

Affordable Housing Update and Policy Discussion

June 17, 2015



Workshop Purpose

- ▶ Share information on Results of City's Support of Affordable Housing
- ▶ Provide Program Updates
- ▶ Discuss policy questions
- ▶ Regional Initiatives, Adopt a resolution to endorse the "Community Plan to End Homelessness in SCC, 2015-2020"



Policy Questions & Discussion

What is the next type of Affordable Housing Project? Family, Senior, Youth, Veteran

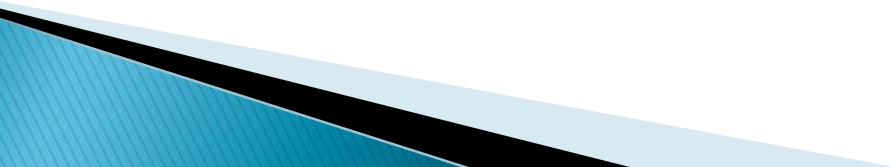
Should the next developer selection be based on negotiated approach or via an RFP process?

Should Morgan Hill adopt the Community Plan to End Homeless in SCC



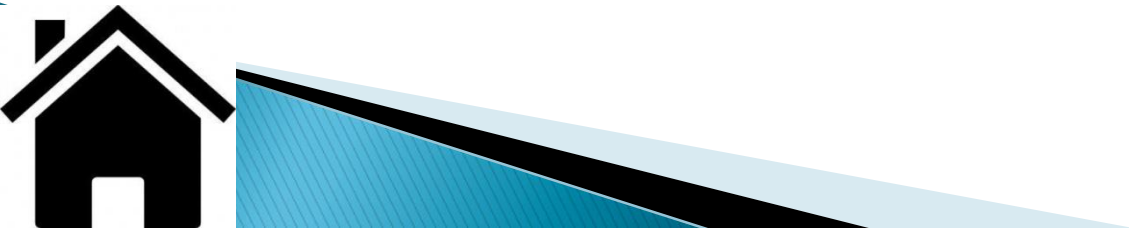
Current Housing Situation

- 500+ BMR Homeownership units
- 100+ units of affordable mobilehome ownership
- 900+ income restricted rental units
- The most expensive housing markets are in Silicon Valley
- Average rent for a 2 bedroom now higher than \$2500 a month
- 1% vacancy rate
- Waiting lists are years long
- 17th most expensive housing market



Morgan Hill Today

- ▶ Increased resident and non residents contact City staff seeking housing
- ▶ Increased developer inquiries due to remaining funding
- ▶ Staff time and resources devoted to compliance monitoring of homeownership units
- ▶ Staff time and resources devoted to proactively protecting covenants



State Initiatives

- ▶ AB 1335 Atkins, permanent ongoing funding source dedicated to Affordable Housing
- ▶ AB 35 Chiu, increase the aggregate housing credit dollar allocated to low income housing
- ▶ AB 90 Atkins & Chau, Federal Housing Trust Fund
- ▶ AB 325 Woods, extension of BEGIN contract Down-payment Assistance



BMR and Senior Rehabilitation Program Housing Trust of Silicon Valley



- ▶ \$300,000 March, 2015 to the HTSV

Mobilehome/Homeowner Grant Program (Senior or disabled homeowners)

- ▶ Presentations conducted at the Senior Center and two mobile home parks
- ▶ 42 intakes (40 Mobilehomes/2 Single family homes)
- ▶ 24 applications received
- ▶ 9 approved applications and pre-site inspections completed
- ▶ Repairs have ranged from roof repair/replacement, water damage, replacement of windows, front porch repair, and safety items (low flow high rise toilets, tub conversions, safety grips in showers).

Homeowner Rehabilitation Program (BMR homeowners)

- ▶ Letter sent to all BMR homeowners
- ▶ 6 intakes
- ▶ 1 application received and in process
- ▶ Repair request: water damage, replacement of windows, termite damage, roof repair/replacement, exterior paint, fence repair.



Future Below Market Rate (BMR) Analysis, Options & Sustainability



- ▶ 500+ homes and growing (Keyser Marston)
- Calculate Cost of providing 8% On-site Affordable Units by Type
- Compare the Cost of providing On-Site Units to the In-Lieu Fee Schedule, \$150,000 per unit
- Evaluate Cost of Providing on-site units affordable at Above Moderate Income, 150% of AMI and 180% AMI “workforce housing”
- Evaluate economic challenges to BMR homeowners (HOA dues, maintenance costs) and BMR best practices
- Evaluate economics of shared appreciation to the economics of long term deed restrictions
- ▶ Current RDCS will create between 12–16 new BMR units annually with another 5–10 units paid out via fee. When SERAF is paid off in 5 years, the Housing Program will be entirely funded by in lieu fees and residual receipts loan payments.
- Do we switch RDCS to a more fee based program to generate additional revenues for sustainability of programs?
- Tracking of BMRs and strengthening internal systems to sustain changes in staffing and nonprofit contractors



EAH 3 site Family & TAY Project Update

- ▶ Building Permit Allocations: competed in RDCS, awarded all necessary building permit allocations for FY 2016–17 (Ciollino Site=8 allocations; E. Dunne =14 allocations & Monterey=19 allocations)
- ▶ Secured Sources of funding: MHSA, HOME and CDBG funding from Santa Clara County.
- ▶ On track for a competitive 9% application in March 2016 with an anticipated award in June 2016
- ▶ Start of construction September 2016
- ▶ Completed by October 2017
- ▶ HACSC RFP for Project based voucher, when available EAH will apply
- ▶ June 2015, EAH will submit project design, development agreement, environmental assessment and other applications to obtain formal project approvals
- ▶ Staff will amend the affordable housing loan agreement from \$3,622,000 to \$4,500,000
- ▶ Transfer of Parcel B Villa Ciollino from SCH, to the City to EAH

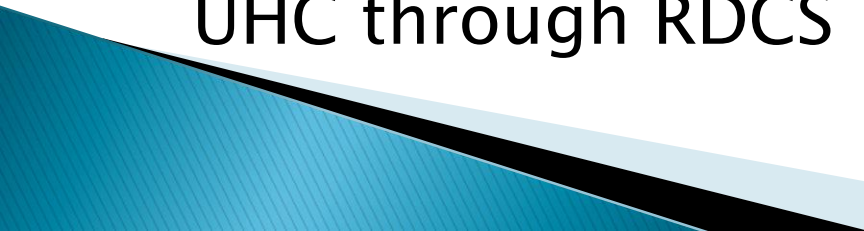


Establish Council's Priorities for the Next Housing Project

- ▶ Family, Youth, Veteran, Senior, Homeless, what is the special needs target population?
- ▶ Staff Recommendation is to develop a Family Project with Transitional Age Youth (TAY) units
 - 2015 City Council Priority “Supporting Youth”
 - greater services for Youth in South County
 - 800+ Homeless Foster Youth in SCC & 900+ Homeless Families in SCC
 - 80% of Foster Youth who experience homelessness have a mental disorder
% 63% in the Justice System
- ▶ 2014 Senior Housing Unit Analysis determined that the City does not face an urgent deficit in Senior Housing, 690 Senior Restricted Units and counting (Lodge Phase II)
- ▶ The Lodge Phase I assisted 17 homeless VA Veterans, lessons learned, services have been strengthened and coordination has improved



Next developer selection, historical negotiated process or issue an RFP?

- ▶ Options: Explore Urban Housing Communities (UHC) Biseglia opportunity or release an RFP
 - ▶ Staff Recommendation is to work with UHC to create a project that meets Council's priorities based on Community Needs as directed by Council
 - ▶ Limited resources to work with more than 1 Developer at a time
 - ▶ Some allocations have already been awarded to UHC through RDCS
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Criteria for next developer selected:

- ❑ Previous experience working with regional partners
- ❑ Strong Development/onsite Property Management History and relationships w/service providers
- ❑ Lower Affordability levels of development
- ❑ Project site and security measures
- ❑ Leveraging and total cost of development
- ❑ Sustainability of Financing
- ❑ Likelihood of obtaining financing
- ❑ Negotiation of terms and repayment
- ❑ Ability to develop a project that meets Community Need as directed by Council
- ❑ Ability to coordinate and ensure appropriate level of services
- ❑ Willingness to apply for Housing Authority Section 8 Project Based Vouchers
- ❑ RDCS Evaluation Criteria
- ❑ Lot Layout and Housing Categories (Needs/Variation)
- ❑ Quality of Construction Standards
- ❑ Housing Element Goals

Regional Initiatives



DESTINATION: **HOME**

- ▶ 2015 “Cost of Homelessness” in SCC, Nation’s Most Comprehensive Report on Homelessness, largest most comprehensive cost study in the U.S.
- ▶ June 18, 2015 Homeless Census Results
- ▶ More than \$3 billion of County services were used by 104,206 homeless residents between 2007 and 2012. This equated to a cost averaging **\$520 million per year.**
- ▶ Destination Home: The Community Plan to End Homelessness in SCC, 2015–2020



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