payment for services provided by paraprofessionals, and an expansion of the supportive service resources through Medi-Cal is anticipated.

As an example of the way in which Medi-Cal reimbursement has been expanded, the Sonoma County Department of Health Services, Behavioral Health Division was previously unable to extend services to people who did not meet the criteria as severely and persistently mentally ill. This prohibited them from helping the estimated 25% of homeless people who have a lower level of mental health needs that either contributed to, or developed from, their homelessness. Now the Division can use Medi-Cal funding to provide services for people designated as having mild or moderate conditions.

See the *Toolbox Resource Supplement*, Using Medi-Cal Funding for Homeless Services.

### **Income Support**

A key factor for exiting homelessness is having a reliable income, and having a home is key to being able to maintain an income. Income sources include employment for those who can work, and disability incomes for people who are disabled.

Reliable income is very important to the wellbeing and sense of security for formerly homeless people. Working to enhance incomes for homeless people is also a key component of a homeless-dedicated housing effort, so that assisted households have the means to pay some level of rent, ideally at least enough to cover the basic operating costs of the housing.

### **Employment Income**

Income from employment supports self-sufficiency for all people and is a critical component of ending homelessness. At least 10% of homeless people in Sonoma County are currently

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employed, and it is estimated that an additional 40% are capable of employment if they can obtain adequate training and preparation. With job training to build stronger skills, and with assistance to connect them to new employment opportunities as they are ready, income from wages could be raised to the level needed to afford available housing options.

Several Sonoma County nonprofits, including Catholic Charities, Committee on the Shelterless (COTS), and Goodwill Industries, have employment support programs aimed at job readiness with demonstrated success. The Continuum of Care is establishing a Workforce Readiness Initiative in partnership with Sonoma County JobLink. Given sufficient funding and staff resources, this effort could be expanded to target homeless people county-wide in order to boost employment income and their ability to pay for housing.

Expanded short-term wage sharing with employers, through which federal, state, and sometimes local funds pay a portion of the wages for program participants, could also be considered as a way in which to increase employment rates and income levels. Wage sharing programs in currently operating in

Sonoma County include the County's Youth Ecology Corps programs, CalWORKS, and the CA Department of Rehabilitation. These programs have greater success rates when service providers can remain in contact with the participating employers to assist newly employed workers to meet job expectations and remain employed.



### **Disability Incomes**

Social Security Disability Income (SSDI) is available to disabled people who have a work history but have not yet reached age 62. Supplemental Security Income (SSI) provides a lower level of benefit, but is available to those without sufficient work history to qualify for SSDI. The application process for SSDI and SSI is difficult and frequently results in failure, at least on the first attempts. The Continuum of Care estimates 50% of homeless adults have eligible disabilities, but according to the 2015 Homeless Count, only 10% of homeless persons report accessing SSI or SSDI disability income. The chances of success in receiving benefits are greatly increased with professional application assistance. A number of case managers in Sonoma County agencies have been trained in the SSI/SSDI Outreach, Access and Recovery (SOAR) national best practice, and the Continuum of Care has obtained a technical assistance award to expand local use of the SOAR practice to serve 500-600 persons per year. The adequate sizing of SOAR-informed benefits advocacy capacity should be a high priority.

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## A Policy Maker's Toolbox for Ending Homelessness

### Earned Income Tax Credit

The Earned Income Tax Credit is a federal tax code provision that allows low income tax payers to receive an income supplement. While it may not be available to most homeless people because they are not working taxpayers, this credit is often overlooked by tax filers. Efforts to educate working people about their eligibility for the benefit will help to enhance their income level and ability to afford to pay for housing.

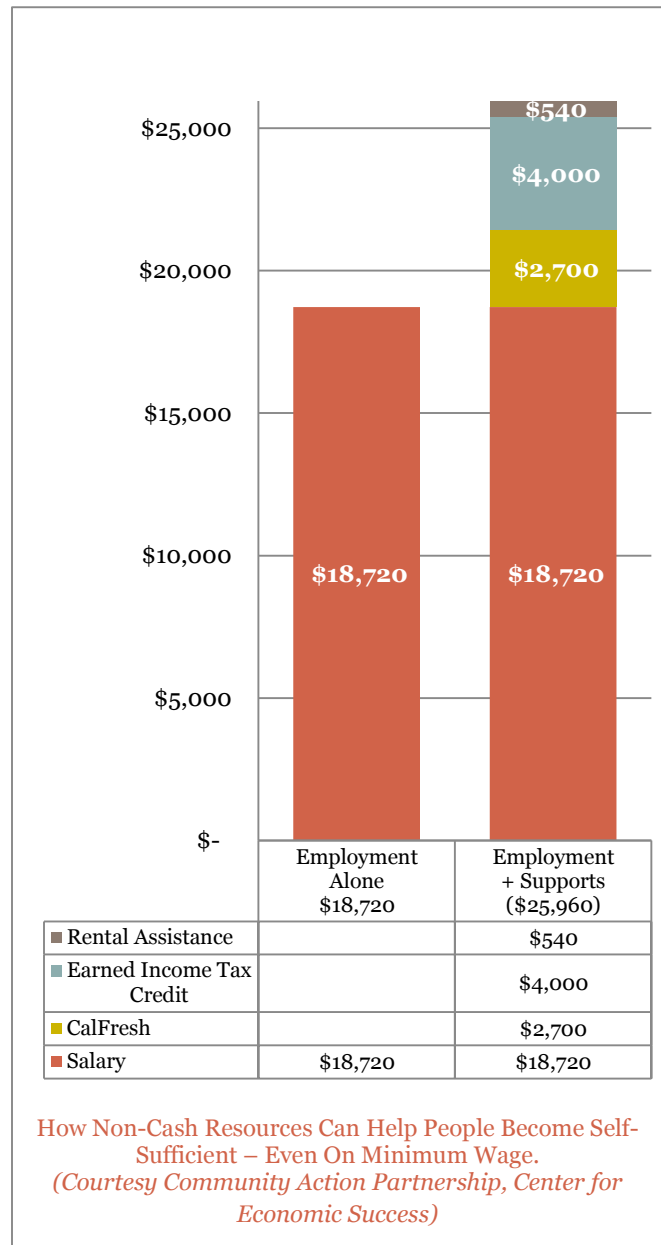
### In-kind Support

#### Non-Cash Resources

Non-cash resources can also supplement income and help people afford to pay for housing. Currently available resources include CalFresh (food stamps), community food distribution programs, Medi-Cal health coverage, clothing and household items from charity thrift stores, and community clothing distribution efforts. Transportation is an area in which non-cash resources would be very helpful, perhaps through lower cost bus passes for recently housed, formerly homeless people; however, sufficient funding would need to be identified for this purpose.

#### Payee Relationships

Payee relationships, where rent is withheld from an income source, can be considered for residents who are not able to manage their disability or social security incomes to ensure that they are able to pay rent. Unless a conservatorship is established, this is a voluntary arrangement, but it could be key to maintaining housing for chronic non-payers. This service is currently contracted with a private agency, or provided less formally by friends or family. The County can evaluate any benefit that might be gained from the direct operation of payee relationships.



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### III. OPTIONS: What can be done?

Ending homelessness in Sonoma County will require creation of an estimated 2,200 homes that are affordable to extremely low-income households and coupled with appropriate supportive services. This goal cannot be achieved with the existing level of resources. However, there are opportunities - public policy choices that can be made, and other steps that can be taken - that can make housing for homeless people a reality.

#### A. FINANCING OPTIONS

Housing development in any form is expensive, and even with reduced per-unit costs for very small homes, assembling the required financial resources will be the greatest constraint to the objective of ending homelessness in Sonoma County. Rent levels that are affordable to households at or below 30% of area median income may be sufficient to pay for day-to-day operating costs, but usually cannot support any mortgage debt. Financing for homeless-dedicated housing will therefore need to be provided almost exclusively through deferred-payment loans and other types of non-repayable subsidies.

Many people exiting homelessness will not yet be connected to disability benefits or employment income when they are first housed, and they may not be able to pay rent even at levels considered to be affordable for households at or below 30% of area median income. The developer would therefore need to obtain subsidies to pay for the operating costs of the housing so that rent charges can be set as low as needed for each new household until some type of income can be secured.

Affordable rental housing development uses a variety of federal, state, local, and private financing sources. Available funding has diminished significantly since 2008; however, some of it remains intact, other sources may be revived, and new sources are being proposed. The following is a brief overview and current and proposed sources that can be used for both homeless-dedicated and more general affordable housing for the workforce.

#### Federal Funding Resources

##### *Low Income Housing Tax Credits*

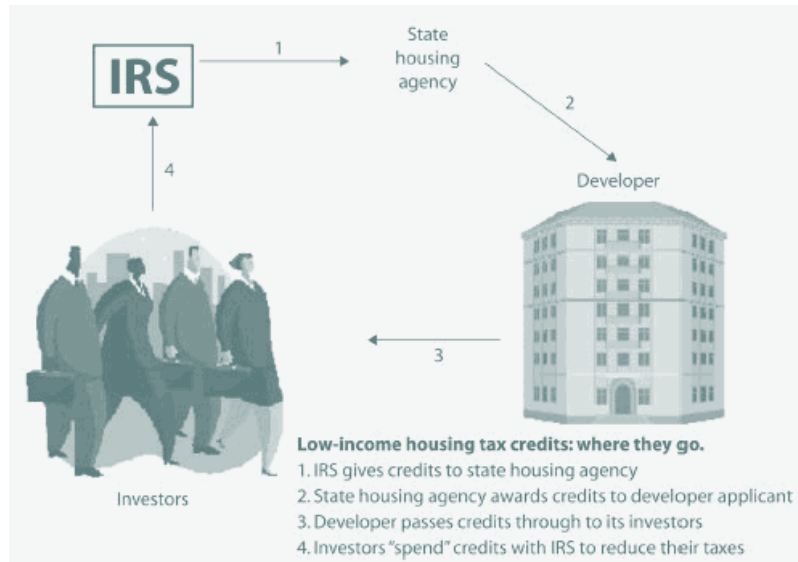
Most affordable rental housing over the past 30 years has been developed using the Low Income Housing Tax Credit program, the largest federal source of funding for housing development. Tax credits are an indirect public subsidy, which attracts large scale *private investment* in low-income affordable housing. The return to the investors is realized through the receipt of credits that reduce their overall tax liability. Because the private investment does not come to the developer in the form of a loan secured by the value of the property, this approach leaves sufficient equity available to secure loans from other sources to complete the

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financing needed for the project. With fewer loans that must be repaid from the rental income, the rents can be held to levels that are affordable for low-income households.

In recent years many of these developments have included some portion of apartments that are affordable to households at or below 30% of area median income, and some of these are set aside for people with disabilities or other special needs, and for those exiting homelessness. Tax credit financing would be available to any permanent (not portable) low-income affordable rental housing development. Tax credits provided through the “9% program” can pay over 50% of total development costs, and are a tremendously important component of affordable rental housing development.



The challenge associated with these tax credits is that the supply is limited, and obtaining them is very competitive, leaving development timelines uncertain. A successful tax credit application needs to score points related to a number of considerations, including the proximity to various community amenities, level of affordability, availability of resident services, and the amount of other public funding assisting the project.

There is an alternate “4% program” that is not competitive; however, it provides a smaller contribution to development costs, up to 30% of the development budget, and a larger portion of the costs must be financed with other subsidies. A proposal currently in the State Legislature (AB 35, Chiu) that, if enacted, would boost the effectiveness of this 4% program with additional state housing tax credits.

### ***Affordable Housing Program***

The Affordable Housing Program (AHP) is made available by the Federal Home Loan Bank. It provides a relatively small contribution, but it is specifically targeted to housing that includes a homeless benefit. Further, since funding is provided on a per-unit basis, it would be of greatest benefit to a development that includes many small apartments.

### ***Community Development Block Grant (CDBG) and HOME Investment Partnerships***

The CDBG and HOME programs are federal sources that are provided to local governments, which can exercise discretion in the ultimate use of the funds within certain parameters. All of



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the HOME funds must be used for affordable housing development, preservation, or rental assistance. All or a portion of the CDBG funds can be used affordable housing, but they can also be used for a wide range of activities to assist lower-income people and communities, including infrastructure improvements, community facilities, and services. In recent years, the total funding available has been reduced and use has been made more difficult by regulatory changes, but these programs remain potentially useful for homeless specific housing. They are a better fit for acquisition, rehabilitation, rental assistance, and housing related infrastructure than for new construction.

### ***National Low Income Housing Trust***

The National Low Income Housing Trust is a federal program that was initiated just prior to the Great Recession, and is intended to prioritize extremely low-income housing. Since it was funded with a portion of proceeds from “Fannie Mae” and “Freddie Mac”, it was without resources until this year. It is expected to start passing funds to the states at the beginning of 2016. The program is not popular in Congress, and its future is uncertain.

### **State Funding Resources**

#### ***Multifamily Housing Program***

The Multifamily Housing Program is a direct deferred payment loan from the State of California. It has been an important source for deeply affordable housing and can be combined with “4%” tax credits. It was funded primarily by voter approved housing bonds during the 2000's, providing a total of almost \$1.8 billion. While these funds have been expended, an additional \$100 million was made available in the 2014-2015 State budget, half of which was specifically for supportive housing. Additional future funding from this program is a possibility. It has received funding on four different occasions since 2000, and has strong support from advocates, nonprofit developers, and key legislators.

#### ***Veterans Housing and Homeless Prevention Program (VHHPP)***

The VHHPP is a new State revenue bond program that will provide about \$550 million for housing with supportive services for homeless veterans. It will fund housing either in developments specifically for veterans or as apartments included within larger developments. It will be most effective if there is collaboration between a housing developer and a service provider.

#### ***Affordable Housing and Sustainable Communities (AHSC)***

The AHSC is a new funding program with funds drawn from the State's Cap and Trade program. Since its primary focus is greenhouse gas reduction, it is not specifically an affordable housing program. It will, however, have significant funds available and may become a reliable source in areas where public transportation is available. Based on the outcome of the first round of funding in 2015, in which awards were made in suburban areas,

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proposals in Santa Rosa, Petaluma, and perhaps other urbanized areas of Sonoma County, may have chance to receive AHSC funding.

### ***Permanent Source***

There has been a long history of attempts to provide a dedicated permanent source of financing for affordable housing in California. This year, AB 1335 was proposed to provide a permanent source of funds from a recording fee on certain types of real estate transactions. In June of 2015, it failed to pass in the Assembly and is currently stalled in the Legislature. A similar bill, SB 391, failed in 2014. It is unknown if AB 1335 or a similar bill will be resurrected yet again. If successful it would deliver up to \$400 million annually for housing.

### **Local Funding Resources**

Local funds to support housing are necessary to leverage larger amounts of funding from other sources. Local funding has been particularly successful in leveraging Low-Income Housing Tax Credits and the State Multifamily Housing Program. Without local support, it is unlikely that sufficient quantities of affordable housing will be developed in any community.

Appendix H includes a listing of the financing provided through the Sonoma County Community Development Commission for affordable housing development. The nine cities in the County have also provided similar financial assistance for affordable housing. Appendix I includes a listing of the 7,520 apartments with affordability restrictions in Sonoma County, which were financed by these local and other funding sources.

Much of the historically available local funding was curtailed by the elimination of Redevelopment in 2012 and the resulting loss of the mandated 20% affordable housing set-aside, which was the primary local funding source for affordable housing in many jurisdictions. In lieu fees charged on housing and commercial development in some jurisdictions were reduced significantly since the 2008 economic downturn that led to a decrease in all types of development activity; this trend is beginning to reverse itself as the economy improves.

The listing below describes the local resources that remain available for housing development, as well as potential resources that are not yet in place in Sonoma County. They are presented here for consideration by policy makers as possible tools to assist in creating housing to end homelessness.

### ***Low- and Moderate-Income Housing Asset Fund***

Redevelopment's 20% set-aside for affordable housing created a Low- and Moderate-Income Housing Fund in each Redevelopment Agency. Upon dissolution of the agencies, any uncommitted cash remaining in these funds was returned to the County Auditor Controller for redistribution to other local taxing entities. However, the dissolution laws allowed local jurisdictions to keep all other Redevelopment housing assets, comprised primarily real



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property and notes receivable, in a newly created Low- and Moderate-Income Housing Asset Fund (LMIHAF), and to use any future income earned on those assets for continued affordable housing development and preservation activities. The rate at which income may be earned on LMIHAF assets is unpredictable and may be relatively low, given that most Redevelopment housing loans were made with terms that do not require repayment for at least 30 years.

The dissolution laws made two important changes to the permissible use of the LMIHAF. Up to \$250,000 annually can now be used for homelessness prevention and rapid re-housing purposes, as long as the jurisdiction is in compliance with replacement housing, monitoring, and reporting requirements. Second, the income targeting requirements now required that at least 30% of LMIHAF funds must be used to assist homes occupied by households with incomes no greater than 30% of area median income, and no more than 20% of the funds may be used to assist households with incomes between 60% and 80% of area median income. LMIHAF funds can no longer be used to assist moderate-income households (80% to 120% of area median income). To the extent that income is earned on LMIHAF assets, it would be a useful tool to create homes for people who are homeless.

### ***Redevelopment Residual Receipts***

The dissolution of Redevelopment increased the flow of property tax revenue to local jurisdiction general funds because they each receive a portion of the redistributed revenue from liquidated assets and on-going property tax revenue that previously went to the Redevelopment agencies. As of June 30, 2015, a total of \$37 million had been distributed to the County and nine cities. The amount of funds received by the jurisdictions will increase as former Redevelopment obligations are satisfied, projects are completed, and bonds are repaid. Appendix J includes a table showing the Residual and Asset Fund Distributions that were received by local jurisdictions in each fiscal year from February 2012 through June 30, 2015.

	<b>Total Residual &amp; Asset Distributions All Years @7/31/15</b>
COUNTY GENERAL	\$ 19,785,816
CITY OF CLOVERDALE	\$ 71,342
CITY OF COTATI	\$ 1,419,192
CITY OF HEALSDBURG	\$ 3,566,322
CITY OF PETALUMA	\$ 3,513,005
CITY OF ROHNERT PARK	\$ 2,404,108
CITY OF SANTA ROSA	\$ 1,872,814
CITY OF SEBASTOPOL	\$ 1,276,991
CITY OF SONOMA	\$ 1,463,776
TOWN OF WINDSOR	\$ 1,788,438
<b>Totals - County and Cities</b>	<b>\$ 37,161,804</b>

*Source: Sonoma County Auditor-Controller*

As general fund revenue, these residual receipts can be used for any government purpose, including affordable housing. Local governments can make a permanent commitment to housing for their homeless residents with this resource. For example, Sonoma County has deposited 100% of Residual Assets and Receipts into a "Reinvestment and Revitalization" (R&R) fund, to be used for redevelopment type purposes. The County Housing Element commits to spending at least 20% of R&R funds for affordable housing and housing or

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homeless related services. All Sonoma County jurisdictions could commit to use at least 20% of these revenues for the creation of affordable housing, and make a separate commitment for much needed housing related services.

### ***Inclusionary Housing Fees***

Local governments can require a certain percentage or number of affordable homes to be included in any housing development. They can require provision of the required affordable homes on the same site as the unrestricted homes, or they can allow the developer to pay an “in lieu” fee that can be used to provide financing to assist development of affordable homes at another location. Inclusionary housing requirements have been the subject of litigation in recent years, and the courts have recently ruled that this is a legal approach to enable creation of affordable housing.

Many jurisdictions in Sonoma County have some type of inclusionary housing requirement, although the specifics vary widely. The County requires all housing developments, including single-family homes, to either include a certain percentage of affordable homes or to pay an in-lieu fee. Some cities have inclusionary requirements that mandate inclusion of affordable homes on-site with no option to pay an in lieu fee. It is not yet clear if this policy will result in housing that would be available to people exiting homelessness. Some cities have requirements that pertain only to developments of more than 5 homes. All jurisdictions can consider the various ways in which inclusionary housing requirements can be instituted, expanded, or changed to help meet the need to create more homes for people who are homeless.

### ***Commercial Linkage Fees***

Local governments can also require a certain percentage or number of affordable homes to be included in any commercial development if supported by a nexus analysis. Sonoma County and Petaluma have adopted a commercial linkage fee that is paid by new commercial and industrial developments to support creation of affordable housing at levels needed for the projected growth in employment resulting from the development. These fees are sometimes criticized for their depressing effect on economic development; however, lack of affordable housing is also an economic constraint, and new employment opportunities have increased much faster than the supply of housing in Sonoma County. The shortage of “workforce” housing is gaining increasing attention amongst policy makers and the public as vacancy rates remain low and rents continue to rise.

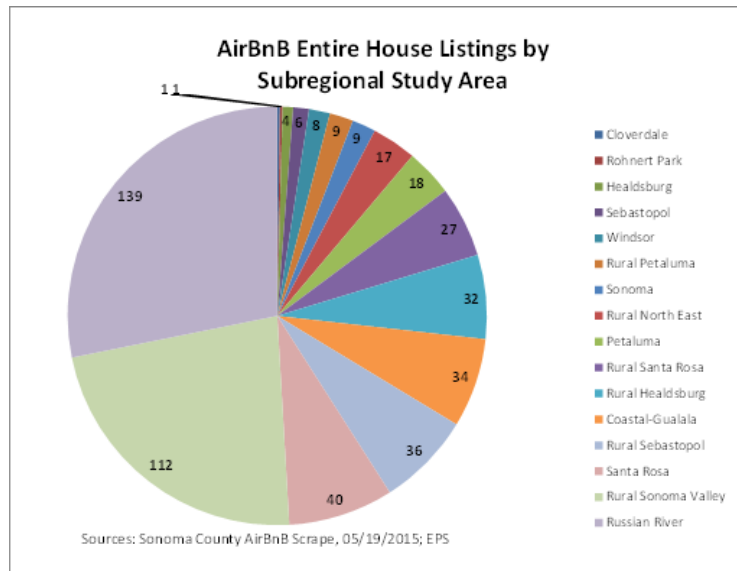
### ***Transient Occupancy Tax / Other Tax Revenue***

Local governments can consider a number of tax revenue sources to support affordable housing. Augmented transient occupancy taxes (TOT) for vacation rentals, real estate transfer taxes, and sales taxes could be considered for this purpose.

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*The Impact of Vacation Rentals on Affordable and Workforce Housing in Sonoma County* (Economic & Planning Systems, Inc., 2015) (found in the *Toolbox Resource Supplement*) documents the way in which recent conversions of historically year-round rental homes to short-term vacation uses has reduced the level of housing remaining available for local residents in various areas of the County. This Toolbox does not encompass the larger discussion about whether any actions should be taken to address this situation. The information is included in the *Toolbox Resource Supplement* by way of informing policy makers about the extent to which there is a nexus between the growing number of vacation rentals, the TOT that is collected on such rentals, and the nexus for using those taxes for creation of affordable housing.



### ***Enhanced Infrastructure Finance Districts***

California has established the structure for Enhanced Infrastructure Finance Districts (EIFDs) that function something like Redevelopment in that they could provide resources for local infrastructure and affordable housing. One or more EIFDs can be created within a city or county. EIFDs can be comprised of any geographical configuration, including non-contiguous areas, and they can be as small as part of one city, or as large as the entire County and all cities. EIFDs would be most effective if all local jurisdictions joined together to operate on a regional basis. Like Redevelopment, these districts are entitled to receive tax increment revenue; however, school funding would not be included, all other local taxing entities would need to consent to the tax increment formula, and voter approval is required for bond issuance.

### ***Housing Revenue Bonds***

Local governments can consider issuing housing revenue bonds to raise large amounts of capital needed for near-term affordable housing development needs. A single jurisdiction could act alone, or all jurisdictions could jointly issue bonds to be used throughout the County. This approach could be helpful if there is an opportunity to acquire and/or develop a large amount of housing that could meet homeless needs, or to acquire property before prices increase further and “land bank” it for future affordable housing development. Bonds could provide funding to leverage other resources and create the housing.

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Redevelopment Residual Receipts, other funds identified above, and/or a commitment of general fund revenue could be committed for repayment over a 20- or 30-year term. The savings in other systems of care (e.g. hospitals and jails) that could be documented by the provision of housing and supportive services might also be leveraged as a source of bond repayment.

While bond proceeds can deliver significant capital up-front, the associated financing charges result in higher overall cost in the long-term. Appendix K compares examples of 20- and 30-bond issuances to “pay as you go” financing to raise the estimated \$110 million in local financing needed to develop 2,000 homes for people who are homeless in ten years.

The decision regarding use of bonds vs. a “pay as you go” approach depends in large part on the amount and timing of funds needed for the activity to be assisted. The higher cost of bond financing may be a worthwhile trade-off for having the funds needed to move a project forward quickly. Appendix K includes a table showing how a combination of bonds and “pay as you go” financing might be a successful approach for a multi-pronged effort to create homes for people who are homeless. Bond proceeds might work well to raise capital for land banking, purchase and renovation or conversion of existing buildings, or purchase of affordability restrictions in new market-rate projects. “Pay Go” could work best to provide assistance for site readiness and development incentive programs, partnerships with affordable housing developers, and rent subsidy programs.

### ***Public Housing Trust Funds***

Public housing trust funds have been used successfully in many areas of the country. They can be configured and administered in a variety of different ways, depending on the needs and types of funds being used. The County and the City of Santa Rosa each have housing trust funds that use a combination of local, state, and federal resources to assist affordable housing developments in their respective jurisdictions.

### **Private Funding Resources**

#### ***Private Mortgage Loans***

Most affordable rental housing developments also make use of some level of private mortgage lending. These loans need to be repaid with interest. The amount of private lending available to any particular development is proportional to its level of affordability, as lower income level targeting is tied to lower rent level restrictions and less income available to repay loans. With higher, but still low-income affordable rents (up to 80% of area median income), private lending could account for up to 20% of development costs. With all homes affordable at the extremely low-income level (30% of area median income), private lending could likely not be afforded.

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### ***Endowments***

Endowments of a larger sum of capital could be established through philanthropic donations, with earnings used to fund supportive services for residents of homeless-dedicated housing.

### ***Employment Based Visa – Type 5***

The Employment Based Visa Type 5 (EBV-5) attracts private investment from people who want to immigrate to the United States, by providing them with a visa in return for an investment of at least \$500,000 to \$1 million in a new commercial venture that creates at least 10 full-time jobs for a minimum of 2 years. To the extent that the investments can be made in commercial enterprises related to housing development activities, and in geographic areas such as Sonoma County, this may be a funding source that could help to create homes for people who are homeless. However, the EBV-5 rules are complex and additional research will be needed to determine if this source of private financing could be an effective tool here.

### ***Public/Private Partnerships***

#### ***Public/Private Housing Trust Fund***

A public/private partnership housing trust fund model, such as Silicon Valley's housing trust, could be effective in providing homes for people who are homeless, as well as much needed workforce housing. The success of the Silicon Valley fund has been attributed to its nimbleness in accessing private capital, which has allowed a 10 to 1 leveraging of the initial public investment and created a permanent, lasting ownership of the affordable housing issue by the business community.<sup>8</sup>

The goal of creating homes for people who are homeless may be successful in raising funds through private contributions, for the construction of permanent supportive housing, and for supportive services. The recent successful fundraising for the SAY Dream Center suggests that there is interest among private donors to fund supportive housing. Demonstrating how local donations can leverage larger investment may also be attractive to donors. Donated funds passing through a public agency may have greater effect in leveraging low-income housing tax credits.

Private donors may also be receptive to making contributions to a countywide housing trust fund to create workforce housing. Business entities may be more willing to contribute to such a fund if the nexus can be drawn to improved economic environment and adequate levels of affordable housing for their current and projected workforce.

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<sup>8</sup> A privately-financed fund, the Sonoma County Housing Trust, was created in 2003 by the Sonoma County Housing Coalition. It was housed at the Community Foundation Sonoma County until it was dissolved in 2015.

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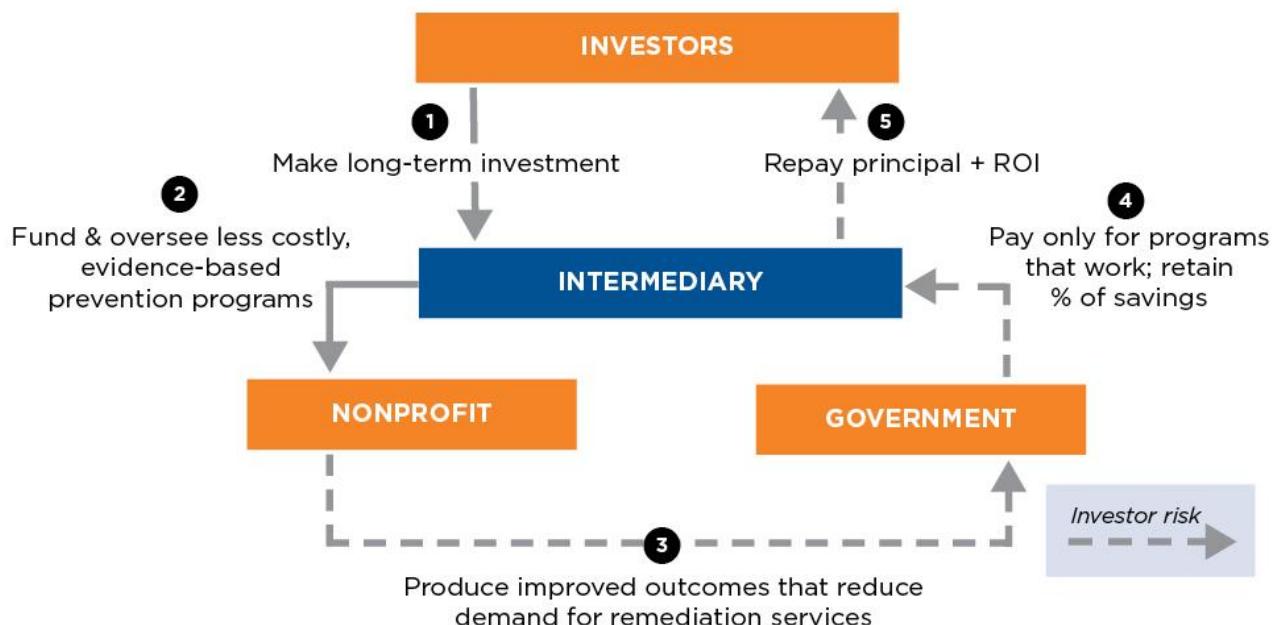
### Low-Income Housing Tax Credit Program

As noted under Federal Funding Resources, Low-Income Housing Tax Credits attract significant levels of *private investment* into affordable housing projects, in exchange for tax benefits realized by the investors. Housing Tax Credits are typically discussed as a public financing program due to the indirect public subsidy involved; however, through this approach, private investors typically contribute the funds for approximately 30-55% of an affordable housing development budget.

### Pay for Success

Pay for Success is social investing model that initially uses private investment funds, or “social impact bonds”, to pay for interventions that are intended to avoid or reduce the higher costs of addressing needs that would result in the absence of the intervention. If and when the services deliver effective results, public funds are used to repay the private investor with a premium. Success therefore benefits the investor, who receives a financial gain, as well as the government, which ends up paying less than would have been needed without the intervention being provided, and without having to take the risk of funding services that may not succeed.

In some respects, the Pay for Success model leverages funds for services in a manner that is similar to the way in which the Low-Income Housing Tax Credit program raises funds for housing development. The Federal Reserve Bank of San Francisco has published an article that explains this further, which describes how the Pay for Success model was used to provide interventions for low-income seniors living in an affordable housing development in Vermont. (Federal Reserve Bank of San Francisco). This article, as well as several other articles published by the Federal Reserve Bank and information about the County of Santa Clara's Project Welcome Home, are included in the *Toolbox Resource Supplement*.





### **B. POLICY OPTIONS**

Local jurisdictions can consider policy changes that could reduce costs and increase effectiveness of available affordable housing resources. This could effectively reduce the amount of local financing required to create the needed homeless-dedicated and workforce housing, and help to optimize use of the limited amount of developable land in the County.

#### **Impact Fees**

Impact fees are charged for new housing development to raise the funds necessary for the local jurisdiction to ensure that the necessary public infrastructure and services will be available to support the health and safety of the residents and neighborhood. There must be a nexus between the impacts expected to result from the new development and the fees charged. School fees are charged on a square foot basis, and vary depending on the school district. Inclusionary housing in lieu fees vary in different jurisdictions, and are sometimes charged on a sliding scale based on size. Other impact fees are generally charged on a per-unit basis (fees for traffic and parks, for example) with all homes regardless of size paying the same fee, or with smaller homes paying 80% of the fee in some jurisdictions.

The collection of adequate impact fees is important to provide the services which will be needed by new residential development. Without impact fees to mitigate the impacts of these developments, environmental clearance cannot be granted to housing projects. However, fees that are not based on size can create a significant constraint on the development of a large number of very small homes. This is because the fees represent a disproportionately larger percentage of total development costs as the homes are reduced in size. The higher total fee level may not be justified by an equivalent increase in impact to be expected from the development.

For example, if impact fees are charged at \$30,000 per home, a development of 16 single-family homes, each of which is 1,600 square feet and has three-bedrooms, would pay a total fee of \$480,000. A development of 48 efficiency or small one-bedroom apartments, each of which is 300 square feet, would pay a total fee of \$1,440,000. Using an assumption of 1 occupant per bedroom, 48 people would reside in each development. The demographic make-up of the residents would vary between the two developments, but the overall impacts on local infrastructure would be roughly the same.

This demonstrates that small home developments for homeless people could benefit from a policy that sets all impact fees based on square feet of living area or number of bedrooms, rather than the number of homes in a development. Larger, but still modestly sized, homes for workforce housing could also benefit from such a policy. Jurisdictions can perform new impact fee studies to determine if and how fees can be recalculated to ensure that smaller homes pay an equitable share of impact mitigation measures. This would help to reduce the overall cost of building housing for homeless people and, thus, reduce the amount of local financing required to finance such developments.



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Fee reductions are identified as a policy option in State density bonus and housing element laws. Fee reductions are also considered a local contribution to affordable housing by the California Tax Credit Allocation Committee. As a result, projects benefiting from fee reductions will need less actual local funding to successfully obtain tax credit financing.

Appendix E, Housing Development Budgets, includes budgets that demonstrate the potential development cost savings with reduced impact fees.

### **Rental Assistance Preference**

Housing Authorities can establish a priority for homeless people in rental assistance voucher allocation, either through a stated percentage set-aside, or made available through service provider agency set-asides, as is currently the case for Continuum of Care funded rental assistance.



### **Project Based Vouchers**

Housing Authorities typically administer rental assistance through “tenant-based” vouchers, which are provided to specific households who can use them in any house or apartment that meets housing quality standards. This enables the assisted households to move from one rental to another as their needs change. Housing Authorities are allowed to use up to 20% of available vouchers to provide “project based” assistance, which is provided to specific apartments. The initial term of a project based voucher commitment for an apartment can be for a period of up to 15 years. The Housing Authority may agree to extend the project based voucher commitment for the same apartment for up to 15 more years beyond the original term.

Project-based vouchers are still rental assistance to individual eligible households residing in the designated apartment; however, they are sometimes referred to as a “financing source” for affordable housing development, because the guarantee of a steady rent stream from the Housing Authority can help to ensure the stability of a development’s operating budget and can be used to leverage additional loans to finance development costs.

There are some distinct disadvantages to using vouchers in this manner, including an increased length of time households must remain on wait lists for tenant-based assistance, which already extend up to five years. Each Housing Authority has the discretion to determine whether to issue project-based vouchers and how many such vouchers to issue up to the maximum regulatory limit.

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### **Development Assistance Homeless Incentives**

Local governments provide significant amounts of funding to affordable housing developments. Their financial participation has become essential for access to tax credits. Local housing sources could require or strongly incentivize the inclusion of some percentage of homeless benefit in order to receive funding.

### **Use of Public Facilities**

Local government can be given greater latitude to use public facilities for shelters and longer-term housing by declaring a “shelter crisis” under Government Code Section 8698-8698.2, enacted in 2010. During the term of the shelter crisis, existing health and safety regulations, which would prevent the use of public facilities for housing, are suspended, and can be replaced with revised standards that would allow buildings to be used for needed housing. This code section also limits the liability of governmental agencies that choose to make use of public facilities to shelter or house homeless people.



### **Tenant Protection Measures**

While the focus of this Toolbox is to move unsheltered people into housing, the goal of ending homelessness also requires that currently housed people are prevented from becoming homeless. The rapid escalation of rental costs in the County's real estate market is marked by frequent and large rental increases that threaten the ability of some renters to remain in their homes. Recent news reports also indicate that some property owners are terminating current tenancies so that they can upgrade their properties for lease at higher rates (Press Democrat, 2015). These actions are legal as long as State law regarding timing for notices is followed.

Local government has limited authority to establish measures to protect tenants from being forced out of their homes due to their inability to pay higher costs. As one example, Sonoma County and local municipalities have adopted rent stabilization ordinances to govern rent increases for tenants who are on month-to-month leases in mobile home parks. Another example is the City of Healdsburg's recent action to approve a set of guidelines that, while non-binding, is intended to encourage landlords to administer rent increases in a “reasonable and fair” manner. (Press Democrat, 2015) Some local jurisdictions may be authorized to adopt rent control ordinances for existing apartment complexes. There is on-going debate about whether this is an effective tool or a disincentive for new housing development.

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### C. LAND USE OPTIONS

Local jurisdictions can also consider changes to land use requirements in order to reduce costs and increase effectiveness of available financial resources for affordable housing. Like the policy options discussed above, this could effectively reduce the amount of local financing required to create the needed homeless-dedicated and workforce housing, and help to optimize use of the limited amount of developable land in the County.

#### **Zoning Densities**

Identifying suitable sites for affordable housing has always been a challenge. State Housing Element law requires local jurisdictions to demonstrate that there is sufficient land designated for housing that would be affordable for their lower-income residents. This requirement is generally met by zoning some amount of land at densities that allow development of a higher number of homes per acre, while still including limits that ensure orderly development and protect public health and safety. This helps to make affordable housing financially viable because higher densities decrease the total per-unit development cost.

Zoning an adequate number of properties at the higher densities needed to enable construction of homeless-dedicated and affordable workforce housing can be a powerful tool in overcoming potential public opposition on a project or site-specific basis. Neighbors frequently oppose new affordable housing developments, and opposition to housing specifically intended to house people exiting homelessness is likely to invite greater opposition. A request to develop housing at a density consistent with existing General Plan land use designations and zoning densities is more likely to be successful than a request for General Plan Amendment or rezoning. These are discretionary decisions that increase opportunities for project opponents to dissuade policy makers from allowing affordable housing to be built.

Whether a development is allowed to be built on a site “by right” or requires some type of discretionary policy decision, it is always important for a developer to enter into a dialogue with the surrounding community to provide accurate information about their plans and to respond to concerns. Though this communication does not ensure support from neighbors, it can help to dispel fears based on factual errors or unfounded assumptions, and will help local officials make appropriate and well-informed decisions.

#### **Use of Publicly Owned Land**

Local jurisdictions can support development of housing for homeless people by making publicly owned land available for this purpose on favorable terms. The land can be made available either by transferring ownership or leasing it to housing



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agencies at below-market terms in exchange for the public benefit realized through the affordable homes.

A number of publicly owned properties in Sonoma County have been identified as having potential for development of affordable housing. These sites can be a critical component to the success of the housing the County's homeless residents, as the contribution or below-market rate sale of land would add to the likelihood of securing other competitive financing.

### **Development Readiness Measures**

Vacant and underutilized parcels may be appropriately zoned for housing but lacking in adequate infrastructure to support urban densities for residential uses. Developers may have to incur significant costs to make such sites development ready. Examples include the need to provide upgraded sewer services to the parcel, or improved storm drain facilities. These needs can also result in time delays, and other risks of uncertainty for the developer. Local jurisdictions can assist with site assembly, provide needed infrastructure, and / or write down the development impact fees on selected parcels suitable for multi-family development in exchange for the developer's agreement to provide a certain number of homeless-dedicated or workforce housing.

### **Surplus Land**

Until this year, when public entities wanted to sell "surplus" land that they no longer needed, they were required to offer it first for affordable housing use; however, the land could not be sold or leased at a below market price. The opportunity for new affordable housing development was often lost because it was not financially feasible when acquiring the land at market value. A new State law (AB 2135), enacted in 2014, continues to require surplus land to be offered first for affordable housing development, but now allows below market sales or leasing if at least 25% of the homes will be affordable to lower-income households for 55 years. AB 2135 also requires that, if the land is not sold to an affordable housing developer through this "first offer" process, and it is subsequently used for development of ten or more homes, at least 15% of the new homes must be affordable to lower-income households.



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### **D. REGULATORY INCENTIVE OPTIONS**

Regulatory incentive options can also be considered to reduce costs, increase effectiveness of available resources, and optimize use of the limited amount of developable land in the County.

#### **Density Bonus**

Density bonuses allow construction of more homes per acre if developments meet affordable housing objectives. State law mandates that jurisdictions approve density increases for housing developments that include a certain percentage of affordable homes (state density bonus law – Gov't Code Sections 65915-65918). Jurisdictions can offer density bonus programs that exceed the state density bonus law allowances. For example, Sonoma County allows density increases of up to 100% for rental housing developments that include 40% of total homes affordable to households with incomes at 50% -60% of the area median.

In addition to the existing state and local density bonus programs that increase the allowable number of homes in a housing development, local jurisdictions could consider a floor area-based density bonus program that grants additional floor area instead of additional homes. This would allow a project with a “floor area bonus” to build more, smaller homes rather than a set number of larger homes. For example, a floor area bonus that allows an additional 1,200 square feet of living space could allow a single 1,200 square foot home suitable for a family, or two 600 square foot 1-bedroom apartments suitable for 2 people, or four 300 square foot efficiency apartments suitable for a single person. In each case, the number of residents within that 1,200 square foot area remains constant at 4 even though the “unit” count is increased. Such a program could allow for a significant increase in the number of homeless-dedicated and smaller workforce homes, but have a minimal effect on the scale of the buildings anticipated by present current zoning and plan designations.

#### **Housing Overlays**

Affordable housing developers can make use of land designated for multi-family housing. Some local jurisdictions, including Sonoma County, have created affordable housing “overlays” on selected commercial or industrial parcels. These overlays effectively expand the supply of land for housing, and create sites that are less embedded in existing residential neighborhoods, thus possibly reducing the level of neighbor opposition.

Housing overlay policies that allow for affordable housing to be developed on land that is not currently designated for housing could be a significant benefit for developing homeless-dedicated and workforce housing. All local jurisdictions could consider adopting this policy option to potentially access more developable land. For housing specifically designated for homeless people, overlay policies could be extended to under-utilized or vacant, publicly owned land.

Appendix E, Housing Development Budgets, includes budgets that demonstrate the potential development cost savings for construction of more small homes per acre.

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### IV. MEASUREMENTS: What is the goal?

Measuring success is the cornerstone of accountability and will provide the on-going course correction by which efforts are adapted during the envisioned ten-year period for ending homelessness in Sonoma County. Understanding that the economic, land use, and resource environment may change, flexibility and use of different or multiple tools will be required.

Ending homelessness by 2025 will require the participation of all jurisdictions in establishing shared outcome goals and indicators to measure success. Similar to the Greenhouse Gas reduction efforts launched in the early 2000s, achievements should be clear to the public: homes are being created, services are being provided, and the number of people remaining homeless is decreasing. Moving from the current reality in which more than 1% of the County's population is homeless on an annual basis, to a new reality in which all people are securely housed and thriving members of the community, should be reflected by the annual homeless count, service and healthcare program enrollment, and the improving economic and health status of the people served. To this end the following Goals and Indicators are proposed to create the accountability and investment rubric:

#### A. OVERALL GOALS

As the number of homes increases, the primary indicator of success for this effort will be to **reduce the number of homeless persons to zero**. The targets for 2025 should be:

- 2,000 homes for people who are homeless created above the current baseline;
- Zero homeless persons on a given night; and
- Zero episodes of homelessness annually: new episodes are effectively resolved within days.

These measures rely upon the annual Homeless Housing Inventory, annual homeless census, and the annual estimate of people who experience homelessness during the year. As home creation mounts slowly during initial phase of work, it may take longer to see the desired downward movement in the latter two numbers. However, there should be greater emphasis on larger reductions in the last five years of the ten year period.

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Homeless-Dedicated Homes Added	200	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000
Point-in-Time Homeless Count	3,107	2,800	2,500	2,100	1,600	1,300	900	500	250	0
People Experiencing Homelessness In One Year	5,574	5,000	4,500	3,900	3,300	2,600	1,900	1,100	500	0



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### B. STRATEGIC OBJECTIVES

The objectives to support this prime Goal will focus on Housing, Income, and Health as identified by the Continuum of Care's *10-Year Homeless Action Plan 2014 Update*.

#### Housing Objective

Housing stability is crucial to a person's chance to obtain housing and not return to homelessness. Beyond having the homes into which people can move, it is vital they remain housed until they are able to more fully recover their health and independence. This is a cornerstone of lasting success.

- **Increase the percentage of Permanent Housing participants retaining safe and secure housing for at least 12 months, to 100% by 2025.**



The 2014 level for existing permanent supportive housing was 89% (Sonoma County Continuum of Care). Increasing this by one to two percentage points annually would achieve the goal. A 100% success rate would mean that when someone enters a program to end their homelessness, they will find permanent housing and the risk of relapsing into homelessness will be removed.

The Housing Objective's indicator of success would be reflected by annual measurement. This is data required for projects funded by the U.S. Department of Housing and Urban Development (HUD), thus the means to measure success already exists.

#### Income Objectives

Income security is a core component to ending one's homelessness and sustaining a permanent housing placement. Two goals can measure a person's success at either earning the income needed, or receiving income benefits for which one is eligible, to get off the streets.

HUD requires Continua of Care to report income from both employment and non-employment sources. These metrics can measure system-wide success at providing people with employment and job skills, as well as income benefits for which they may be eligible. Success at this goal creates a revenue stream towards ending homelessness, as a portion of income will support the rent and housing costs that the public is funding.



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- **Increase the percentage of participants exiting homeless services with employment income from current levels to 50% by 2025.**

The current level is 31% (Sonoma County Continuum of Care). This Objective measures the capacity to build skills and empower an individual to become employed and self-reliant. Coordination of social service programs such as job training combined with educational opportunities could move both numbers toward the goals.

- **Increase the percentage of participants who exit with income from sources other than employment, to 80% by 2025.**

The current level is 55% (Sonoma County Continuum of Care). Income security for people who cannot work, including disability income, Social Security, Veterans benefits, or other income payments is vital to long term success.

### Health Objectives

Access to cost effective health care allows greater functionality for homeless people. Addressing chronic health issues removes another key barrier for a person leaving the streets. Sonoma County's Health Action efforts have placed a countywide goal of having 100% of adults with health insurance by 2020. Vulnerability surveys conducted among unsheltered homeless persons in 2014 indicated that 75% of the unsheltered population was enrolled in health coverage (Sonoma County Continuum of Care, 2014). As it is easier to connect people with health care when housed, this effort should embrace that goal for unsheltered persons as well.

- **100% of adults receiving homeless services should have health coverage by 2020.**

Along with access to health care, less expensive health care should be a goal. As has been documented by local hospital systems, emergency room use by uninsured and unhoused people is extremely expensive. People should have preventive, usual sources of care that eliminates the burden on emergency care systems. As of 2015, approximately 38% of homeless persons use emergency rooms as a regular source of care; 62% use clinic-based health services (Applied Survey Research, 2015). Health Action's goal is that 96% of residents will have a usual source of non-emergency care by 2020. For homeless individuals, this should, at minimum align with that goal.

- **96% of people entering homeless services will exit with a source of primary care by 2020.**



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### **C. HOW PROGRESS WILL BE MEASURED**

Methods to measure these outcomes are already in place, making annual reporting on progress feasible.

- The Homeless Housing Inventory and Homeless Count are HUD-mandated reporting that is updated each spring by the Continuum of Care, and they are publicly viewable on HUD's [www.hudhdx.info](http://www.hudhdx.info) website later each year. The inventory of Permanent Supportive Housing as of January 2015, which represents our baseline, is attached as Appendix F.
- In 2016, the Continuum of Care will begin conducting counts annually to better track progress towards ending homelessness.
- Annualized estimates of homelessness are derived through a standardized formula based on surveys taken with each homeless count and published in the Comprehensive Homeless Count Report.
- Similarly the percentage of homeless persons using emergency services vs. a medical home (source of primary care) is a standard measure collected annually via the homeless count.
- The percentage of permanent housing participants retaining permanent housing, percentage exiting homeless services with earned income, and percentage exiting homeless services with income from sources other than employment are standardized measures with annual reporting required by HUD.
- The percentage of homeless persons with health coverage is measured through the standardized intake tool used by county-wide Coordinated Intake. These figures can be confirmed via the annual homeless count's statistically valid survey effort.

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### V. ENGAGEMENT: Who can help?

#### A. COLLABORATION



Ending homelessness in Sonoma County will require collaboration amongst all local jurisdictions, housing developers, funders, community service providers, faith-based organizations, businesses, labor organizations, schools, health care systems, and the community at large. Everyone who knows or encounters people who are homeless must join together to solve this fundamental human problem.

#### **County / City Collaborative Lead Role**

This Toolbox has been initiated by the Sonoma County Community Development Commission (SCCDC) with the assistance of the County Permit and Resource Management Department (PRMD); however, the tools and strategies presented here can be applied in all areas of the County and nine cities. The intent of the Toolbox is to provide a framework within which all jurisdictions can work together to address homelessness countywide and, at the same time, in the manner that seems most appropriate in each locality. Policy makers from all jurisdictions will need to work collaboratively to take the lead role in formulating a community-wide consensus for action and making the decisions about which tools and strategies will be used to move the needle on getting homeless people housed.

#### **City-Centered Growth Policies**

There are long standing city-centered growth policies in Sonoma County, enforced through voter-approved urban growth boundaries and community separators. Transit-oriented development, “smart growth,” and similar planning policies have been adopted to ensure appropriate and orderly development that will protect environmental resources. The intent of these policies is to maintain the County’s rural and agricultural heritage, which is both cherished for its beauty and a key component of the local economy. Most future housing development of all types is therefore projected to occur in the cities and existing County Urban Service Areas. Infill development in urbanized areas can be a successful technique to accommodate the proposed large number of very small homes for people who are homeless in compliance with city-centered growth policies. Collaboration amongst all jurisdictions will be needed to enable distribution of the new homes throughout all areas of the County.

#### **Regional Consensus for Future Action**

Conversations and working sessions amongst the County and cities will be needed to establish a common understanding of local needs, priorities, and willingness to participate in the homes-for-homeless effort. SCCDC and PRMD staff initiated this process with city planners and housing staff while drafting this Toolbox. They will intensify that effort with staff and elected officials in all cities and the County with the goal of developing the consensus and

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commitment needed for coordinated action. An effective collaborative of all local governments can help to build the community's understanding and support of affordable housing and homelessness issues, and bring the needed resources to the effort.

### **Broad Collaborative Efforts**

#### **Regional Forums**

Regional forums can be used to kick-start and continue collaborative dialogue amongst the County, cities, and all other affordable housing stakeholders. Countywide forums of elected officials could be held periodically to discuss opportunities and challenges, while more frequent forums could be held with a changing composition of groups to focus on particular geographic areas, needs, or solutions.

#### **Regional Policy Makers Leadership Group**

A regional Policy Makers Leadership Group could be formed with representatives from each jurisdiction to ensure that all have a voice in making the difficult decisions needed for a coherent, regional strategy to end homelessness. A Leadership Group can help to sharpen the focus on the needs and priorities, support the engagement of all elected officials, address the nuanced barriers to affordable housing creation, and act as a unified voice advocating for federal and state funding to address local affordable housing needs.

#### **Regional Housing Working Group**

A standing collaborative of staff from local jurisdictions, nonprofit service providers, affordable housing developers, business groups, labor organizations, and other stakeholders could meet on a regular basis to share information, ensure implementation of the tools selected by elected officials, and work through local affordable housing challenges as they arise. This working group could help to coordinate planning and support for affordable housing in general, and for particular housing projects as they enter the development pipeline.

#### **Regional Housing Coordinator**

A regional housing entity could help to coordinate and support planning for affordable housing and the homes-for-homeless effort. The coordinator could conduct county-wide assessments of affordable housing needs, track affordable housing projects under construction or in the pipeline, maintain a database of organizations that are working on affordable housing, develop and disseminate informational materials, identify policies and programs that could advance collaborative objectives, build closer working relationships across local jurisdictions around affordable housing issues, identify and develop new sources of revenue for housing, facilitate revenue-sharing discussions amongst jurisdictions, and maintain a local resource directory for developers.

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### **B. COMMUNITY ACCEPTANCE**

Affordable housing is valued by most members of the community; however development on any specific site often engenders neighborhood concerns, which grow when the intended residents are homeless or people with special needs. Public officials and developers must always listen to and consider the concerns voiced by members of the community, and developments can frequently be improved in response to those concerns. However, fears of negative impacts from new housing development can be fueled by lack of understanding, which can result in unwarranted opposition to any particular project.

#### **Neighborhood Relations**

Developers must enter into an authentic engagement with the surrounding neighborhood in which an affordable housing development is proposed. Effective communication can help to build trusting relationships between developers and local residents. It can provide accurate information, receive feedback to strengthen a project, and help to develop project support.

Building a trusting relationship with all parties requires commitment. Consistent follow-through on commitments made helps to sustain that trust and create new advocates for future developments. Towards this end, developers must ensure that new affordable homes are well managed and maintained, and homes for people who are homeless should be coupled with any supportive services needed to help residents succeed in living within community norms.

#### **Community Outreach and Education**

A broad outreach and education effort, conducted in a determined and sustained manner, can help to raise general public awareness about affordable and homeless-dedicated housing needs, and can thereby enhance understanding and engender community acceptance. An engagement campaign could be conducted using a variety of approaches, some of which are described here.

#### ***Public Awareness and Engagement Campaign***

Concerted efforts can be undertaken to increase broad public awareness of affordable housing and homelessness issues, and to develop effective strategies to address the concerns and needs of various constituencies. Examples of engagement areas include working with residents in areas that may be opposed to higher-density or homeless-dedicated housing, employers who may be facing challenges in recruiting and retaining a viable workforce, and environmental advocates who want to ensure conservation of natural resources.

Countywide collaborative efforts, including Health Action, Upstream Investments, and specific initiatives such as the Economic Wellness Initiative and the place-based Health Action Chapter network, can be leveraged to raise awareness and engage community residents in developing and implementing comprehensive plans for safe, affordable, healthy housing.

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### ***Communications Toolkit***

A communications toolkit can be developed for use by public officials, developers, advocates and others interested in helping to raise public awareness and provide information about affordable housing and homelessness issues. The toolkit could include printed informational materials about the local needs, priorities, completed projects, and plans; links for on-line educational resources; and videos or other presentation materials regarding successful housing developments and outreach campaigns.

### ***Endorsement Programs***

Endorsement programs can be used to recognize quality affordable housing developments. Raising public awareness of successful projects can help to ease fears and neighborhood opposition as new developments are proposed.

### ***Advocacy Groups***

Advocacy groups can be an effective tool for promoting affordable housing. Examples in Sonoma County include:

- Sonoma County Housing Coalition, which included business, labor, environmentalists, and housing advocates who came together to endorse and support affordable housing developments as they went through the financing and entitlement approval processes.
- North Bay Leadership Council, which is a multiple county coalition of business interests seeking to address housing, job retention, transportation and the broader economy.
- The Housing Advocacy Group, Sonoma County Task Force on Homelessness, and Housing Action, which work to educate policy makers and the public about the housing needs of homeless and other low-income people. Through their various approaches, each has the goal of influencing policy and encouraging increased investment to address the needs of their constituencies.

### ***Formerly Homeless Individuals***

Perhaps the strongest voice for promoting community awareness and engagement are the successful individuals who have moved from homelessness to safe, secure, and healthy living. This cadre of people reflects the best individual efforts, and the demonstrated effectiveness of providing housing and supportive services, to resolve the problem. They can be uniquely effective in putting a new, and real “face” on homelessness to enhance community understanding and acceptance.

### ***Voter registration drive***

One tool that can give voice to people who are or were homeless, and anyone who is in need of housing, services, or other fundamental human needs, is to exercise the right to vote. A broad voter registration drive can help to strengthen the voice of the many people in Sonoma County who are not yet fully heard.

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### **VI. STRATEGIC ACTION: What is the plan?**

This Toolbox is intended to be a resource for local governments and for the general public to begin building an informed commitment to end homelessness for Sonoma County residents. Many of the tools that are described under the Housing, Options, Measurements, and Engagement sections are pulled together below to formulate a suggested strategic plan that could facilitate the development of both homeless-dedicated and affordable workforce housing in the County and nine cities.

#### **A. HARD CHOICES**

The lack of adequate affordable housing in Sonoma County has been called a “crisis,” and action needs to be taken to ensure that local residents and their children can be safely and securely housed now and into the future. This housing crisis will have wide-ranging and enduring social and economic consequences if it is not addressed. A concerted effort is needed to plan, incentivize, and build more homeless-dedicated and affordable housing throughout Sonoma County at a pace that at least keeps up with employment growth and new household formation. The tools described throughout this Toolbox will present policy makers with choices for moving forward. These choices, however, will be hard ones, as policy makers will need to consider strategies to end homelessness in light of limited available resources, and balanced with other local priorities.

##### **Land Use Policy and Regulatory Alternatives**

To successfully create the needed affordable housing for Sonoma County’s residents and workforce, policy makers will need to consider how to enable development to be an effective solution.

##### ***Geographic Distribution of Affordable Housing***

The ten local jurisdictions will need to agree on an appropriately dispersed pattern of development that will add permanent housing for at least 200 homeless households per year through new construction or the repurposing of existing buildings not currently used for housing. The proportional distribution of housing need set forth in the Regional Housing Needs Allocation (RHNA) numbers that are developed by the Association of Bay Area Governments (ABAG) could be used to determine where the homes should be located, as the Very Low-Income figures could be taken as a proxy for the proportionate number of homes for people who are homeless that would be accommodated in each jurisdiction.

##### ***Optimize Land Use and Reduce Development Costs***

Policies intended to protect the natural and agricultural resources of Sonoma County place limits on what land is open for development. Environmental conditions such as floodways, seismic hazard zones, and steeply sloped terrain in many areas of the County create additional constraints on the amount of land that can be developed. The ten jurisdictions will need to



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decide if and how to adopt policies that would optimize development on available parcels to make the best use of this finite resource. Policies that could achieve this objective would have the added benefit of reducing development costs, which would in turn reduce the amount of local financing that would be required to end homelessness. This strategy would ask each jurisdiction to consider to what extent they could approve the following policy, land use, and regulatory incentive changes, which are described in the Options section:

- Establish impact fees that are based on size rather than number of homes.
- Zone appropriate parcels at densities needed to create homes for people who are homeless.
- Require development of multifamily parcels at zoned density levels to avoid “under building.”
- Allow density bonuses based on floor area rather than number of homes.
- Create housing overlays on commercial or industrial parcels to make more land available for housing development.

### ***Use of Publicly Owned Properties***

The County and cities could assess whether they own any vacant, underutilized, or surplus properties that could be made available for affordable housing development, either through ground-lease or sale. Such properties would include public facilities that may be good candidates for repurposing as homes for people who are homeless.

### ***Development Readiness Measures***

The County's Housing Element identifies 136 vacant and underutilized residentially-zoned properties in unincorporated areas that have adequate infrastructure to support urban densities for residential uses. Similar sites that are appropriately zoned for housing are identified in the Housing Elements of the nine cities, as well. The County and cities could assess whether any of these parcels would be more likely to be developed if needed infrastructure improvements are first made by the jurisdiction. This strategy would effectively steer development to sites that are considered suitable by the locality and expedite the pace at which affordable development occurs.

### ***Pilot Projects***

Pilot projects can be a useful strategy to confirm the feasibility of a new concept before making long-term policy changes or investing large sums of resources. Many of the alternative housing types discussed in this Toolbox are as yet untried in Sonoma County, and are new even in other areas of the country. One such idea is using tiny homes for temporary or permanent homes for people who are homeless. Cost estimates indicate that use of tiny homes carries a modestly higher cost, and their single-story, single-family configuration requires more land per-unit than apartment construction. However, that configuration makes them a more suitable option for those homeless people for whom group living is an obstacle. This may outweigh the higher cost factor. County staff is currently working to determine if there is a county-owned property that could host a tiny home pilot project to assess this strategy's potential utility as part of the broader effort to end homelessness.

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### **Homelessness Assistance and Prevention Policies**

#### ***Tenant Protection Measures***

The County and cities could undertake a coordinated effort to research the feasibility and desirability of establishing tenant protection measures on a countywide basis in order to prevent additional households from becoming homeless. This may not be possible due to differences in the state laws determining the level of authority that rests with different jurisdictions; however, to the extent that consistent measures can be applied across geographic boundaries, they would be more easily understood and enforced.

#### ***Enhancing Incomes***

County agencies could assure that homeless people have access to job training and employment support as appropriate, and that they will have access to a SOAR-trained case manager to ensure they quickly obtain disability incomes for which they are eligible. These efforts would build upon initiatives taking place within the Sonoma County Continuum of Care aimed at building capacity to establish income for the vast majority of homeless persons.

#### ***Housing Authority Programs***

The Sonoma County and Santa Rosa Housing Authorities could establish policies that enable them to use Housing Choice Vouchers (Section 8) and other rental assistance in a targeted manner for homeless people. This might include establishing a wait list “preference” for people who are homeless and / or project-basing vouchers for homeless-dedicated homes.

#### ***Interim Measures***

The ten jurisdictions could consider approving interim measures in appropriate areas to keep people who are homeless safe, until permanent housing can be created for them. These might include expansion of the County’s existing safe parking program, and allowing creation of supervised campgrounds.

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### **B. SUBSTANTIAL INVESTMENTS**

The County and nine cities could consider a number of alternatives to jointly raise the estimated \$110 million in local financing that would be required to develop 2,000 homes for people who are homeless. None of the strategies listed below would be difficult to put in place from a logistical point of view. However, in an environment of limited resources, coming to agreement on whose money to spend for what purpose is likely to be a difficult task, requiring decisions about what will not get done if money is directed to the housing goal. The required level of investment for homeless-dedicated, as well as workforce housing, could be more easily achieved by developing a broad public / private partnership that includes all jurisdictions, as well as local businesses, investors, and philanthropists.

#### **Housing Trust Fund**

All local jurisdictions could join together with businesses and private investors to establish a countywide public/private housing trust fund for homeless-dedicated and workforce housing anywhere in Sonoma County. Its source might include Redevelopment Residual Receipts, TOT from vacation rentals, or a new countywide revenue commitment. A countywide fund could benefit the effort to end homelessness, as the large number of homes to be created would need to be distributed throughout all areas of the county. The models that would work best for Sonoma County's affordable housing needs would need to be determined. The Sonoma County Community Development Commission plans to explore this strategy further in coming months.

#### **New Revenue Sources**

The estimated cost of creating the needed affordable housing significantly exceeds currently available resources. Local jurisdictions will need to consider whether one or more of the revenue streams listed below, and described further in the Financing Options section of this Toolbox, would be viable options for Sonoma County. Some of these might be pursued on a countywide basis, while others represent options requiring action by individual entities. Likewise, some of the revenues raised through these strategies could be deposited in the countywide housing trust funds, while others must remain in the control of and used in the specific jurisdiction from which they are derived due to legal "nexus" requirements.

- Inclusionary Housing Fees
- Commercial Linkage Fees
- Redevelopment Residual Receipts
- Transient Occupancy Taxes
- Housing Revenue Bonds
- Enhanced Infrastructure Financing Districts
- Pay for Success / Social Impact Bonds

#### **Investment Policies**

The local funders who provide financing for affordable housing development could consider adopting policy priorities to encourage development of homeless-dedicated housing. The policies could accomplish this by requiring a certain percentage of assisted homes to be homeless-dedicated, or by allowing a higher level of assistance per-unit for homes that are homeless-dedicated.

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### C. COMMITTED ACTION



Arriving at a consensus and the commitment to take the necessary actions to end homelessness is the first step. The following strategies would help to achieve this objective. The level of financial resources needed to implement these or similar approaches would be determined by decisions about the specific scope and scale for each strategy.

#### **Countywide Housing Summits**

One or more countywide housing summits would bring together policy makers, housing advocates, developers, business, labor, and environmental interests to create a consensus on the long term goal of ending homelessness by 2025. The Sonoma County Community Development Commission would organize an initial Summit during 2015 to establish countywide focus on the issues, discuss how the County and cities will develop an inter-jurisdictional approach to establish and implement appropriate strategies, and start the process of creating community-wide ownership of the solution. Subsequent summits would be scheduled if and as needed to sustain the effort.

#### **Housing Leadership Group**

A policy makers Leadership Group, comprised of elected officials and senior staff from all jurisdictions, would provide the high-level focused effort needed to end homelessness. This might be accomplished through the existing Sonoma County Mayors and Council members Association, or a new intergovernmental body in which all governments are represented could be created for the sole purpose of ending homelessness. This latter model was employed with great success to resolve the issues relating to the long term disposition of the landfill by bringing elected officials of all jurisdictions together to work on the solutions needed.

#### **Inter-jurisdictional Housing Working Group**

Staff from the ten local jurisdictions, affordable housing developers, and nonprofit service providers, would meet regularly to share information and discuss implementation of strategies as directed by elected officials. The working group would also help to coordinate planning and support for affordable housing in general, and for particular housing projects as they enter the development pipeline.

#### **Regional Housing Coordinator**

A regional housing coordinator would support planning activities for homes for people who are homeless throughout the County, and would function as a central information source along the lines described in the Engagement section. A new regional entity could be created to perform this coordinator function, or an existing regional housing entity such as the Sonoma County Community Development Commission could fill this role in a manner parallel to its role vis-a-vis the Continuum of Care for homelessness assistance.

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### **Coordination with Other Public Agencies**

Public agencies across the county would be engaged to build upon, and collaborate with, existing efforts that have impacts on safe and secure housing. For example, collaboration would build upon existing work of the County Department of Health Services. Health Services provides backbone support to Health Action, a countywide, cross-sector effort to improve community health, with a focus on key factors that influence health, including health system effectiveness, the built environment, and social determinants such as education and income. The Economic Wellness subcommittee of Health Action, in particular, develops strategies that aim to improve asset-building, job security, and safe, affordable, healthy housing. These efforts utilize community education tools and resources, including *A Portrait of Sonoma County*, a report that documents disparities in health, education and income by place and population in Sonoma County. Collaboration would also be sought with the Human Services Department, which provides backbone support to Upstream Investments, a countywide initiative to support prevention-focused and evidence-informed interventions to improve community well-being. Additional linkages would be forged with agencies spearheading policy and programmatic investments in transportation, public works, land use, and other service provision at both county and city levels. These collaborations would inform use of the Toolbox, policy development, community engagement, and public education efforts.

### **Legislative Advocacy**

The County and cities would work more closely together on legislative and congressional advocacy. Sonoma County is represented at the state and federal levels by delegates who are generally sympathetic to affordable housing and homeless concerns. Sonoma County local governments would help to raise the significance of affordable housing and homelessness in state and federal government through greater dialogue with legislative representatives.

### **Measurements**

The ten local jurisdictions would establish a common overall goal of ending homelessness by 2025, and agree on common strategic objectives, such as the following housing, income, and health outcomes:

- Build 2,000 homes for people who are homeless by 2025.
- Reduce the number of people experiencing homelessness on any given night to zero by 2025.
- Increase the percentage of Permanent Housing participants retaining safe and secure housing for at least 12 months, to 100% by 2025.
- Increase the percentage of participants exiting homeless services with employment income from current levels to 50% by 2025.
- Increase the percentage of participants who exit with income from sources other than employment, to 80% by 2025
- 100% of adults receiving homeless services should have health coverage by 2020.
- 96% of people entering homeless services will exit with a “medical home” (source of primary care) by 2020.

# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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As detailed in the Measurements section of this Toolbox, measures by which progress towards achieving these objectives can be tested and reported are already in place. If other objectives are established, relevant measures would need to be identified or developed. Annual reporting will enable policy makers to determine if the selected strategies are having the intended impact and, if not, to make adjustments that would redirect resources as deemed appropriate.

### **Community Engagement Campaign**

A number of approaches would be used to reach out to and educate all members of the community about the issues related to homelessness and affordable housing, with the objectives of raising the overall level of community acceptance and facilitating the process of siting new developments in the future.

### **Communication toolkit**

The Regional Housing Coordinator would develop a “communication toolkit” to provide informational material and educational resources for public officials, developers, advocates and others interested in helping to raise public awareness. The Coordinator would work to ensure that the toolkit is disseminated and used broadly throughout the community to form the basis for a regional “public relations” campaign.

### **Coordination with Advocacy Groups**

The Regional Housing Coordinator would reach out to, and work with, affordable housing and homelessness advocacy groups to facilitate sharing of information and ideas amongst all parties working on efforts to create affordable housing and end homelessness. Coordination of the communications and actions of disparate groups working towards the same end will strengthen the overall effort.

### **Putting a Face on Homelessness**

The Regional Housing Coordinator would work with local service providers to develop forums in which homeless and housed people can meet and share life stories, insights, dreams, and needs. Getting to know the person who is homeless is often all it takes to realize that the primary difference between being homeless or housed is simply being with or without a home.

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*“A journey of a thousand miles  
begins with a single step.”  
Laozi (c.604 b.c. – c. 531 b.c.)  
Chinese Philosopher*

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### **Call to Action**

Local innovation informed by national best practices can create the path to end homelessness by providing safe, secure housing coupled with essential services.

With focused vision, clearly articulated goals, and determined commitment, Sonoma County can achieve success and enhance the quality of life for all residents.

# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

### Appendix B: 2015 Sonoma Homeless Count by Jurisdiction

*Homeless Unsheltered and Sheltered Persons by Region and Jurisdiction.*  
(Applied Survey Research, 2015, p. 17)

JURISDICTION	UNSHELTERED	SHELTERED	TOTAL
<b>North County</b>	154	64	218
Cloverdale	43	6	49
Healdsburg	86	58	144
Unincorporated	25	0	25
<b>South County</b>	<b>482</b>	<b>234</b>	<b>716</b>
Cotati	272	0	272
Petaluma	136	225	361
Rohnert Park	43	9	52
Unincorporated	31	0	31
<b>West County</b>	<b>295</b>	<b>40</b>	<b>335</b>
Sebastopol	94	0	94
Unincorporated	201	40	241
<b>Sonoma Valley</b>	<b>124</b>	<b>34</b>	<b>158</b>
Sonoma	13	14	27
Unincorporated	111	20	131
<b>Central Santa Rosa</b>	<b>1,015</b>	<b>652</b>	<b>1,667</b>
Santa Rosa	805	652	1,457
Unincorporated	210	0	210
<b>Confidential</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Total</b>	<b>2,070</b>	<b>1,037</b>	<b>3,107</b>

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### Appendix C: Costs of Homelessness

There is a growing body of research that supports the conclusion that providing housing and supportive services results in significant savings in other public spending areas, particularly in health, law enforcement and criminal justice.

#### *Cost Savings in the Health Care System: Avoidable Days*

The following chart was produced by Catholic Charities of Santa Rosa to demonstrate the savings in hospital costs that result from use of the Nightingale facility, which houses and provides recuperative health care for people who are released from hospitals into homelessness. The cost savings represents the lower cost of Nightingale compared to a longer hospital stay.

#### 1. **AVOIDABLE DAYS**

Avoidable hospital days is the numbers of days the discharge personnel indicates the patient will need at Nightingale. A day at Nightingale is considered an “avoidable” day in the hospital Savings are calculated differently by hospital.

Hospital	Avoidable Days (10/1/14-12/31/14)	3 Months Savings (10/1/14-12/31/14)	Total Savings (Dec. 2011-Dec. 2014)
Kaiser	35	\$140,000	\$1,812,000
Sutter	49	\$196,000	\$5,548,000
Memorial <sup>1</sup>	497	\$298,200	\$2,630,600
SRCHC <sup>1</sup>	30	\$120,000	\$2,592,000
Palm Drive	--	--	\$924,000
UCSF	--	--	\$468,000
Other	123	\$492,000	\$3,324,000
<b>TOTAL</b>	<b>734</b>	<b>\$1,246,200</b>	<b>\$17,298,600</b>

Other = Petaluma Valley Hospital, Psych Emergency Services, Petaluma Health Center

<sup>1</sup> SRCHC: Santa Rosa Community Health Center's Care Transitions Team provides case management for homeless on CMSP as they transition out of the hospital. Many of our referrals come from the Care Transitions Team, as well as many extensions for the clients.

# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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### *Costs of Homelessness in Santa Clara County*

#### **Santa Clara County: Report puts \$520 million-a-year price tag on homelessness**

By Mark Emmons [memmons@mercurynews.com](mailto:memmons@mercurynews.com)

Posted: 05/26/2015

SAN JOSE -- The human toll of homelessness can be seen daily throughout Santa Clara County with people living on the streets. But now, for the first time, a staggering fiscal cost has been calculated: \$520 million annually.

A new study, described as the most comprehensive look ever at the expense of homelessness on a community, has determined that more than \$3 billion was spent over a six-year period in the county on services such as trips to the emergency rooms, jail stays and mental health care. "Home Not Found: The Cost of Homelessness in Silicon Valley" also identified how a small group of about 2,800 persistently homeless alone cost the county about \$83,000 each, per year.

"What this shows is that having people live out in the open is tragic for the individual, destabilizing for the community and, at the end of the day, very expensive for the public," said Dan Flaming, president of Los Angeles-based Economic Roundtable, which produced the report for Santa Clara County and the nonprofit Destination: Home. "The people who are the most tragic are the ones where there can be real cost savings simply by housing them."

The study, which is being presented Tuesday morning at a community leader forum in San Jose, tracked more than 104,000 homeless in the county from 2007 to 2012, mining data from sources that included hospital and criminal-justice records.

The result is a detailed look at a population that often is hidden in the shadows and living off the grid. It appears to bolster a case long made by homeless advocates: Helping people off the streets is more than just doing the right thing, it's also smart public policy that will save taxpayer dollars.

"We've never known the scope of the problem," said Jennifer Loving, executive director of Destination: Home. "People often say, 'It's going to cost too much money to solve homelessness.' Well, we're spending a lot right now. If we're spending \$83,000 a year for some homeless, that's far more than the cost of housing them."

# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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Perhaps nowhere else in the country is the dividing line between the haves and have-nots more stark than here in Silicon Valley, home to iconic companies such as Apple, Google and Facebook. But it's also become a place where so many don't have a home.

The county has 7,567 homeless -- the nation's seventh-highest total -- according to the most recent published survey, the 2014 Annual Homeless Report to Congress. San Jose also drew national headlines in December with the closure of "the Jungle" encampment along Story Road, where as many as 300 people had been living next to Coyote Creek in Third World squalor.

The county commissioned the study, and underwrote most of the \$200,000 cost, in an effort to better understand the drain on public resources and how best to devise strategies to reduce the homeless numbers.

It found that, in general, most homeless were resilient and their time on the streets didn't last long. Programs such as food stamps and some public assistance often were enough to help them back on their feet.

"Some people just get stuck," Flaming said. "They don't have family or friends to help them. The wreckage just accumulates. Those are the people who end up spending days and days in the hospital, or end up in jail. They are very expensive."

Loving is a proponent of a "housing first" model in which chronically homeless are moved into places to live -- stabilizing their often chaotic lives -- and then are fortified with services.

Destination: Home oversees a program called Housing 1000, which has found housing for 103 persistently homeless people. The report found that their public costs while homeless were about \$62,000 annually. That figure dropped to just less than \$20,000 on average after they were placed in housing.

For Loving, the take-away conclusion is to "target those really high users and quickly get them into housing."

That is much easier said than done. Public money is limited. Even more scarce is affordable housing in one of the country's most expensive places to live. Homeless complain that even when they receive subsidized housing vouchers, they often still can't find landlords willing to accept them in a market where the vacancy rate is so low.

There simply is no magic wand.

## Building H O M E S

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### *A Policy Maker's Toolbox for Ending Homelessness*

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"The difficult step is getting the additional housing units that are badly needed," said Gary Graves, the county's chief operating officer. "And in the short term, what are we going to do with the 2,500 or so people who cost the most? It's a very tough problem, and one that the county can't solve by itself. We need the entire community working together, and that includes the private sector like our corporate citizens."

Most of all, he added, what's needed is a sense of urgency.

"The hope is that this report gets the community's attention," Graves said. "We should not have thousands of people walking around every day without a roof over their head."

Follow Mark Emmons at [Twitter.com/markedwinemmons](https://twitter.com/markedwinemmons).

FINANCIAL COST OF HOMELESSNESS IN SANTA CLARA COUNTY  
PER YEAR: \$520 million

BREAKDOWN BY PERCENTAGE  
HEALTH CARE COSTS: 53 percent  
JUSTICE SYSTEM COSTS: 34 percent  
SOCIAL SERVICES: 13 percent

Source: "Home Not Found: The Cost of Homelessness in Silicon Valley"

**The full "Home Not Found" report is included in the *Toolbox Resource Supplement*.**



# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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### Appendix D: Alternative Housing Types

Included here are some examples of the housing options for small households.

1. **Small Apartments.** An illustrative example of a conceptual elevation and floor plan for a two-story building with eight apartments, including 4 one-bedroom apartments and 4 studio apartments, is shown as Housing Prototype #1. A conceptual floor plan for sixteen studio apartments is shown as Housing Prototype #2. These apartments could be built using standard wood frame construction, or stacked modulars might be used. This alternative should be explored when specific project concepts are available. All of these options have permanent foundations and would be eligible for low-income housing tax credits.
2. **Alternate Types of Permanent and Portable Housing Structures.** Three illustrative examples of alternate small housing types are attached. These are other small home designs could be substituted for more conventional manufactured homes, although these may not comply with California State standards. Structures that are not attached to permanent foundations are not eligible for low-income housing tax credits.

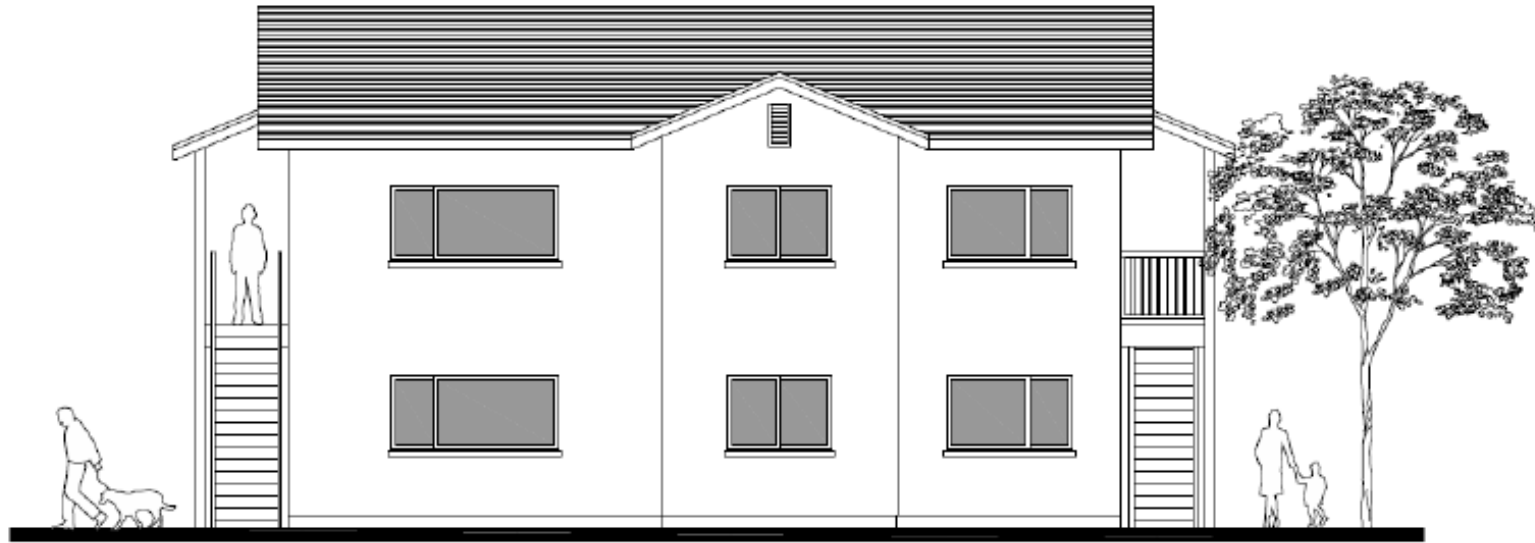
A “**park model**” **manufactured home** from Clayton Homes shows a picture of the home and floor plan. Park model homes (under 400 square feet) are regulated by the State and can be located in an established special occupancy park without local jurisdiction involvement.

A **cargo container home** from Global Portable Buildings shows a picture and floor plan, and provides additional detail about features of this housing type.

A **tiny house** from Tumbleweed Tiny House Co. shows a picture and floor plan as just one example of this type of housing.

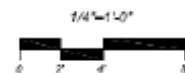
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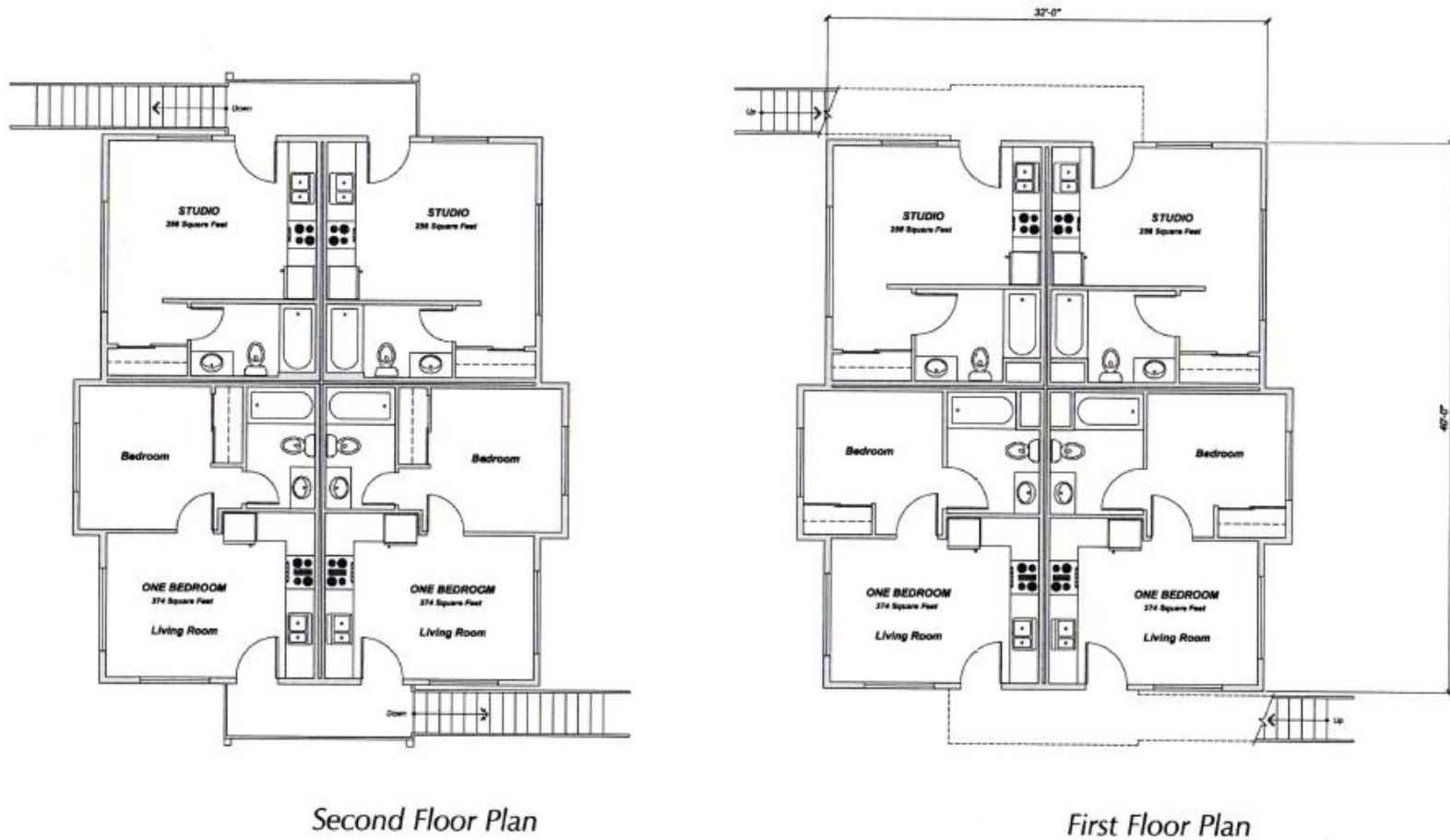
## HOUSING PROTOTYPE #1

ELEVATION



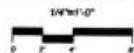
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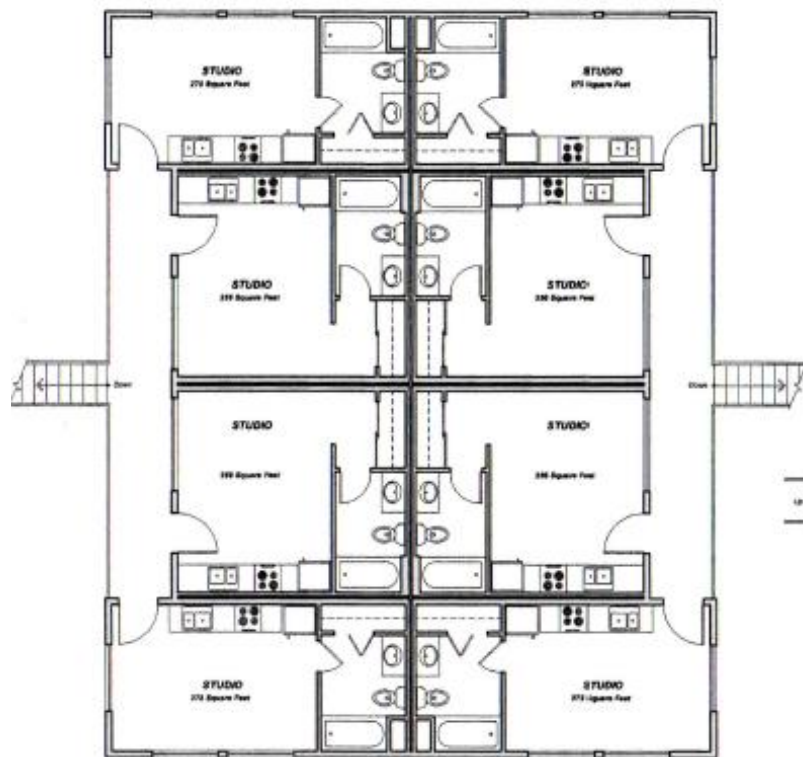
### HOUSING PROTOTYPE #1

#### FLOOR PLANS

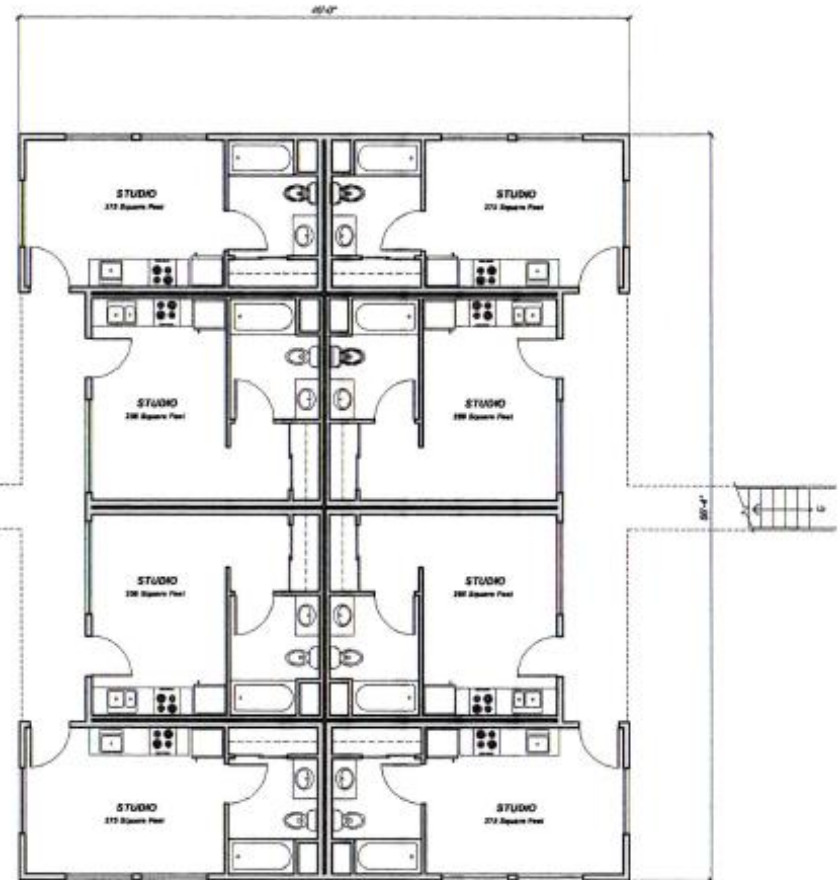


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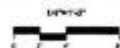
*Second Floor Plan*



*First Floor Plan*

### *HOUSING PROTOTYPE #2*

#### *FLOOR PLANS*



## Building H O M E S

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*A Policy Maker's Toolbox for Ending Homelessness*

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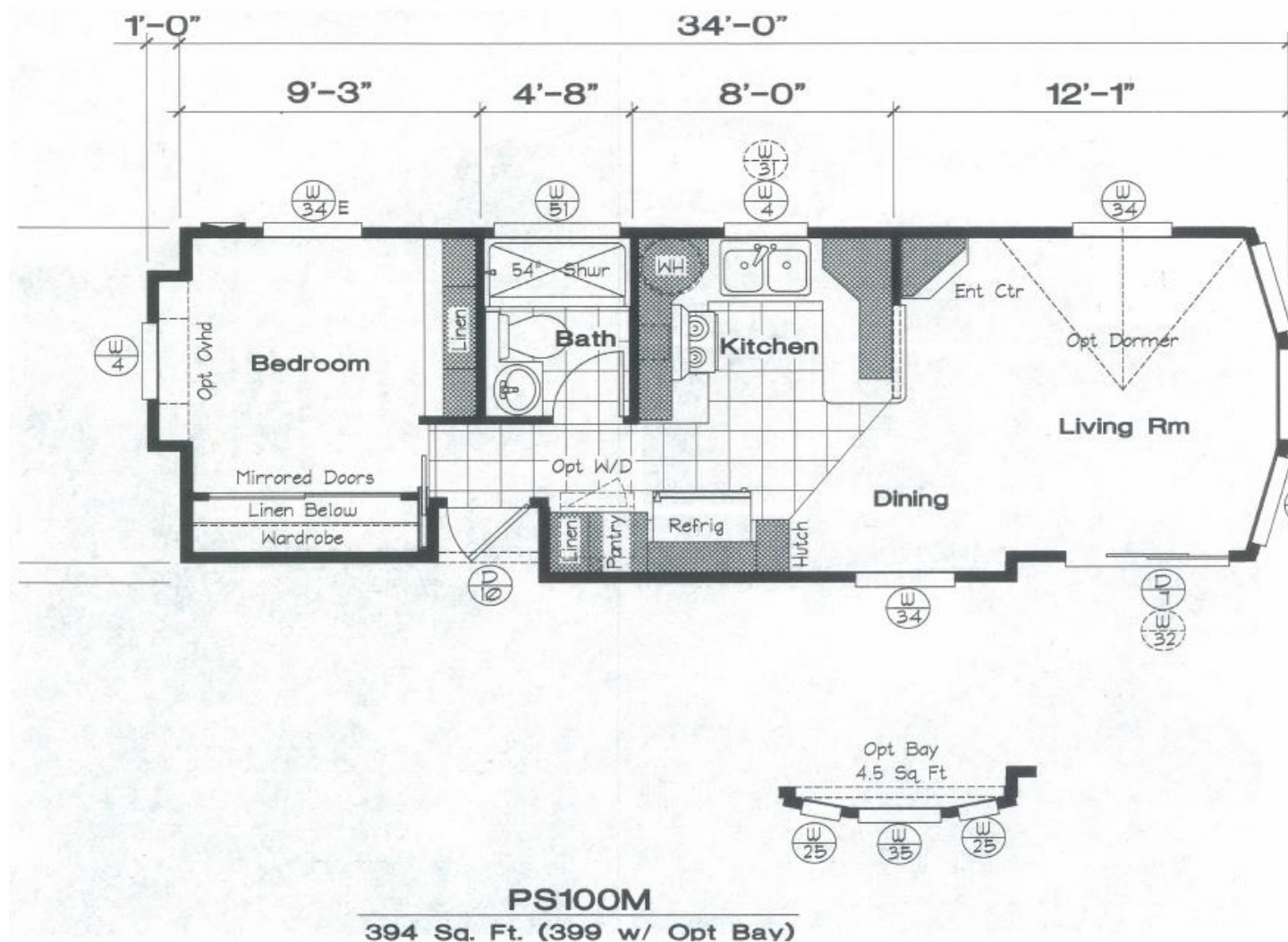


**PARK MODEL HOME – 399 sq. ft.**



## Building H O M E S

### *A Policy Maker's Toolbox for Ending Homelessness*



**PARK MODEL HOME – 399 sq. ft**



# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness



# The Ultimate Series

Thinking Inside The Box

Ultimate 8' x 20'  
Ultimate 8' x 40'

**On The Go: Ultimate 8' x 20'**



Disaster Proof: withstands Cat 5 winds

The Ultimate, with its modern finished kitchen, bathroom and extra room (8' x 40' model), is our most complete portable building, ideal for an office, temporary housing, or many other uses. Standard features include kitchen, bathroom (with shower, toilet, sink), bedroom/office (8' x 40' model), AC electrical system, telephone/internet connection, 2" rigid insulated finished walls and ceiling, windows, entrance door, finished linoleum/vinyl floor and utility room. Like all our portable buildings, the Ultimate provides great resistance to natural disasters.



Ultimate, complete with kitchen, bath & extra room



### Quality Guaranteed

All our multi-purpose portable buildings are manufactured from new, ISO standard steel containers and carry a 10 year structural warranty.



Ultimate 8' x 20' (with Solar Option)

Ultimate 8' x 40'

### Standard Features

- Kitchen with 6' counter top, sink with faucets, cabinets, plumbing
- Bathroom, with shower, toilet, sink, & plumbing for hot & cold water (water heater sold separately)
- Extra Room for a bedroom or office (8' x 40' model) that includes a wall with locking door, a closet with shelves and sliding doors.
- AC electrical system, which includes breaker panel, six (6) fluorescent light fixtures, wall receptacles, wiring, etc (3 in Ultimate 20)
- Telephone/Internet wiring & jacks
- 2" rigid insulated finished walls and ceiling
- Six (6) windows which are 5mm thick and feature screens, blinds and removable metal window shutter. (3 in Ultimate 20)
- Entrance door with lock and keys
- Finished linoleum/vinyl floor
- Three-piece end door with utility room and shelf
- Ventilation fan with on/off switch
- Great resistance to natural disasters, including resistance to winds up to 100 mph (175 mph with anchoring)

### Available Options

- Solar System, which includes 150 watt polycrystalline silicon solar panel, controller/regulator, six (6) 12 volt DC light fixtures, circuit breaker (3 in 20' unit), 12 volt DC adaptor plugs (to operate/recharge 12 volt DC electronic devices), eight (8) 12 volt (100 amp) maintenance-free batteries (4 in 20' unit)
- Decorative roof (complete) made of fiberglass, which ships inside the unit

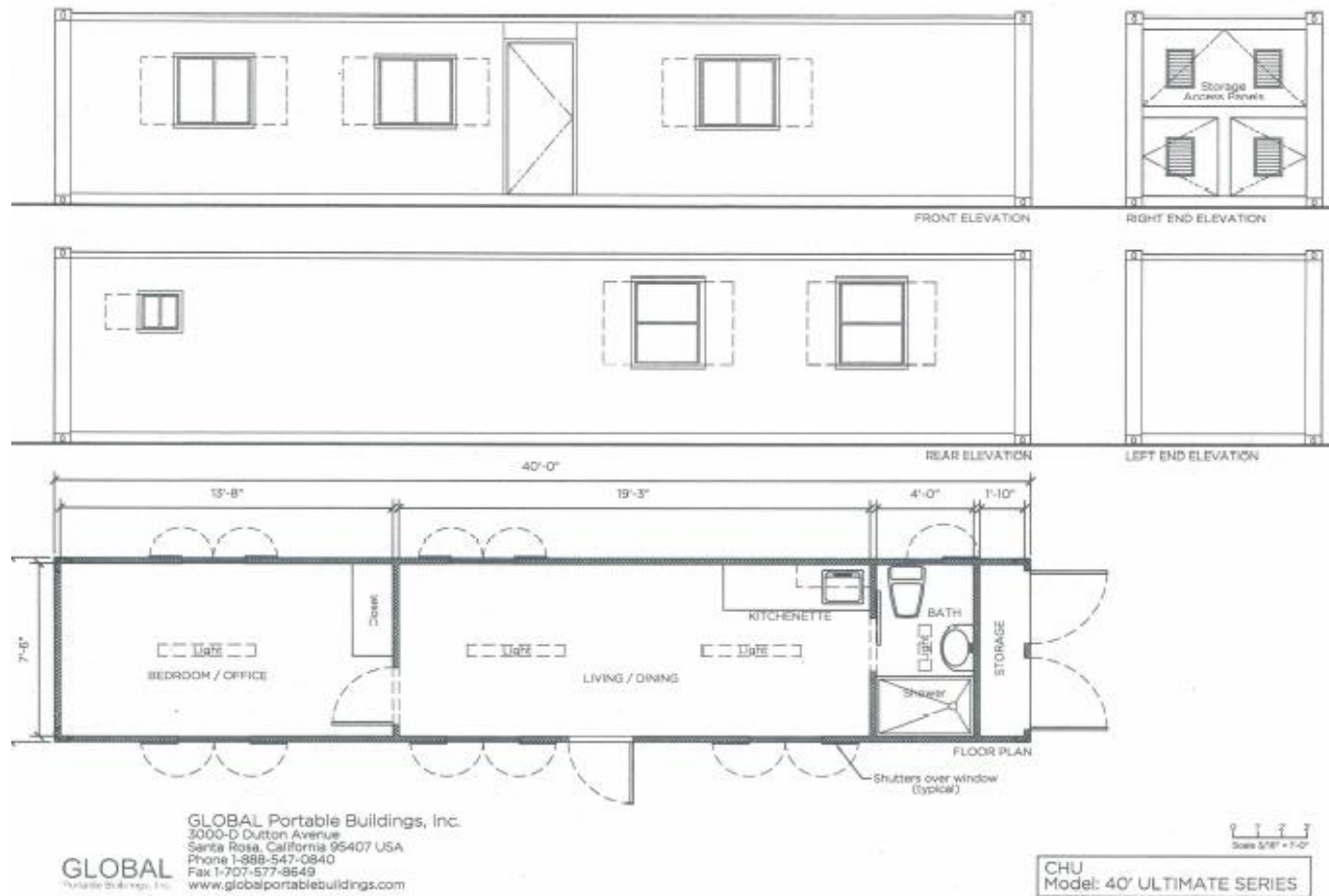


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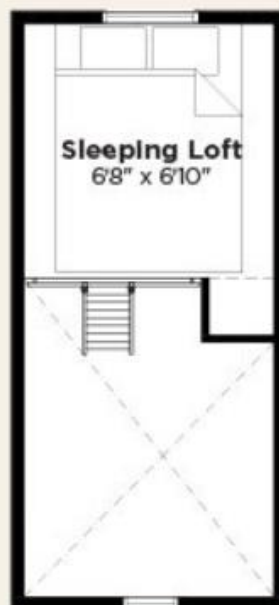
**CARGO CONTAINER HOME – 320sq. ft.**

# Building H O M E S

*A Policy Maker's Toolbox for Ending Homelessness*



## Elm 18 Equator



All measurements approximate

Downstairs	117 sq ft
Upstairs Loft	46 sq ft
Usable Space	163 sq ft
Sleeps	3
House Width	7'6"
Trailer Bed	18'
House Height	13'4"
Ceiling Height	6'6"
Loft Height	3'6"
Dry Weight	8,000
DIY Materials	\$27,000+
Purchase Price	\$57,000

# Building H O M E S

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## *A Policy Maker's Toolbox for Ending Homelessness*

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### **Appendix E: Housing Development Budgets**

The attached hypothetical development budgets for housing to meet the needs of homeless people are intended to provide an illustrative example of the costs and resource needs involved, and a comparison of costs for different housing types. Actual budgets for specific projects will of course depend on a variety of unique conditions.

These budgets also analyze the effects of fee and land use concessions for smaller affordable homes that would affect the amount of local cash subsidy needed under current conditions to produce this type and quantity of housing. The fee concession considered in this analysis involves a shift to a fee program based on building area rather than on a per-unit basis. In this example, a very conservative \$40 per square foot fee is used for small homes. This results in a 60% reduction from the assumed \$30,000 per-unit fee for a 300 square foot home; however, it is still approximately twice the amount that would be paid per square foot when considering the same \$30,000 per-unit fee for a 1,600 square foot single family house (\$18.75 per square foot).

Other formulas could be used, but fee reduction for small affordable homes will be a key factor in the viability of the homeless housing effort. The land use concession anticipated here is either a shift to building area, rather than unit count, to establish the maximum density, or a density bonus program that could accomplish the same result.

These budgets address only projects that consist of individual homes; however, some of the housing needed to address homelessness will be in the form of Single Room Occupancy (SRO). A comparison of hypothetical options for SROs is more difficult because of the number of additional factors involved. Some general observations for SRO development include:

- Individual rooms are likely to be less expensive than apartments, manufactured homes or tiny homes.
- Common facilities will be more expensive because rooms lack bathrooms and/or kitchens.
- SROs can more easily make use of existing buildings.
- The use of repurposed buildings will be less expensive than new construction, but on-going maintenance and repair costs will be higher.
- Public fees may be less than for individual homes, and likely significantly lower in the case of repurposed buildings.
- Property management staffing costs are likely to be higher for SROs.
- SROs are eligible for low income tax credits and most other housing subsidy programs.

Homeless families will require larger homes. While these will be more expensive, the housing cost per person is likely to be less. The 'bottom line' costs for the development of housing available to homeless people is likely to be similar, and almost certainly no higher when SROs and larger homes are considered when compared to the single home analysis provided here.

# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

### ***Aggregated Budget Summary***

Total costs and local source amounts needed to produce 2,000 small homes over a ten-year period under each of the budget scenarios presented are shown here. Sources are grouped under the categories: “Local”, Tax Credit” and “Other”. While the specific programs grouped under “other” are likely to vary, the assumption is made that a similar percentage of resources will remain available from state, federal or private sources. It is also unlikely that all of the housing needed to address homelessness in Sonoma County will be the same small homes. Larger homes for families or shared housing will likely constitute a significant portion of the needed housing. This presentation, however, is intended to provide policy makers with an understanding of the scope of the commitment to end homelessness and to provide a comparative analysis of development policy strategies.

	Low-Income Housing Tax Credits	Other Financing	Local Funds	Total Per Home	Total for 2,000 Homes
A) Small apartments under current land use and fee programs	\$82,000	\$23,000	\$55,000	\$160,000	\$320,000,000
B) Small apartments with land use and fee concessions	\$65,600	\$23,000	\$37,700	\$126,300	\$252,600,000
C) Manufactured housing / tiny homes under current land use and fee programs	\$89,000	\$23,000	\$60,000	\$172,000	\$344,000,000
D) Manufactured housing / tiny homes with land use and fee concessions	\$79,000	\$23,000	\$50,000	\$152,000	\$304,000,000
E) Special Occupancy Park for portable structures	\$0	\$23,000	\$96,000	\$119,000	\$238,000,000

Preliminary development budgets for scenarios A through E are shown on the following pages.



# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### A) Small Apartments

- Standard construction or stacked modular
- 48 apartments @ average 300 sq. ft.
- Without land use and fee concessions

#### Uses

Land	\$ 800,000	<b>Two acres</b>
		<b>24 units per acre</b>
Construction	3,200,000	
<i>apartments</i>		<i>\$1,944,000 @ \$40,500 each</i>
<i>common room/office/laundry</i>		<i>200,000</i>
<i>site development</i>		<i>800,000</i>
<i>contingency</i>		<i>255,000</i>
Fees	1,440,000	<b>\$30,000 / apt</b>
Design	300,000	
Finance	400,000	
Taxes, Insurance, Legal	300,000	
Misc. Soft Costs	350,000	
Developer fee*	890,000	
<b>Total</b>	<b>\$7,680,000</b>	<b>\$160,000 / apt</b>

#### Sources

Tax credits	\$3,950,000	
AHP	480,000	
HOME, VHHP (Veterans program)	620,000	
Local sources	2,630,000	<b>\$55,000 / apt</b>
<b>Total</b>	<b>\$7,680,000</b>	

\* Developer fee is assumed to be the maximum allowed by the tax credit program, 15% of “basis” (total cost minus land cost). It includes developer overhead, staff time and construction management as well as some consultant costs and additional contingency.



# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### B) Small Apartments

- Standard construction or stacked modular
- 48 apartments @ average 300 sq. ft.
- With land use and fee concessions

#### Uses

Land	\$ 400,000	<b>One acre</b>
		<b>Density based on building area</b>
Construction	3,000,000	
<i>apartments</i>		<i>\$1,944,000 @ \$40,500 each</i>
<i>common room/office/laundry</i>		<i>200,000</i>
<i>site development</i>		<i>600,000</i>
<i>contingency</i>		<i>255,000</i>
Fees	580,000	<b>\$12,000 / apt</b>
		<b>Based on building area</b>
Design	300,000	
Finance	400,000	
Taxes, Insurance, Legal	300,000	
Misc. Soft Costs	350,000	
Developer fee *	730,000	
<b>Total</b>	<b>\$6,060,000</b>	<b>\$126,300 / apt</b>

#### Sources

Tax credits	\$3,150,000	
AHP	480,000	
HOME, VHHP (Veterans program)	620,000	
Local sources	1,810,000	<b>\$37,700 / apt</b>
<b>Total</b>	<b>\$6,060,000</b>	

\* Developer fee is assumed to be the maximum allowed by the tax credit program, 15% of "basis" (total cost minus land cost). It includes developer overhead, staff time and construction management as well as some consultant costs and additional contingency.

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### C) Manufactured Housing or Tiny Homes

- Permanent foundations
- 48 homes @ average 300-400 sq. ft.
- Without land use and fee concessions

#### Uses

Land	\$ 800,000	<b>Two acres</b>
Construction	3, 960,000	
<i>residential structures *</i>		\$2,400,000 @ \$50,000 each
<i>common room/office/laundry</i>		200,000
<i>site development **</i>		1,000,000
<i>contingency</i>		360,000
Fees	1,440,000	<b>\$30,000 / home</b>
Design	150,000	
Finance	200,000	
Taxes, Insurance, Legal	250,000	
Misc. Soft Costs	350,000	
Developer fee ***	1,100,000	
<b>Total</b>	<b>\$8,250,000</b>	<b>\$172,000 / home</b>

#### Sources

Tax credits	\$4,290,000	
AHP	480,000	
HOME, VHHP (Veterans program)	620,000	
Local sources	2,860,000	<b>\$60,000 / home</b>
<b>Total</b>	<b>\$8,250,000</b>	

\* Estimate includes transportation and foundations

\*\* Requires individual utility connections for each home

\*\*\* Developer fee is assumed to be the fee allowed by the tax credit program, 15% of "basis" (total cost less land cost). It includes developer overhead, staff time and construction management as well as some consultant costs and additional contingency.

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### D) Manufactured Housing or Tiny Homes

- Permanent foundations
- 48 homes, @ 300-400 sq. ft.
- With land use and fee concessions

#### Uses

Land	\$ 800,000	<b>Two acres</b>
Construction	3, 960,000	
<i>residential structures *</i>		\$2,400,000 @ \$50,000 each
<i>common room/office/laundry</i>		200,000
<i>site development **</i>		1,000,000
<i>contingency</i>		360,000
Fees	580,000	<b>\$12,000 / home</b>
Design	150,000	
Finance	200,000	
Taxes, Insurance, Legal	250,000	
Misc. Soft Costs	350,000	
Developer fee ***	990,000	
<b>Total</b>	<b>\$7,280,000</b>	<b>\$152,000 / home</b>

#### Sources

Tax credits	\$3,790,000	
AHP	480,000	
HOME, VHHP (Veterans program)	620,000	
Local sources	2,390,000	<b>\$50,000 / home</b>
<b>Total</b>	<b>\$7,280,000</b>	

\* Estimate includes transportation and foundations

\*\* Requires individual utility connections for each unit

\*\*\* Developer fee is assumed to the fee allowed by the tax credit program, 15% of “basis” (total cost less land cost). It includes developer overhead, staff costs, and construction management as well as some consultant costs and additional contingency.

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### E) Special Occupancy Park

- Manufactured homes or tiny homes \*
- 48 homes @ average 300-400 sq. ft.

#### Uses

Land	\$ 800,000	<b>Two acres</b>
Construction	3,720,000	
<i>residential structures</i>		\$2,160,000 @ \$45,000 each
<i>common room/office/laundry</i>		200,000
<i>site development</i>		1,000,000
<i>contingency</i>		360,000
Fees **		<b>Unknown</b>
Design	100,000	
Finance	100,000	
Taxes, Insurance, Legal	150,000	
Profit and overhead ***	600,000	
Misc. Soft Costs	250,000	
<b>Total</b>	<b>\$5,720,000</b>	<b>\$119,000 / home</b>

#### Sources

Tax credits	\$0	
AHP ****	480,000	
HOME, VHHP (Veterans program)	620,000	
Local sources	4,620,000	<b>\$96,000 / home</b>
<b>Total</b>	<b>\$5,720,000</b>	

\* "Tiny homes" here are studio or one bedroom design with kitchen facilities and bathroom. They are movable, but provided with water and sewer connections.

\*\* Moveable small homes placed in a special occupancy park are not subject to local fees; however, park development would be subject to local fees. The amount of those fees would need to be added to this cost estimate.

\*\*\* Includes developer overhead, staff time and construction management.

\*\*\*\* Availability of AHP and Veterans program funding for this type of development is uncertain.

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

### Appendix F: Permanent Supportive Housing Inventory

Annually each spring, the Continuum of Care submits an inventory of current homeless dedicated housing to HUD. The summaries below show Permanent Supportive Housing (PSH) by project type, and by jurisdiction, as of January 31, 2015.

Permanent supportive housing by project type	Households w/ Children (beds)	Households w/ Children (units)	Beds Households of Adults	Total beds
<b>PSH - facility-based Total</b>	164	46	76	<b>240</b>
<b>PSH - rental assistance Total</b>	93	31	299	<b>392</b>
<b>PSH - set-asides Total</b>	242	60	25	<b>267</b>
<b>PSH master-leased Total</b>	0	0	80	<b>80</b>
<b>Total in use 1/31/2015</b>	499	137	480	<b>979</b>
<b>Total funded, not yet rented up</b>	156	52	57	<b>213</b>
<b>Grand total</b>	<b>655</b>	<b>189</b>	<b>537</b>	<b>1192</b>

Jurisdiction	Households w/ Children (beds)	Households w/ Children (units)	Beds Households of Adults	Total beds
Cloverdale - total	9	3	9	<b>18</b>
Cotati - total	0	0	8	<b>8</b>
Healdsburg - total	0	0	0	<b>0</b>
Petaluma - total	0	0	63	<b>63</b>
Rohnert Park - total	63	20	20	<b>83</b>
Santa Rosa - total	348	89	237	<b>585</b>
<i>SR Funded, not yet rented up - total</i>	156	52	53	<b>209</b>
Santa Rosa - total including not yet rented up	504	141	290	<b>794</b>
Sebastopol - total	0	0	0	<b>0</b>
Sonoma (City) - total	0	0	0	<b>0</b>
Sonoma County - total	72	23	137	<b>209</b>
<i>County funded, not yet rented up</i>	0	0	4	<b>4</b>
Sonoma County total including not yet rented up	72	23	141	<b>213</b>
Windsor - total	7	2	6	<b>13</b>
<b>Total in use</b>	<b>499</b>	<b>137</b>	<b>480</b>	<b>979</b>
<b>Total funded</b>	<b>655</b>	<b>189</b>	<b>537</b>	<b>1192</b>

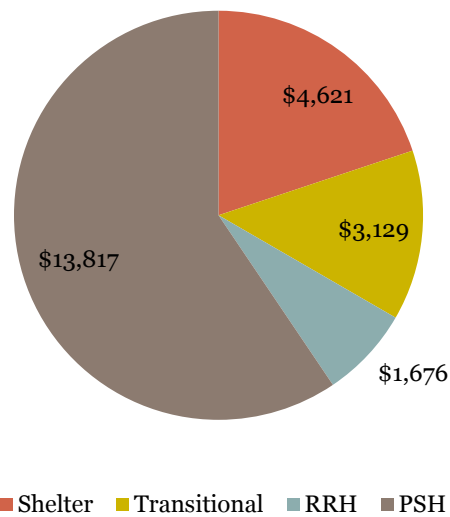
# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

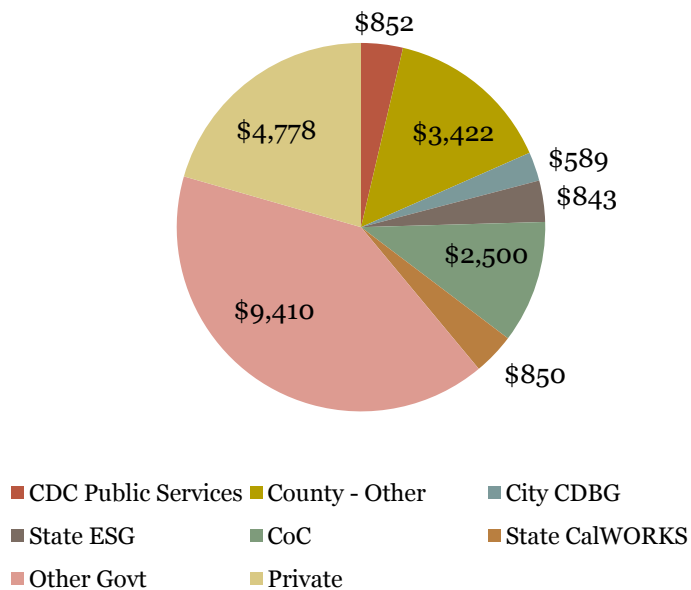
### Appendix G: Current Funding for Homeless Services

Source: Sonoma County Continuum of Care, System-wide Performance Evaluator 2014

**Estimated Funding All Programs,  
2014-15: \$23.2 million**  
(in thousands of dollars)



**Estimated Funding by Source, 2014-15**  
(in thousands of dollars)





# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

### Appendix H: Local Financing for Affordable Housing

The following listing shows the \$47,322,903 financing provided through the Sonoma County Community Development Commission for development of 2,085 affordable rental and ownership housing as of July 1, 2015. This is an illustrative example of local financing for affordable housing, as the nine cities in the County have provided similar financial assistance for homes in their jurisdiction.

Development	Areas	Affordability Profile				Household Type	Tenancy Type	Year Completed	Total
		<80% Low	< 50% Very Low	<30% Extr. Low	Total				
Carrillo Place Apartments	Bellevue	26	41	0	68	Family	Rental	2002	\$ 1,413,863
Divine Apts	Cloverdale	19	12	0	32	Elderly	Rental	1989	\$ 300,000
Kings Valley	Cloverdale	0	98	0	99	Elderly	Rental	2014	\$ 206,134
Citrus Gardens	Cloverdale	25	15	0	41	Family	Owner	1996	\$ 225,000
Charles Street Apartments	Cotati	1	47	0	48	Seniors	Rental	2001	\$ 185,000
George Street Village	Cotati	10	0	0	19	Family	Rental	1985	\$ 216,623
North House	Cotati	0	0	8	8	Disabled	Rental	2014	\$ 144,430
Wilford Lane Apartments	Cotati	13	23	0	36	Family	Rental	2003	\$ 600,000
Meadowlark	Forestville	15	0	0	30	Family	Owner	2006	\$ 900,000
Schoolhouse Ridge	Geyserville	18	0	0	24	Family	Owner	1995	\$ 124,490
Cummings Subdivision	Graton	0	2	0	3	Family	Rental	Planning	\$ 175,000
Green Valley	Graton	11	0	0	14	Family	Owner	1996	\$ 100,000
Fife Creek	Guerneville	12	11	24	48	Family	Rental	2012	\$ 5,787,969
Mill Street	Guerneville	0	8	0	8	Supported	Rental	2013	\$ 487,353
Redwood Grove Cottages	Guerneville	4	2	0	11	Family	Rental	2013	\$ 430,750
Rusky Rika Dachas	Guerneville	0	3	0	15	Family	Rental	2009	\$ 400,000
Canyon Run Apartments	Healdsburg	31	20	0	51	Family	Rental	2001	\$ 521,863
Fitch Mountain Terrace I	Healdsburg	20	20	0	40	Elderly	Rental	1986	\$ 290,073
Fitch Mountain Terrace II	Healdsburg	18	2	0	20	Elderly	Rental	1991	\$ 442,144
Harvest Grove Apartments	Healdsburg	44	0	0	44	Family	Rental	1996	\$ 190,000
Park Land Senior Apts	Healdsburg	12	11	0	23	Elderly	Rental	1999	\$ 341,581
Riverfield Homes	Healdsburg	14	4	0	18	Family	Rental	1994	\$ 437,300
Larkfield Oaks Apts	Mark West	21	34	0	56	Family	Rental	2006	\$ 1,352,412
Lavell Village	Mark West	36	13	0	49	Family	Rental	1995	\$ 1,483,850
Ortiz Plaza	Mark West				30	Farmworker	Rental	Planning	\$ 510,000
Cherry Hill	Petaluma	19	0	0	29	Family	Owner	1991	\$ 90,000
Magnolia Hills Self-Help	Petaluma	26	1	0	32	Family	Owner	1988	\$ 310,000
Arbors	Rohnert Park	21	34	0	55	Family	Rental	2007	\$ 675,000
Santa Alicia Gardens	Rohnert Park	14	6	0	20	Family	Rental	1996	\$ 265,000
Tower Apartments	Rohnert Park	39	11		50	Family	Rental	1993	\$ 1,520,372
Vida Nueva	Rohnert Park	1	23	0	24	Family	Rental	2009	\$ 384,904
Crossroads Apartments	Roseland	21	56	0	79	Family	Rental	Planning	\$ 5,042,513

# Building H O M E S

## A Policy Maker's Toolbox for Ending Homelessness

Development	Areas	Affordability Profile				Household Type	Tenancy Type	Year Completed	Total
		<80% Low	< 50% Very Low	<30% Extr. Low	Total				
Giffen Transitional Housing	Roseland	0	11	0	12	Supported	Rental	2000	\$ 143,400
Roseland Village	Roseland	TBD	TBD	TBD	TBD	Family	Rental	Planning	\$ 100,212
West Avenue Apartments	Roseland	28	12	0	40	Family	Rental	1987	\$ 822,038
Blue Spruce Mobile Homes	Sebastopol	12	19	11	42	Elderly	Rental	2011	\$ 903,000
Bodega Hills Apartments	Sebastopol	12	11	0	24	Family	Rental	1998	\$ 685,750
Burbank Orchards	Sebastopol	60	0	0	60	Elderly	Rental	1990	\$ 10,000
Gravenstein North I	Sebastopol	0	18	0	18	Family	Rental	1987	\$ 95,000
Gravenstein North II	Sebastopol				42	Family	Rental		\$ 593,095
Petaluma Ave. Homes	Sebastopol	0	45	0	45	Family/Elderly	Rental	2009	\$ 495,000
Robinson Rd Transitional	Sebastopol	0	0	14	14	Transitional Hsg	Rental	Planning	\$ 500,000
Bodega Ave Townhomes	Sebastopol	10	0	0	16	Family	Owner	1993	\$ 116,850
Hollyhock	Sebastopol	34	0	0	34	Family	Owner	2012	\$ 300,652
Sequoia Village	Sebastopol	11	0	0	20	Family	Owner	2009	\$ 490,889
Firehouse Village	Sonoma	21	9	0	30	Family	Rental	2002	\$ 121,000
Sonoma Creek Apts	Sonoma	14	20	0	34	Elderly	Rental	1987	\$ 125,000
Valley Oaks Homes	Sonoma	0	42	0	43	Family	Rental	2013	\$ 386,972
Village Green II	Sonoma	17	17	0	34	Elderly	Rental	1983	\$ 66,670
Sonoma Commons	Sonoma	14	0	0	14	Family	Owner	1997	\$ 330,000
Wild Flower	Sonoma	19	0	0	36	Family	Owner	2007	\$ 384,590
Sea Ranch Phase 14	Sonoma Coast	6	8	0	14	Family	Rental	1986	\$ 761,250
Sea Ranch Phase 31	Sonoma Coast	31	0	0	31	Family	Rental	1993	\$ 300,000
Cabernet Apartments	Sonoma Valley	7	0	0	7	Elderly	Rental	1988	\$ 209,469
Casablanca Apartments	Sonoma Valley	13	1	0	14	Family	Rental	1994	\$ 260,163
Fetters Family Apts	Sonoma Valley	0	53	6	60	Family	Rental	Planning	\$ 2,591,573
Oak Ridge Apartments	Sonoma Valley	0	35	0	35	Elderly/Disabled	Rental	1986	\$ 1,125,000
Sonoma Valley Apts	Sonoma Valley	16	0	0	16	Family	Rental	1991	\$ 1,408,558
Springs Village	Sonoma Valley	32	48	0	80	Family	Rental	2005	\$ 2,110,488
Bonfini Project	Sonoma Valley	4	0	0	10	Family	Owner	2005	\$ 621,250
Villa Hermosa	Sonoma Valley	22	0	0	22	Family	Owner	1997	\$ 400,000
Sonoma Gardens	Unincorporated	53	6	0	60	Family	Rental	2013	\$ 1,325,000
West Hearn Ave. Vets	Unincorporated	0	0	12	12	Veterans	Rental	2012	\$ 1,568,342
Forest Winds	Windsor	30	18	0	48	Family	Rental	1994	\$ 480,000
Vinecrest Senior Apts	Windsor	0	59	0	60	Elderly	Rental	1998	\$ 412,074
Windsor Redwoods	Windsor	64	0	0	64	Family	Rental	2011	\$ 852,594
Winter Creek Apartments	Windsor	30	10	0	41	Family	Rental	2003	\$ 648,400
Twin Oaks Townhomes	Windsor	10	10	0	27	Family	Owner	1995	\$ 25,000
<b>Totals</b>		<b>1,061</b>	<b>949</b>	<b>75</b>	<b>2,269</b>				<b>\$47,322,903</b>

Note: Total homes exceeds sum of restricted affordable homes when moderate-income or market-rate homes are also included in the development.

# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

### Appendix I: Sonoma County's Affordable Housing Inventory

The following list shows the current rent restricted, subsidized affordable housing developments in Sonoma County. There are a total of 7,520 apartments spread throughout all geographic areas of the County. While most developments are open to families and people of all ages, some developments are designated for specific groups, such as seniors, people with disabilities, farm workers, homeless, and people with special needs.

View continually updated table at: [http://sonomacounty.ca.gov/templates\\_portal/Page.aspx?id=2147503383](http://sonomacounty.ca.gov/templates_portal/Page.aspx?id=2147503383)

Or click on the following link: [Sonoma County Affordable Housing Inventory](#)

Community Name	Address	City	Household Type	Total
Cloverdale Garden Apts	18 Clark Avenue	Cloverdale	Senior 62+ or Disabled	34
Divine Apartments	141 Healdsburg Avenue	Cloverdale	Senior 55+	32
Kings Valley Senior Apts	100 King Circle	Cloverdale	Senior	98
Oak Meadows Apartments	Cloverdale, CA	Cloverdale	All Ages	15
Quincy Court	408 A N. Cloverdale Blvd.	Cloverdale	All Ages	6
Vineyard Manor	19 Clark Avenue	Cloverdale	All Ages	36
Charles Street Village	42 Charles Street	Cotati	Senior	48
Marvin Gardens	770A East Cotati Avenue	Cotati	All Ages	37
Wilford Lane Apartments	160 Wilford Lane	Cotati	All Ages	36
Trenton Court	8005-8007 Trenton Court	Forestville	All Ages	2
Sea Ranch I	P.O. Box 934	Gualala	All Ages	14
Sea Ranch II	P.O. Box 934	Gualala	All Ages	31
Fife Creek	16376 Fifth Street	Guerneville	All Ages	48
Canyon Run Apartments	1689 Canyon Run	Healdsburg	All Ages	51
Fitch Mountain Terrace I	710 S.Fitch Mountain Road	Healdsburg	Senior 62+ or Disabled	40
Fitch Mountain Terrace II	725 A Heron Drive	Healdsburg	Snr 62+ or Disabled	20
Foss Creek Apartments	40 - 62 Grant Street	Healdsburg	Homeless, spec. needs	64
Harvest Grove	293 West Grant Street	Healdsburg	All Ages, Farm Labor	44
Oak Grove Apartments	1570-1592 Grove Street	Healdsburg	All Ages	81
Parkland Senior Apartments	1661 Rosewood	Healdsburg	Senior	23
Riverfield Homes	25 Adeline Way	Healdsburg	All Ages	18

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## *A Policy Maker's Toolbox for Ending Homelessness*

Community Name	Address	City	Household Type	Total
Victory Apartments	308 East Street	Healdsburg	Homeless	4
Victory Studios	306 East Street	Healdsburg	Homeless	7
Casa Grande Senior Apts	400 Casa Grande Rd	Petaluma	Senior	57
Caulfield Lane	1405 Caulfield Lane	Petaluma	Senior	22
Corona Ranch	990 Ely Road	Petaluma	All Ages	74
Daniel Drive	70 Daniel Drive	Petaluma	Senior	5
Downtown River Apts	East Washington	Petaluma	All Ages	80
Edith Street	167 Edit Street	Petaluma	Senior 62+	23
Lieb Senior Apartments	210 Douglas Street	Petaluma	Senior	23
Lindberg Lane Senior Apts	1275 Lindberg Lane	Petaluma	Senior 62+	16
Logan Place	1200 Petaluma Blvd North	Petaluma	All Ages	66
Madrone Village	712 Sycamore Lane	Petaluma	All Ages	23
Mountain View Senior Apts	306 Mountain View	Petaluma	Senior 62+	24
Old Elm Village	2 Sandy Lane	Petaluma	All Ages	87
Park Lane Apartments	109 Magnolia Avenue	Petaluma	All Ages	90
Petaluma Boulevard Apts	945 Petaluma Blvd. No.	Petaluma	Special Needs	14
Rocca Drive	3 Rocca Drive	Petaluma	Special Needs	4
Round Walk Village	745 North Mc Dowell Drive	Petaluma	All Ages	129
Salishan Apartments	780 Petaluma Blvd South	Petaluma	Special Needs	13
Sunrise of Petaluma	815 Wood Sorrel Drive	Petaluma	Senior 62+	15
Vallejo Street I	575 Vallejo Street	Petaluma	Senior	45
Vallejo Street II	579 Vallejo Street	Petaluma	Senior	40
Vintage Chateau I	325 North McDowell Blvd.	Petaluma	Senior	244
Vintage Chateau Snr Apts	325 North McDowell Blvd.	Petaluma	Senior 55+	60
Washington Creek	909 Martin Circle	Petaluma	All Ages	32
Wilson Street 1	231 Wilson Street	Petaluma	Senior 62+	10
Wilson Street 2	154 Wilson Street	Petaluma	Senior 62+	6

# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

Community Name	Address	City	Household Type	Total
Aaron House Rehab	735 Bonnie Avenue	Rohnert Park	Affordable, Disabled	6
Altamont Apartments	300 Enterprise Drive	Rohnert Park	Senior	93
Arbors	450 City Center Dr	Rohnert Park	All Ages	55
Copeland Creek Apartments	101 Enterprise Drive	Rohnert Park	Affordable, Senior 55+	170
Edgewood Apartments	557 Laguna Drive	Rohnert Park	Affordable, All Ages	67
Marchesiello	6920 Commerce Blvd	Rohnert Park	Affordable	7
Muirfield Apartments	712 Laguna Drive	Rohnert Park	Affordable	23
Oak View Senior Living	1350 Oakview Drive	Rohnert Park	Senior, Disabled	45
Park Gardens II	1400 E. Cotati Ave.	Rohnert Park	Affordable	3
Santa Alicia Gardens	120 Santa Alicia Drive	Rohnert Park	All Ages	20
The Vineyards	5210 Country Club Dr	Rohnert Park	All Ages	1
Tower Apartments	781 E. Cotati Avenue	Rohnert Park	All Ages	50
Vida Nueva	705 Rohnert Park Expressway	Rohnert Park	All Ages	23
Alderbrook Heights Apts.	2220-2260 Brookwood Ave.	Santa Rosa	All Ages	32
Amorosa Village I & II	1300 Pebblecreek Drive	Santa Rosa	All Ages	148
Apple Valley	2862, 2866, 2870, 2874 Apple Valley Ln	Santa Rosa	All Ages	8
Arroyo Point Apts.	1090 Jennings Ave.	Santa Rosa	All Ages	69
Bethlehem Towers	801 Tupper Street	Santa Rosa	Senior 62+	160
Brookdale at Chanate	3250 Chanate Road	Santa Rosa	Senior 62+	24
Carrillo Place Apartments	3257 Moorland Ave.	Santa Rosa	All Ages	68
Chelsea Gardens Apts	1220 McMinn Ave.	Santa Rosa	All Ages	120
Colgan Meadows	3000 Dutton Meadow	Santa Rosa	All Ages	83
Country Manor Estates	1380-82 Lance Drive	Santa Rosa	All Ages	2
Crossings, The	820 Jennings Ave.	Santa Rosa	All Ages	48
Cypress Ridge	2239 Meda Avenue	Santa Rosa	All Ages	120
Del Nido (Studios & 1 bdrm)	850 Russell Avenue	Santa Rosa	All Ages	206
Downtown Apartments	431 Beaver Street	Santa Rosa	All Ages	35

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## *A Policy Maker's Toolbox for Ending Homelessness*

Community Name	Address	City	Household Type	Total
Earle Street	439 & 441 Earle Street	Santa Rosa	All Ages	2
Edwards Ave. Townhomes	948 Edwards Ave	Santa Rosa	All Ages	1
Faught Court Townhomes	151 Faught Court	Santa Rosa	All Ages	9
Feeney Apartments	38 Lark Center Drive	Santa Rosa	All Ages	8
Franklin Park Place	1991 - 1995 Franklin Avenue	Santa Rosa	All Ages	2
Gray's Meadow Apartments	2354 Meadow Way	Santa Rosa	All Ages	51
Jay's Place	2805 Park Meadow Drive	Santa Rosa	All Ages	40
Jennings Court Senior Apts	1068 Jennings Ave	Santa Rosa	Senior 62+	54
Larkfield Oaks	5255 Fulton Road	Santa Rosa	All Ages	56
Lavell Village	165 Lavell Village Circle	Santa Rosa	All Ages	49
Marlow Apartments	3076 Marlow Road	Santa Rosa	All Ages	24
McBride Apartments	2350 McBride Lane	Santa Rosa	All Ages	12
Monte Vista Apartments	1409-1469 Range Ave.	Santa Rosa	All Ages	105
Newmark II	3247 Newmark Dr.	Santa Rosa	All Ages	10
North Village 1	2360 Fulton Road	Santa Rosa	All Ages	14
Northpoint Village I & II	2145 Stony Point Road	Santa Rosa	All Ages	110
Olive Grove Apartments	1905-1985 Zinfandel Ave.	Santa Rosa	All Ages	126
Panas Place	2450 Stony Point Road	Santa Rosa	All Ages	65
Papago Court	2824-A Apple Valley Lane	Santa Rosa	All Ages	48
Paulin Creek Apartments	Apple Valley Ln & W. Steele Ln	Santa Rosa	All Ages	48
Quail Run Apartments	1018 Bellevue Avenue	Santa Rosa	All Ages	80
Redwood Park Apts.	2001 Piner Avenue	Santa Rosa	All Ages	32
Rosenberg Apartments	306 Mendocino Avenue	Santa Rosa	Senior 62+, Disabled	78
Rossi/Granite Place Apts	1503 Range Avenue	Santa Rosa	All Ages	2
Rowan Court	2051 W. Steel Lane	Santa Rosa	All Ages	60
Santa Rosa Garden Apts	4601 Montgomery Drive	Santa Rosa	All Ages	111
Silvercrest	1050 Third Street	Santa Rosa	Senior 62+	187

# Building H O M E S

## *A Policy Maker's Toolbox for Ending Homelessness*

Community Name	Address	City	Household Type	Total
Sonoma Creekside	Sonoma Hwy & Boas Drive	Santa Rosa	All Ages	43
Sonoma Gardens	700 Rodeo Lane	Santa Rosa	All Ages	59
Terracina at Santa Rosa	471 W. College Ave.	Santa Rosa	All Ages	98
Timothy Commons	419 Timothy Road	Santa Rosa	All Ages	31
Valley Oak Park	2600 North Coast Street	Santa Rosa	All Ages	231
Victoria Rose	421 8th Street	Santa Rosa	All Ages	1
Vigil Light Apartments	1945 Long Drive	Santa Rosa	Snr 62+, Special Need	48
Village Square Apartments	2605 Range Avenue	Santa Rosa	All Ages	26
Vineyard Creek Apts.	802 Vineyard Creek Dr.	Santa Rosa	All Ages	232
Vineyard Gardens	240 Burt Street	Santa Rosa	All Ages	36
Vintage Park Senior Apts	147 Colgan Avenue	Santa Rosa	Senior 62+	120
Vintage Zinfandel Snr Apts.	2037 Zinfandel Avenue	Santa Rosa	Senior 55+	129
Vista Sonoma Senior Apts.	1401 Townview Avenue	Santa Rosa	Senior 55+	76
Walnut Grove Apartments	450 Stony Point Road	Santa Rosa	All Ages	104
Walraven	2840 Papago Court	Santa Rosa	All Ages	2
West Avenue Apartments	1400 West Avenue	Santa Rosa	All Ages	40
West Oaks Apartments	2542 Guerneville Road	Santa Rosa	All Ages	52
Windham Village	1101 Prospect Avenue	Santa Rosa	Senior 62+	44
Woodcreek Village	101 Boas Dr., Hwy 12	Santa Rosa	All Ages	50
Bodega Hills Apts.	121 W. Hills Circle	Sebastopol	All Ages	24
Burbank Heights	7777 Bodega Avenue	Sebastopol	Snr 62+ Mob. Impaired	138
Burbank Orchards	7777 Bodega Avenue	Sebastopol	Snr 62+ Mob. Impaired	60
Gravenstein North I Apts	699 Gravenstein Hwy	Sebastopol	All Ages	18
Gravenstein North II Apts	699 Gravenstein Hwy	Sebastopol	All Ages	42
Petaluma Avenue Homes	501 Petaluma Avenue	Sebastopol	All Ages	45
Cabernet Apartments	522 W 7th Street	Sonoma	Senior 62+	7
Casablanca Apartments	106,124,132 Boyes Blvd.	Sonoma	All Ages	14



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Community Name	Address	City	Household Type	Total
Donahue Apartments	270 1st Street East	Sonoma	Senior	10
Firehouse Village	578 Second St. West	Sonoma	All Ages	30
MacArthur St Development	293-291 West MacArthur	Sonoma		4
Maysonnave Apartments I	270 First Street East	Sonoma	Senior	10
Maysonnave Apartments II	673 1st Street West Apts	Sonoma	Senior	8
Oak Ridge Apartments	18800 Beatrice Drive	Sonoma	Senior - Disabled	35
Remembrance	745 E. Napa	Sonoma		5
Sonoma Creek Apartments	703-841 Oregon Street	Sonoma	Senior	34
Sonoma Valley Apartments	30 W. Agua Caliente Rd. #C	Sonoma	All Ages	16
Sonoma Village Apartments	61 W. Agua Caliente Road	Sonoma	All Ages	30
Springs Village	17302 Vailetti Drive	Sonoma	All Ages	80
Valley Oaks Homes	875 Lyon Street	Sonoma	All Ages	43
Verano Avenue Apartments	805 Verano Avenue	Sonoma	All Ages	5
Village Green II	650 4th Street West	Sonoma	Senior	34
Bell Manor II	8780 Bell Road	Windsor	Senior	42
Forest Winds	6697 Old Redwood Hwy	Windsor	All Ages	48
Prune Tree Apartments	8686 Franklin Avenue	Windsor	All Ages	9
Vinecrest Senior Apts	8400 Hembree Lane	Windsor	Senior	60
Windsor Park Apartments	8770 Windsor Road	Windsor	All Ages	80
Windsor Redwoods	100 Kendall Way	Windsor	All Ages	65
Winter Creek Apartments	421 Winter Creek Lane	Windsor	All Ages	41
Total				7,520

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### Appendix J: Post Redevelopment Residual and Asset Receipts

The following table shows the \$37 million in Residual and Asset Fund Distributions that were received by local jurisdictions from February 2012 through June 30, 2015. (Sonoma County ACTTC, 2015)

#### **Redevelopment Residual & Asset Fund Distributions - All Years @ 7/31/15**

	<b>FY 11-12 Total Distributions</b>	<b>FY 12-13 Total Distributions</b>	<b>FY 13-14 Total Distributions</b>	<b>FY 14-15 Total Distributions</b>	<b>FY 15-16 Total Distributions @7/31/15</b>	<b>Total Residual &amp; Asset Distributions - All Years</b>
COUNTY GENERAL	1,770,449	9,921,801	3,924,641	3,917,715	251,210	<b>19,785,816</b>
CITY OF CLOVERDALE	8,383	7,031	20,670	35,258	0	<b>71,342</b>
CITY OF COTATI	196,979	139,573	706,964	247,689	127,987	<b>1,419,192</b>
CITY OF HEALSDBURG	823,330	1,275,397	429,352	1,038,243	0	<b>3,566,322</b>
CITY OF PETALUMA	250,496	1,538,992	882,795	840,722	0	<b>3,513,005</b>
CITY OF ROHNERT PARK	502,809	369,751	1,032,800	498,748	0	<b>2,404,108</b>
CITY OF SANTA ROSA	176,518	448,839	565,715	681,742	0	<b>1,872,814</b>
CITY OF SEBASTOPOL	257,886	497,147	293,022	228,936	0	<b>1,276,991</b>
CITY OF SONOMA	0	909,006	311,187	243,583	0	<b>1,463,776</b>
TOWN OF WINDSOR	5,835	1,392,591	282,057	107,955	0	<b>1,788,438</b>
Sub-total Cities	2,222,236	6,578,327	4,524,562	3,922,876	127,987	<b>17,375,988</b>
<b>Totals - County and Cities</b>	<b>\$ 3,992,685</b>	<b>\$ 16,500,128</b>	<b>\$ 8,449,203</b>	<b>\$ 7,840,591</b>	<b>\$ 379,197</b>	<b>\$ 37,161,804</b>

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### Appendix K: Financing Strategy Examples: Bond Issuance vs. "Pay-As-You-Go"

**Figure 1 Affordable Housing Cost Summary: Bond Issuance and Pay-Go Subsidization**

	Scenario 1A (30-Yr Bond) (1)		Scenario 1B (20-Yr Bond) (1)		Scenario 2 (Pay-Go)	
<b>Total Local Subsidy Required (2)</b>						
Nominal \$\$ (2.5% Annual Inflation)	\$123,200,000		\$123,200,000		\$123,200,000	
Constant 2015 \$\$	\$110,000,000		\$110,000,000		\$110,000,000	
<b>Annual Debt Service/Payment</b>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Nominal \$\$ (2.5% Annual Inflation)	\$4,000,000	\$8,200,000	\$4,700,000	\$9,700,000	\$11,000,000	\$13,700,000
Constant 2015 \$\$	\$1,700,000	\$7,300,000	\$2,700,000	\$8,600,000	\$11,000,000	
<b>Annual Total Required Funds Available (3)</b>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Nominal \$\$ (2.5% Annual Inflation)	\$4,800,000	\$9,900,000	\$5,600,000	\$11,700,000	\$11,000,000	\$13,700,000
Constant 2015 \$\$	\$2,100,000	\$8,700,000	\$3,300,000	\$10,300,000	\$11,000,000	
<b>Total Debt Service/Pay-Go Subsidy</b>						
Nominal \$\$ (2.5% Annual Inflation)	\$255,500,000		\$194,500,000		\$123,200,000	
Constant 2015 \$\$	\$165,800,000		\$143,200,000		\$110,000,000	

(1) Both bond issuance scenarios assume a 1.2 coverage ratio and 5 percent issuance costs. The 30-year bond assumes an interest rate of 5 percent and the 20-year bond assumes an interest rate of 4.5 percent.

(2) Assumes 2,000 affordable units requiring \$55,000 in 2015 dollars would be funded over a ten year period beginning in 2015.

(3) This analysis assumes a 1.2 debt payment coverage ratio, which would require 120% of the annual debt payments need to be available, though once the payment has occurred in a given year, the excess funds can be used for other purposes.

*Source: Economic & Planning Systems, Inc.*

### *Affordable Housing Strategies*

As demonstrated above in **Figure 1**, annual and aggregate costs under bonding and Pay-Go scenarios can vary significantly. Consequently, certain funding mechanisms may be better suited to support specific strategies for efficiently delivering affordable units. **Figure 2** below provides a text matrix that illustrates how a number of affordable housing delivery strategies may be suited for either a bond proceed funding structure (providing greater up-front funding and smaller annual payments but requiring a greater aggregate financial obligation in the long-term) or on a “pay-as-you-go” basis (requiring a lesser investment overall but a greater financial obligation on an annual basis).

For example, in order for the County to pursue land banking (site acquisition) or the purchase of existing residential properties for conversion to affordable units, a large up-front financial commitment would be required. Issuing bonds may better support this strategy, as it would provide an up-front funding source that provides greater flexibility and scale to pursue acquisition deals, whereas a Pay-Go approach may require several years’ worth of tax accruals to complete a single transaction. On the other hand, if the County chose to partner with an affordable developer to provide a predetermined number of units on an annual basis or pursue other strategies requiring a consistent source of funding, a Pay-Go funding scenario would likely be better suited as it would avoid the financing costs associated with bonds (issuance costs, interest payments, and debt coverage reserves).

Furthermore, the County may choose to pursue a combination of strategies that require both the issuance of bonds as well as annual contributions on a “pay-as-you-go” basis. An example of such a scenario may be if the County desires to capitalize on opportunity sites in the short-term (be it through land banking or property acquisition) while maintaining support of a voucher program, affordable incentive program, a partnership with affordable developers or other programs requiring annual financial support.

Though **Figure 2** presents a nominal distinction between strategies that may be more appropriate for bonding or Pay-Go financing, EPS does not believe that either financing approach represents a uniquely mandatory approach in the abstract for any particular affordable housing strategy. The primary benefit of bonds is that more money can be accessed earlier, though that comes with financing costs that increase the overall cost of the program. The primary benefit of Pay-Go financing is that the financing costs are avoided and the money is used more directly for affordable housing programs, though some efforts that the CDC may wish to support may require more funding than can be accumulated annually.

Ultimately, the decision to use bond financing or Pay-Go financing must be informed by a comprehensive strategy for affordable housing delivery, taking into account factors including, among other things:

- the affordable housing needs of various communities (household types, income levels, etc.);
- the supply and cost of land or existing housing units that could be converted or retained as affordable;
- the capacity of local or regional affordable housing providers to construct and/or operate more affordable housing;
- the level of tax increment expected to be returned annually; and
- the availability of matching funds from federal, State, or local sources.

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Funding Scenario	Affordable Housing Strategies	
	Category	Description
<b>Bond Proceeds</b> (greater up-front revenues but also greater long-term costs)	Land Banking	Land banking would involve public purchase and improvement of suitable multifamily sites in the County or in partnership with individual cities. These sites would then be offered through a competitive process to qualified developers who would be obligated to build and price-restrict an agreed upon number of housing units. Bonds may allow for more efficient site acquisition.
	Purchase of Existing Units	This would involve buying whole buildings, funding renovations, and offering units on a price-restricted basis to qualifying families. Bonds may allow for more rapid and efficient acquisition and renovation.
	Purchasing Permanent Price Restrictions on New Units	This would involve subsidizing developers of multifamily projects in the development "pipeline" (received, or ready to receive development entitlements) in order to restrict rents on a fixed number of units thus creating "mixed income" projects. Bonds would provide a larger resource that could be tapped as projects are proposed.
<b>"Pay-Go" Strategies</b> (incremental annual funding but avoids financing costs)	Rent Subsidization	A rent subsidization program would offer locally funded subsidies, similar to the federal Section 8 program to qualifying households. These households could use the voucher to offset monthly rent on market-rate housing. Pay-Go may be better suited to support ongoing programmatic funding without incurring the financing costs of issuing bonds.
	Site Readiness and Development Incentive Program	Such an incentive program would involve investing available funds in site readiness (including land assembly), providing needed infrastructure, and writing down all development impact fees on selected multifamily sites as consideration for the developer to restrict prices on an agreed upon number of units. Programmatic strategies such as an incentive program may be better supported through annual payments provided through a Pay-Go structure.
	Partnership with Non-Profit Developers	This strategy would engage non-profit developers to provide, on an annual cycle, a given number of price-restricted units. Non-profits can leverage such funds with LIHTCs and other program funding to maximize housing production. Pay-Go may allow for a consistent and reliable funding structure better suited to support partnerships delivering housing on a annual basis.

**Figure 2 Affordable Housing Strategies by Funding Mechanism**

*Economic & Planning Systems, Inc*

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### Appendix L: Geographic Distribution of Needed Affordable Housing

The proportional distribution of housing need set forth in the Regional Housing Needs Allocation (RHNA) numbers that are developed by the Association of Bay Area Governments (ABAG) could be used to determine where the 2,000 new homes needed should be located. The Very Low-Income figures could be taken as a proxy for the proportionate number of homes for people who are homeless that would be accommodated in each jurisdiction.

<b>ABAG RHNA Final Figures: 2014-2022</b>			
	Very Low Income (0-50% AMI)	Percent of Total	Proportionate Share of Needed New Homes
Cloverdale	39	2%	43
Cotati	35	2%	39
Healdsburg	31	2%	34
Petaluma	199	11%	219
Rohnert Park	181	10%	199
Santa Rosa	947	52%	1,042
Sebastopol	22	1%	24
Sonoma	24	1%	26
Windsor	120	7%	132
Unincorporated	220	12%	242
	1,818	100%	2,000