



COMMUNITY DEVELOPMENT AGENCY

Brian C. Crawford
DIRECTOR

July 26, 2016

Marin County Civic Center
3501 Civic Center Drive
Suite 308
San Rafael, CA 94903
415 473 6269 T
415 473 7880 F
415 473 2255 TTY

Board of Supervisors
County of Marin
3501 Civic Center Drive
San Rafael, California 94903

SUBJECT: Public hearing to implement landlord incentives program and provide direction on voluntary rent guidelines.

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Dear Board Members:

RECOMMENDATION: To implement policy options aimed at preventing displacement of renters and preserving housing affordability, Staff recommends that your Board:

1. Accept the report on Landlord Incentives;
2. Approve the contract with Marin Housing Authority for the Landlord Partnerships program in an amount not to exceed \$404,000;
3. Approve the scope of the contract with the Community Land Trust of West Marin (CLAM) for the Community Homes Program in an amount not to exceed \$46,000; and
4. Accept the report on voluntary rent guidelines and provide direction to staff.

BACKGROUND: A comprehensive set of policy options to address the County's affordable housing needs was first presented to your Board through a series of four public workshops between October 2015 and February 2016. At the February workshop the Board provided direction to staff as to which policy options should be prioritized. Programs in phase one, including acquisition of multi-family rental properties for preservation as affordable housing and Development Code amendments for junior second units, are scheduled for implementation between August and October 2016 and are underway. Policies in phase two are scheduled for implementation between October 2016 and February 2017 and include the landlord incentives and voluntary rent guidelines programs. Marin Housing Authority staff, the designated lead on these programs, is ahead of schedule for implementing the landlord incentives program and is seeking further direction from the Board on the voluntary rent guidelines due to lack of agreement between County staff and landlord representatives regarding a mutually acceptable voluntary rent limit.

DISCUSSION:

Landlord incentives program. *Marin Housing Authority (MHA) staff will draft a "landlord incentives" program offering a variety of incentives to landlords who rent to low income tenants, including those with Section 8 vouchers. The proposed program will be presented to the Board of Supervisors for consideration at a public hearing. If approved by the Board, the program will managed by MHA (Board approved policy option, February 9, 2016).*

During the workshops on preserving housing affordability and preventing displacement, your Board prioritized incentives to landlords who rent to low income tenants, including those with Section 8 vouchers. Over the last six months, staff from the Marin Housing Authority, the Community Development Agency and the Office of Supervisor Connolly held a series of meetings with representatives of the landlord community to discuss opportunities and to understand common concerns about participating with the Section 8 program and have designed a program to respond to those concerns.

The proposal to implement the landlord incentives program is an innovative partnership between the County of Marin, the Marin Housing Authority and the CLAM, to increase the number of rental homes available for low income persons, in particular, those who hold a Section 8 voucher anywhere in the county, and low-income renters in West Marin, one of the most difficult rental markets in the County.

The contracts will provide funds for Marin Housing Authority and CLAM to implement the program in ways specifically tailored to meet the needs of the different housing markets addressed.

Marin Housing Authority's proposed Landlord Partnerships program aims to expand rental opportunities for families with a voucher by making landlord participation in the program more attractive, more feasible and streamlined. In order to provide coverage for potential financial risks that may be associated with the Section 8 program, the program would cover a range of potential costs, including an increased or double security deposit, a loss mitigation pool for potential damage or non-payment of rent that exceed security deposit, and vacancy loss coverage that would provide a month's rent payment during vacancy.

The above mentioned incentives will also be available to landlords working with CLAM that are choosing to keep their rents affordable in West Marin and rent to low income tenants. CLAM's proposed Community Homes Program will be initiated by conducting outreach to homeowners, including existing property owners, new homeowners and vacation rental owners. Relationships with homeowners will be established and rental rates and affordability explored. CLAM will review the wait list chronologically to find a good tenant match on the basis of income, rental rate, and household size. Prescreened tenants that are deemed a good match will be shared with the homeowner. Final decision on tenant selection rests with the homeowner. A

one year lease will be required and access to incentives will be maintained as long as the unit is rented affordably. Periodic property inspections will also be offered.

Voluntary rent guidelines. MHA staff will begin by collaborating with stakeholders in the community to draft a set of voluntary rent guidelines. The proposed guidelines will then be presented to the Board of Supervisors for consideration at a public hearing. If approved by the Board, the guidelines will apply as a voluntary policy for the unincorporated county (Board approved policy option, February 9, 2016).

Staff from Marin Housing Authority, the Community Development Agency and the Office of Supervisor Connolly held several meetings with landlords, property managers, and leadership from local income property associations to gain input and insight on rental issues from a range of perspectives that represent the broader landlord community of Marin. A meeting with tenant representatives to hear their perspective on voluntary rent guidelines was also held where strong support was expressed for a comprehensive data collection system to track rent increases. As a broad concept, many landlords were receptive and welcoming to the idea of voluntary rent guidelines, particularly as an alternative to a rent stabilization ordinance.

However, a critical challenge in discussions around voluntary rent guidelines is determining an annual limitation on rent increases that will achieve a balance of the primary goals of a voluntary agreement: 1) establishing a limit that will make a positive impact towards affordability for renters; and 2) generating wide-spread participation among landlords. Feedback indicates that many local landlords would be willing to agree to a voluntary rent guideline limiting rent increases to 10% annually; however, such a high limit would have limited impact on preserving affordability for Marin County renters.

Other potential elements of voluntary rent guidelines could include increased advance noticing of rent increases to tenants, and voluntary mediation between landlords and tenants. Potential incentives for participation could be modeled after elements of Marin Housing Authority's proposed Landlord Partnership program, and a rental rehabilitation program in Healdsburg. However, it is unclear whether such incentives would be effective in encouraging landlord participation. In addition, administering an incentives program would require an active registry to track rent increases among participating landlords. Another challenge would be tracking success of the program.

The Board could also consider whether to issue an advisory resolution adopting rental guidelines or create a program similar to the County's Green Business Program that could closely administer incentives such as business promotion through public acknowledgement and program participation. Given the challenges in agreeing on a percentage for annual rent increases, staff is seeking direction from your Board on whether to further pursue the voluntary rent guidelines, as initially approved in concept, or consider alternative options to address rental increases, many of which are being implemented in other jurisdictions. Discussed below are alternatives which could be considered as part of the voluntary rent guidelines or as standalone actions.

Rental Housing Dispute Resolution Program

Establish a mechanism whereby both landlords and tenants may discuss obstacles and present grievances in a neutral and accountable environment and maintain or facilitate productive tenant-landlord relations. Similar programs entail conflict resolution (conciliation, mediation, and/or arbitration), facilitated by a neutral and certified third-party. Eligible subjects for conflict resolution could include: Rent increases beyond an established threshold; security deposits; notices to vacate; maintenance and repairs issues; and service reductions. The program may serve to cultivate goodwill between landlord and tenant communities; facilitate a neutral and accountable environment where landlords and tenants may discuss contentious subjects and actions; and provide more accurate information to the County regarding current issues contributing to the rental housing crisis. Implementation would be dependent on the staffing and funding to accommodate the additional workload produced by program participation.

Data Collection

Staff could pursue developing a mechanism for the routine collection and tracking of rental rates. This approach would respond to requests from the Board of Supervisors and landlord and tenant communities for more precise data on rental housing trends in Marin. The County could function as the sole entity retaining and reporting out on aggregate data only, thereby allaying any potential privacy concerns. Program costs may include staff resources to implement and maintain a data collection system. The data collected through this program would assist the County in monitoring trends in rental housing costs and to help inform future consideration of other affordable housing policy options.

CONCLUSION

Staff recommends the implementation of the landlord incentives program through the approval of the contracts with Marin Housing Authority and CLAM, and requests Board direction prior to proceeding with the voluntary rent guidelines.

FISCAL IMPACT: Funding for the landlord incentive program was approved by your Board as part of the FY 2016-17 Proposed Budget.

REVIEWED BY:

- | | |
|---|---|
| <input type="checkbox"/> Auditor Controller | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> County Counsel | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources | <input checked="" type="checkbox"/> N/A |

Respectfully Submitted,



Leelee Thomas
Interim Planning Manager



Brian C. Crawford
Director

Attachments:

1. Contract with Marin Housing Authority
2. Scope of contract with the Community Land Trust of West Marin
3. Board approved affordable housing policy options, February 9, 2016.

This Board letter and all attachments are available online at:

<http://www.marincounty.org/depts/cd/divisions/planning/housing/affordable-housing>

A full reference copy is available for public review at the Board of Supervisors office, 3501 Civic Center Drive, Suite 329 (8:00 am to 5:00 pm, Monday through Friday) and at the Community Development Agency, Planning Division, 3501 Civic Center Drive, Suite 308 (8:00 am to 4:00 pm, Monday through Thursday, closed Fridays).

Munis Contract # 31700219 (Marin Housing Authority)