



DISPELLING THE MYTHS SURROUNDING AFFORDABLE HOUSING

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The League of Women Voters of Marin County recognizes that many arguments have been circulating in recent months regarding major issues in the debate over building affordable housing in Marin County, including issues that relate to Housing Elements and Plan Bay Area. This study is an attempt to provide elected officials, their staffs, and all Marin decision makers with factual information relating to those issues.

BACKGROUND

HOUSING ELEMENT LAW

Since 1969 state law has required each city and county to adopt a general plan that must contain a housing element. It must be updated every 5-6 years and is subject to detailed statutory requirements and mandatory review by the California Department of Housing and Community Development (HCD). The state has long granted each local jurisdiction the right to do its own land-use planning, and housing is considered a land use. The law reflects the state's belief that an adequate supply of housing affordable for workers, families, seniors and the disabled is a matter of statewide importance. Without an appropriate range of housing choices, a jurisdiction places severe impacts on regional infrastructure, air quality and other jurisdictions. It is the state's primary, market-based strategy to increase housing supply, affordability and choice.

The law recognizes that, in order for the private sector to adequately address housing needs and demands, local governments must adopt land-use plans and regulatory schemes that provide opportunities for housing development. (It should be noted that housing elements must provide for all levels of housing affordability, including market rate, a level that most jurisdictions accomplish quite readily.)

The housing element process begins with HCD allocating a region's share of the statewide housing need to the appropriate Councils of Governments (COG). This allocation is based on state Dept. of Finance population projections and regional population forecasts used in preparing regional transportation plans. The COG develops a Regional Housing Need Plan (a process created in the 1980s) allocating a region's share of the statewide need to the cities and counties within the region (RHNA numbers). In the Bay Area the COG is composed of the Assn. of Bay Area Governments (ABAG) (created in 1961) and the Metropolitan Transportation Commission (MTC) (created in 1970).

PLAN BAY AREA

The Plan Bay Area (PBA) has been prepared by ABAG and MTC as the result of two state laws: AB 32 (2006) was aimed at controlling Green House Gases (GHG) to fight climate change; SB

375 (2008) required the state's 18 metropolitan areas to reduce GHG emissions from cars and light trucks. Specific components of SB 375 mandated coordination of regional transportation and land use plans. To accomplish these goals, PBA proposed changes that focus new development in areas that don't contribute to urban sprawl and do encourage public transit, referred to by PBA as Transit Oriented Development.

ABAG invited jurisdictions to designate Priority Development Areas (PDAs) where new growth should be concentrated. Under this plan MTC will direct money for discretionary transportation projects to communities building housing in PDAs. It needs to be emphasized that local jurisdictions are not required to have PDAs and that they, not ABAG, set the PDA boundaries. ABAG has also designated Priority Conservation Areas to protect environmental resources, with \$7.5 million now available in grants.

SB 375 also mandated that local regions use the RHNA numbers to reflect future population and job growth in each jurisdiction. The plan projects lower growth rates for Marin than for any of the other nine Bay Area counties: 9% household growth is projected from 2010-2040 and 17% for jobs over that period, as compared to 27% household growth and 33% job growth for the Bay Area in that time period. PBA figures also highlight the slower growth in Marin figures when compared to Marin's 16% increase in households and 42% increase in jobs between 1980 and 2010, according to the U.S. Census.

Opponents argue that the Calif. Dept. of Finance growth projections, which are lower than the PBA figures, should be used. The DOF projections are based on a demographic model of birth/death/migration assumptions, whereas ABAG's forecast assumes a more competitive Bay Area economy and increasing migration into the area for job growth. The DOF acknowledges, however, "that the ABAG employment methodology and its impact on migration are reasonable."¹

It's important to point out that PBA is generally consistent with Marin planning policies since the Marin Countywide Plan was adopted in 1973—protecting open space and agriculture and preventing sprawl by providing a greater variety of housing choices. Local General Plans also have been consistent with these principles.

AFFORDABLE HOUSING DEFINED

Affordable Housing, sometimes called "workforce housing" or "low-income housing", is defined for public purposes as a range of housing options that does not cost more than 30% of a family's income. Marin's Average Median Income (AMI) is \$103,000 for a family of four. Affordable housing is planned to meet the needs of those at extremely-low income (below 30% AMI), very-low income (below 50%), low income (50-80%) and moderate income (80-120% AMI).²

Fair market rents (which are determined by HUD for each area) at this time are listed at \$1,522 one bdrm; \$1,905 two bdrm and \$2,543 three bdrm. That means an income of at least \$4600 a

¹ Overview of the Regional Housing Needs Determination, DOF Population Projections and PBA Forecast, March 2013

² U.S. Dept. of Housing and Urban Development, Jan. 1, 2012; www.huduser.org/datasets/il/html

month or \$55,200 a year is needed for rent and utilities on a one-bdrm apartment. These rents would exclude many of Marin's residents with service sector jobs: EMTs and paramedics (\$45,470), preschool teacher (\$37,250) and bank tellers (\$29,200). Two thirds of all Marin employees earn less than the \$55,176 annual income needed to rent a median one-bedroom apartment.³

To buy a median-priced home in Marin as of June 13, 2013, (\$797,000 and a down payment of \$79,700) requires an annual income of \$193,000. A median-priced condo is \$330,000, requiring an annual income of \$89,394 and a downpayment of \$33,000⁴. These figures prevent many workers in Marin's major employment sectors from buying in Marin, including those middle-class families who could buy a home elsewhere, but not in Marin where they work. When families "drive 'til they qualify", they add considerable transportation costs to their family budgets, not to speak of impacts on family life, the economy, freeway congestion and the environment.

NONPROFIT HOUSING DEVELOPERS DEFINED

A nonprofit organization, according to the law that governs tax exemption, can earn money (referred to as "revenue", not "profit"), but any funds earned in excess over revenue must be reinvested in the charitable purpose of the organization. Unlike a for-profit organization, a nonprofit is not legally able to disburse revenue to any outside entity either in the form of stock or distributions, so it is not "owned" by any entity other than itself. A nonprofit can compensate an outside entity in exchange for goods and services.

MAJOR MYTHS

LOCAL CONTROL

Efforts to provide affordable housing do not usurp local control from Marin jurisdictions. To most people, local control refers to issues of zoning and density. Each community develops its own zoning and densities. SB 375 SEC.4.Section 65080(j) states that local governments will keep their control over long-range planning and review of proposed developments.

MTC and ABAG have no direct control over local land use planning. Nevertheless, regional efforts will be made through OBAG (One Bay Area Grants, the discretionary transportation funding for PDAs) to assist with local plan alignment with PBA. (Page 2.3-33 EIR)

Local jurisdictions have local land use authority, meaning that in the case where the PBA conflicts with local zoning or specific plans, the local jurisdiction would have ultimate land use authority. (Page 2.3-42 EIR).

³National Low-Income Housing Coalition; www.nlihc.org

⁴TrendVision TM, June 2013

The PBA will only be implemented insofar as local jurisdictions adopt its policies and recommendations. (Page 2.3-42 EIR)

As the ABAG staff has made clear, local general plan updates are not required to use the PBA growth projections for local growth.

The latest protection for local control was added to PBA in July 2013: “Adoption of PBA does not mandate any changes to local zoning, general plans or project review. The region’s cities, towns and counties will retain control of all decisions to adopt plans and permit or deny development projects”.

Development plans for any property are subject to rigorous local approval processes, including extensive discussion of design, traffic impacts and environmental impacts. There are many opportunities for public review and comment on each development proposal before local planning commissions and city/town councils or the county board of supervisors give final approval.

According to John Goodwin, a MTC spokesman, “zoning remains the province of local municipalities (and counties). SB 375 has no effect on that...nor on the type of housing people will live in...”⁵

Ezra Rapport, Executive Director, ABAG, states that “local land use authority and its related decision making rest totally with the city, town and/or county, and this authority cannot be usurped by ABAG. Furthermore, ABAG was created for the purpose of protecting local government land use authority and has consistently supported that position”⁶

DENSITY

People talk about “high density” with differing understandings and images of what that is depending on their orientation. What needs to be understood is that appropriate density is determined by location. In Marin we have densities from 86 units per acre at San Rafael Commons (downtown in Marin’s biggest city) to 14 u/ac at Edgewater Place in Larkspur (along Corte Madera Creek in a mixed-use area) to 34 u/ac at Novo Ro III in Novato (a local neighborhood).

Once a development location is chosen, other density factors come into play: size of units; parking requirements (less for seniors and for affordable and transit-oriented development); clustering the units to set aside open space (Mackey Terrace, Novato, and Drake’s Way, Larkspur); and common space (San Clemente Place, Corte Madera).

In preparing their housing elements, local jurisdictions must identify sufficiently-zoned land, at sufficient densities, to meet their RHNA numbers for both market-rate and affordable units. To

⁵*Pacific Sun*, March 9, 2012

⁶*Marin Independent Journal* letter, February 4, 2012

demonstrate the ability to achieve the number of affordable housing units called for, the state has legislated what it calls a “default density”—the minimum residential density that it assumes will yield affordable housing. Larger jurisdictions, like San Rafael, Novato and Marin County, have a default density of 30 units per acre, while all other Marin cities and towns have a default density of 20 units per acre. (Properties zoned at such densities are therefore assumed to be available for development of more-affordable units). State law allows cities to request a lower default density if they can prove that local conditions, including land values and construction costs, can result in affordable units at lower densities. Novato, for example, is being allowed to claim sites zoned at 23 units per acre as meeting their affordable housing numbers.

In 2001 the *Marin IJ* printed a 32-page insert on “Workforce Housing: Hometown Crisis” that included a discussion of the myth of “density” that opponents continue to raise to frighten and anger communities. That myth continues today with repeated references to what were very high-density urban public housing projects that no longer exist. Such projects as Cabrini Green in Chicago and Pruitt-Igoe in St. Louis were built during the 1940s to 1960s; the former was demolished between 1995 and 2011, and the latter in the 1970s. These references are not relevant to today’s density discussions in Marin.

The myth of density was discussed at length and dispelled in a paper by the Urban Land Institute that discussed national studies of this myth among others.⁷

Marin’s “high density” would be low density elsewhere in the region’s more urban areas. The importance of controlled density in Marin is that it preserves our open spaces and farmland by preventing sprawl. To protect the 83% of the county’s protected open space and agriculture, pioneer planning in Marin in 1973 focused development along the 101 corridor where densities would be higher to accommodate economic vitality, environmental protection and equitable access to housing. This is the model Marin continues to follow today.

The key elements to successful and pleasing high-density developments of 20 to 30 units per acre are proper planning and design that complement and blend into a neighborhood and remain well maintained. These are the types of affordable housing being built today, winning design awards and favorable comparisons to market-rate housing developments.

PROPERTY VALUES

Academics, independent researchers and local government agencies have conducted numerous studies on the effects of affordable housing on property values. These studies include urban, suburban, and rural areas and encompass a range of housing types, including single-family homes, apartments, townhomes, and manufactured housing. These studies also have considered all types of residents such as low-income families, physically and developmentally disabled individuals, seniors and formerly homeless people.

⁷ Richard M. Haughey, “Higher Density Development: Myth and Fact”; Washington D.C.: Urban Land Institute 2005

These studies conducted over the last two decades demonstrate that affordable housing has no negative impact on surrounding property values. Most research, in fact, finds that such housing results in slight increases of property values of homes in surrounding neighborhoods. One such study states that no study in California or elsewhere has ever shown that affordable-housing developments reduce property values. This paper finds that proximity to affordable housing is not a significant factor in determining nearby sales prices.⁸

Key reasons for affordable housing's beneficial impact on property values are that contemporary developments combine attractive design with professional tenant and property management and maintenance.

Empirical evidence gathered by social scientists and other researchers suggests that property values are determined by a variety of factors, not by any single property nearby. These factors include (1) the condition of a particular property for sale; (2) sales of similar neighborhood properties; (3) the number of neighborhood properties for sale; (4) neighborhood amenities, such as parks, schools and transit; (5) urban and suburban expansion; and (6) nearby large-scale commercial and industrial development.

A study by the National Assn. of Realtors revealed that apartments are critical to revitalization efforts. Measuring property values both before and after affordable housing is built, it found that assisted housing has an insignificant or positive effect on property values in higher-value neighborhoods.⁹

The California State Dept. of Housing and Community Development website has comprehensive information about the effects of affordable housing on surrounding property values. Please go to http://www.hcd.ca.gov/hpd/prop_value.pdf.

TRAFFIC

Area-Wide Commuters

As discussed in the introductory paragraphs on housing elements and Plan Bay Area, our state's goal of eliminating greenhouse gases, preventing sprawl and protecting our environment has led to laws that mandate local communities to build more housing for their workers who now are forced to commute to their jobs. According to Richard M. Rosan, president of the Urban Land Institute, "One of the most effective ways to get cars off the road would be to increase the supply of workforce housing near employment centers...Building housing closer to jobs gets at the root of our nation's traffic woes."¹⁰

This is most evident in Marin, where 59.5% of Marin workers commute from outside the county,¹¹ 73.4% of whom are single-occupancy car commuters.¹² That is because rental

⁸ Paul Cummings and John Landis, "Relationships Between Affordable Housing Developments and Neighboring Property Values" (Berkeley: U.C. Institute of Urban & Regional Development, 1993)

⁹ "A Review of Existing Research on the Effects of Federally Assisted Housing Programs on Neighboring Residential Property Values" (National Assn. of Realtors, 2002)

¹⁰ Urban Land, April 2007

¹¹ U.S. Census Bureau, Local Employment Dynamics, OnTheMap Origin-Destination Database, 2008

¹² MTC Travel Forecast Data Summary, 2008

options in Marin do not meet workers' needs and budgets. A few examples: for a monthly rent at the low range of \$500-\$749, the need for workers is 10,070 units, but the supply is only 1,156. At a high range of \$1,250-\$1,499, the need is 18,712 units, but the supply is only 6,695.¹³

These are examples of Marin occupations that cannot afford a typical one-bedroom apartment in Marin, where the median income for a one-person household in 2009 was \$67,750:

EMTs & paramedics (\$45,470)
Office and administrative support (\$42,920)
Preschool teachers (\$37,250)
Home health aides (\$23,900)
Child care workers (\$32,170)
Bank tellers (\$29,200)
Retail salesperson (\$29,930)¹⁴

Because Marin's economy has shifted to such lower-paying retail and service-sector jobs, and there has been no corresponding increase in housing production priced for these jobs, it's clear why the commute situation has grown so much to the detriment of our environment. Between 2004 and 2008 Marin saw the largest daily increase in freeway delay of any county in the Bay Area—an increase of 55%, compared to an average increase of 15% for the Bay Area as a whole.¹⁵

Local Neighborhoods

Traffic, noise, parking and similar issues are controlled by city standards as they are for any other development and are reviewed in the environmental and design stages by a city's planning commission or development agency. Developments with potential impacts beyond city standards are required to mitigate these impacts to acceptable levels.

MTC has done a study comparing the vehicles available in households by income in 2006 and as projected in 2035. Low-income households (less than \$42,700 in 2007 dollars) had 14% of the total number of vehicles in 2006, dropping to 9% in 2035; medium-low income households (between \$42,700 and \$76,800) had 19% in 2006, dropping to 17% in 2035; medium-high income households (between \$76,800 and \$128,000) had 29% in 2006, increasing to 30% in 2035; and high-income households (greater than \$128,000) had 38% in 2006, increasing to 45% in 2035.¹⁶

According to the Marin County Affordable Housing Inventory 2008, the low-income residents have far fewer cars and drive less than comparable Marin households. They also walk or use public transit more often. Forty-two percent of households are car-free, compared to just 5%

¹³ U.S. Census Bureau American Community Survey, 2008, and Quarterly Census of Employment and Wages, 2008

¹⁴ Calif. Dept. Housing & Community Development, State Income Limits, 2009

¹⁵ MTC and Caltrans District 4, Daily Freeway Delay by Bay Area County, 2004-2008

¹⁶ MTC: Travel Forecasts Data Summary: Transportation 2035 Plan for the San Francisco Bay Area, Table A.3. December 2008

of Marin households overall. Only 7% own two or more cars, compared to 60% of Marin households.

It should be noted that what does create traffic growth in Marin is existing development and the lack of public transportation, encouraging homeowners to drive themselves to school, shops, and recreation (Notice in Marin how traffic is lighter and smoother when school is out.)

Finally, it cannot be stated too often that, by building affordable housing near public transit and near where people work, traffic congestion will be reduced, compared with new development not located near services, transit and employment.

CRIME

There are no studies or evidence that show an increase in crime or the presence of criminals when nonprofit-owned and managed housing developments are introduced into a neighborhood.¹⁷

There have been claims that an Urban Institute study equates density with crime. That 2012 study, however, dealt with large-scale relocations of thousands of families from public-housing projects in the central cities of Chicago and Atlanta into other neighborhoods in those cities in the 1990s. That study clearly has no relevance to the housing situation in Marin. Also, the people for whom affordable housing is meant to serve in Marin are those residents who want to remain in Marin and those who want to live where they work.

In 2010 Novato residents complained to the city council that tenants of Bay Vista, a housing complex at the former Hamilton Field, had been involved in criminal acts. In a presentation to the city council, Police Chief Joseph Kreins said that: “when you look at all 10 (of the city’s multifamily) properties taken together, not one of them takes up 1% of our calls for service citywide...and all of them, taken together, take up less than 4%.” During his presentation Chief Kreins acknowledged that some complexes did have problems, which were the result of bad property management and tenant screening. The Bay Vista complex had a for-profit manager who was incompetent and has since been replaced.

Novato is a good example of the incidence of crime not being correlated with a project’s density or its tenants’ income levels, but is related to how well a property is managed and how thoroughly the tenants are screened. It also depends very heavily on the rules governing tenants and how strictly they are enforced. Nonprofit-owner affordable housing being built today is very well managed, usually with active on-site resident managers and security measures with no tolerance for antisocial or criminal behavior. In addition to criminal background checks, they require tenants to have good credit and good references from prior landlords.

¹⁷Richard M. Haughey, “Higher Density Development: Myth and Fact”; Washington D.C.; Urban Land Institute 2005

Again, tenants of affordable housing want the same thing their neighbors want—a safe, attractive place to live in the community. The measures taken by affordable-housing developers are in place not only for their residents but for their new neighbors as well.

SCHOOLS Local Taxes and Fees

Under state law,¹⁸ nonprofit institutions that provide a public good (such as churches/schools/nonprofit housing developments) are exempt from the basic 1% ad valorem property taxes (the portion based on assessed value). In most cases, however, affordable housing developers are subject to special assessments and parcel taxes that are in place to fund schools, libraries, paramedics, parks, public safety, water supply, hazardous waste and other community services.

In addition, affordable housing developments are subject to one-time impact fees, including school impact fees. State law preempts the issue of impacts of new development on school facilities. Therefore, if a developer is required to pay the fees established by the Leroy F. Greene School Facilities Act of 1998 (SB 50), the impacts on school facilities may not be analyzed under the California Environmental Quality Act (CEQA), no other mitigation for impacts on school facilities may be required, and the project may not be denied due to impacts on schools or to the inadequacy of school facilities.

One factor that should not be overlooked when discussing the financial impact of affordable housing on local jurisdictions is that, once tenants move into the housing, they become important to the local economy by spending their money in a variety of local establishments and paying state and local sales tax.

Student Numbers

Of the 101 privately managed affordable rental properties in Marin, 91 provided information on the number of residents and household size. There are currently 4,205 residents being served in these properties. The average household size of these units surveyed is 1.67, lower than the average 2.38 household size in Marin. Over 65% of these households are one-person households. The average household size for family units is 2.16, with 40% having three or more residents. Children under the age of 18 live in 568 of the 1185 multi-family housing units for which this information was provided.

There are 1,086 children in the rental units surveyed who represent 26% of all affordable rental residents and 35% of residents in the family-units subset. Single-parent households account for 38% of all households with children. These numbers are comparable to Marin County as a whole, in which 29% of all households have children, and 34% of households with children are headed by a single parent.¹⁹

¹⁸ Cal. Revenue and Tax Code section 214, overseen by the Calif. State Board of Equalization

¹⁹Marin County Affordable Housing Inventory 2008

SOME MORE INFORMATION

Acronyms.

ABAG:	Assn. of Bay Area Governments
COG:	Councils of Government
DOF:	Calif. Dept. of Finance
GHG:	Green House Gases
HCD:	Calif. Dept. of Housing and Community Development
MTC:	Metropolitan Transportation Commission
OBAG:	One Bay Area Grants
PBA:	Plan Bay Area
PDA:	Priority Development Areas
RHNA:	Regional Housing Need Allocation

A VIEW FROM ACROSS THE COUNTY OF A VARIETY OF 100% AFFORDABLE RENTAL HOUSING COMPLEXES

Ross Valley

Drake's Way, 20 Drakes Way, Larkspur, includes 24 apartment homes for families, community building with a computer learning center, a children's playground, and a gathering place for community events.

Edgewater Place, 26 Edgewater Place off Magnolia, Larkspur, 28 apartments, garden-style apartment buildings are adjacent to a marsh restoration area and near bicycle and walking paths, private patios and balconies, sharing a resident BBQ area. EAH

San Clemente Place, 33 San Clemente Drive, Corte Madera, is an apartment community for 79 families, seniors and special needs households. EAH

Ross Valley Ecumenical Housing, Tam House I at 35 Tamalpais and Tam House II at 121 San Anselmo Avenue, San Anselmo, 21 shared senior housing in downtown.

Bennett House, 53 Taylor Drive, Fairfax, 70 apartments, senior HUD 202 financed. Mercy Charities

Novato

Next Key, Hamilton Parkway, 1385 North Hamilton Parkway, next to Homeward Bound offices, Fresh Starts and New Beginnings, 30 studio apartments for people in job training. Homeward Bound

Mackey Terrace, 626 Owens Drive, 50 senior apartments, HUD 202 financing, land acquired by inclusionary zoning, apartments drawn together in one building served by elevator, hillsides protected open space, community room, common garden. EAH

San Rafael

626 Del Ganado, 12 apartments on Christ Presbyterian Church property, Terra Linda, HUD 811 financed for developmentally disabled adults. LifeHouse and EAH

Maria B. Freitas, 455 Freitas Parkway, 62 apartments, Senior Housing, HUD 202 financed housing on St. Isabella's Church property. Mercy Charities

Parnow Friendship House, 172 North San Pedro Rd, 72 senior apartments with HUD 202 funding, co-sponsored on Rodef Sholom and Catholic congregational land, private balconies, creek setbacks, exercise course, courtyards and a common room.

Rotary Manor – former school now Senior Housing on Fifth Street at E. 100% affordable at low and very low, 99 apartments sponsored by San Rafael Rotary.

Centertown 855 C Street, 60 apartments. 1-4 bedrooms, site acquired by Redevelopment Agency. BRIDGE and EAH

San Rafael Commons, 302 4th Street, near Montecito, 83 apartments for seniors, HUD financed. BRIDGE

Southern Marin

Cecilia Place, 1321 Cecilia Way, Tiburon, common room, central commons, 16 senior studios. EAH

The Hilarita, 100 Ned's Way, Tiburon, 101 apartments, former World War II military housing site.

Farley Place, 515 San Rafael Avenue, Belvedere, 11 units of affordable senior apartments, across the street from the town hall.

Pickleweed Apartments, 651 Miller Avenue, Mill Valley, 31 apartments. BRIDGE

Alto Station, 290 Camino Alto Way, Mill Valley, 2 and 3 bedrooms, 17 apartments, former plumbing supplies site right off Camino Alto, BRIDGE

Camino Alto Court, 260 Camino Alto Way, Mill Valley, 23 apartments all designed for mobility-impaired persons, HUD Section 811. Mercy Charities

B Street Senior Housing, 400 Bee St, Sausalito, 6 apartments, HUD funded.

West Marin

San Geronimo – 100% affordable, shared senior living, acquired through inclusionary zoning.

Point Reyes Family Homes, 12 Giacomini Road, 25 apartments, community room. EAH