



COMMUNITY DEVELOPMENT AGENCY  
HOUSING AND FEDERAL GRANTS DIVISION

August 7, 2018

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

**SUBJECT:** Contracts to implement the Marin Housing Authority's (MHA) Landlord Partnership Program and the Community Land Trust Association of West Marin's ("CLAM") Real Community Rentals program through June 30, 2020.

Dear Board Members:

**RECOMMENDATION:**

1. Authorize Board President to execute contract with MHA in an amount not to exceed \$450,000, for a two-year continuation of the Landlord Partnership Program; and
2. Review the scope of work for a proposed agreement with CLAM, in an amount not to exceed \$50,000, for a two-year continuation of the Real Community Rentals program.

**BACKGROUND:**

In 2016, your Board approved two policies designed to assuage the affordable housing crisis by leveraging federal and community resources to create more affordable housing opportunities within the existing rental market.

In July of that year, your Board funded two-year pilot landlord incentives programs, administered by MHA and CLAM, to encourage the creation of affordable rental units within the existing rental market. Those programs incentivized landlords to participate in the Housing Choice ("Section 8") voucher programs and encouraged homeowners to create affordable rental opportunities through bedroom conversions or the development of Accessory Dwelling Units (ADU).

The majority of the initial \$450,000 general fund allocation was earmarked for MHA's Landlord Partnership Program, which aimed to leverage federal funding for Section 8 vouchers that subsidize market-rate units to a price that is affordable for low-income households. Section 8 vouchers are seen as a tool for promoting economic and social integration.<sup>1</sup> However, the advantages of vouchers depend on the ability of voucher recipients to locate a landlord who will accept the voucher. Accordingly, MHA developed the Landlord Partnership Program to address concerns expressed by the landlord community as causes for their hesitancy to rent homes to voucher recipients.

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<sup>1</sup> Freeman, L. (2011). *The Impact of Source of Income Laws on Voucher Utilization and Locational Outcomes*. U.S. Department of Housing and Urban Development.

To further support this strategy of encouraging voucher utilization to increase housing affordability and choice, your Board adopted a fair housing source of income ordinance in November 2016<sup>2</sup> and broadened its applicability in March 2017.<sup>3</sup> The fair housing source of income ordinance prevents landlords from advertising or stating a preference for certain sources of income, from charging a higher deposit based on a person's source of income, and from treating a person differently based on their source of income. A national survey conducted by the U.S. Department of Housing and Urban Development found that the "success rate" for voucher holders, or the probability that they had been able to find suitable housing, increased by 12 percent in the parts of the country where source of income protection is in effect. The study showed that source of income protection laws gave voucher holders a "significantly higher probability of success" of finding a place to live.<sup>4</sup>

Since March 2017, staff have supported your Board in efforts to encourage Marin cities and towns to consider adopting similar source of income ordinances and have provided technical assistance for those jurisdictions that have chosen to explore the policy. The Town of Fairfax adopted a source of income ordinance on April 4, 2018 and the City of Novato is anticipated to take up the matter again this fall. Further, the City of San Rafael is expected to explore source of income protections in a workshop tentatively scheduled for this fall and other Marin towns are considering similar ordinances.

**DISCUSSION:**

The two-year pilot landlord incentives programs funded by your Board in July 2016 concluded at the end of June 2018. Both MHA's Landlord Partnership Program and CLAM's Real Community Rentals program successfully achieved and surpassed their contract deliverables stipulated in the 2016 scopes of services. Semiannual progress reports that document programmatic successes and discuss challenges are provided as Attachment No. 3 and 4. Remarkably, CLAM developed 13 new affordable rental opportunities in underutilized homes and MHA increased its success rate from 56% to 59%.

Building upon these successes, the 2018 contract scopes of work for the landlord incentives programs features objectives and deliverables designed to further advance the County's goals of promoting affordable housing opportunities that are both equitable and fair to families, and practical and convenient for housing providers.

In the proposed second, two-year contract term, the Landlord Partnership Program will double the initial advances it made in the improvement of MHA's voucher success rate. By June 2020, MHA will increase its voucher success rate from 59% to 65%. As a strategy to increase its success rates, MHA will participate in meetings, attend public hearings, and provide information as appropriate to facilitate the expansion of source of income ordinances to Marin jurisdictions.

Two of the financial-based incentives administered by MHA through the Landlord Partnership Program – security deposit assistance and vacancy loss coverage – will

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<sup>2</sup> Marin County Ordinance No. 3656

<sup>3</sup> Marin County Ordinance No. 3667

<sup>4</sup> Finkel, M. and Buron, L. (2001). *Study on Section 8 Voucher Success Rates: Volume I Quantitative Study of Success Rates in Metropolitan Areas*. U.S. Department of Housing and Urban Development.

be restructured so that their maximum amount will be defined as equivalent to one-month's rent. This change renders the program more responsive to rental market fluctuations and increases access for larger households and to the landlords who rent to them, as their security deposit or vacancy loss will be proportionally equivalent to that of smaller households who rent less-expensive units.

To ensure equitable impacts, MHA will increase its reporting to include more detailed demographic trends and analyses of the geographic areas where voucher-holders successfully find homes.

Having laid the educational and social groundwork for promoting the development of new affordable rental housing opportunities in West Marin, CLAM plans to build on its partnership with Bolinas Community Land Trust (BCLT) and San Geronimo Valley Affordable Housing Association (SGVAHA) to expand its reach and support of property owners who desire to create affordable rentals. CLAM will double its target number of new affordable units for the second two-year phase of its Real Community Rentals program and engage in long-term affordability monitoring of created units to gauge the success of this innovative program.

**CONCLUSION:**

Staff recommends execution of contracts with the MHA and CLAM for their landlord incentives programs to extend their landlord incentives programs as a strategy to promote affordable housing and fair housing choice throughout Marin.

**FISCAL IMPACT:**

Funding for these landlord incentives programs in an amount not to exceed \$500,000 was approved by your Board as part of the FY 2018-19 Proposed Budget.

The Munis contract number for the MHA Landlord Partnership Program is 31900338.

**REVIEWED BY:**

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

Respectfully submitted,

Debbi La Rue  
Planner

Leelee Thomas  
Planning Manager

**ATTACHMENTS**

1. Contract with Marin Housing Authority for the Landlord Partnership Program.
2. Scope of contract with CLAM for the Real Community Rentals program.
3. Landlord Partnership Program semiannual progress report, January – June 2018.
4. Real Community Rentals semiannual progress report, January – June 2018.