Affordable Housing and Anti-Displacement Policies

The following strategies are to serve as a manual of policies to aid municipalities in strategies that provide and preserve affordable housing and mitigate the displacement impacts that are often generated from gentrification. The nature of these policies can be effectively grouped into four categories:

-*Production policies* – those that seek to produce new supplies of affordable housing.

-*Preservation policies* – those that seek to preserve the existing supply of affordable housing.

-*Tenant protections and support policies* – those that seek to protect the ability of tenants to continue occupying affordable housing.

-*Asset building and local economic development policies* – those that seek to increase the capacity of residents to obtain housing.

All of these strategies can be combined and used in various formats to aid municipalities' overarching anti-displacement goals.

Production Policies

Policies that aid in the production of new supplies of affordable housing can be further broken down into those involving fiscal strategies, taxing powers, land use controls, and assets and investments.

Fiscal Strategies

Impact Fees for Affordable Housing:

Impact fees can be imposed onto any new development within a locality with the purpose of paying for the services required by that development. Studies show that the production of market-rate housing in an area subsequently leads to growth in low-wage jobs, generating a need for affordable housing for those workers (Non-Profit Housing Association of Northern California). Identifying this nexus provides justification for municipalities to impose impact fees on developments to set aside for the production of new affordable housing.

Many cities and counties in the San Francisco Bay Area leverage impact fees on developers, either on a per-unit or per-square foot rate. These rates are determined by nexus studies and are generally conservative in their estimates so as to be legally defensible. Examples of some of these policies have been outlined by Midpen Housing Group and can be found here:

http://www.midpen-housing.org/wp-content/uploads/2014/02/MidPen-Impact-Fees_March-2014.pdf

Alternatively, municipalities can grant exemptions from fees for developers who opt to include affordable units in their developments to incentivize the production of affordable housing. For example, the City of Portland, Oregon usually requires developers to pay system development charges (SDCs) to offset a development's impact on public facilities and infrastructure, but affordable housing developments are exempt from paying these fees. More information on this program and the qualifications for exemption can be found here:

https://www.portlandoregon.gov/phb/61105

Jobs-Housing Balance and Commercial Impact Fees:

A jobs-housing balance refers to an approximately equal distribution of job and housing opportunities within a locality and is measured by the ratio of the number of jobs to the number of households. Impact fees on commercial developments are one way for municipalities to generate funds for affordable housing to help ensure that the production of housing keeps pace with the influx of jobs for workers of all wage levels. Boston's commercial linkage fee program has enjoyed considerable success, generating upwards of $5-$7 million per year and funding the production or preservation of around 8,500 units of affordable housing in the 30 years since the program's enactment (Chapple et al. 2015). More information on this program can be found here:

http://housingtrustfundproject.org/boston-linkage-fee-for-large-scale-developments-produces-jobs-and-housing/

http://www.mitod.org/linkagefees.php

Community Benefits Agreements

Community Benefits Agreements (CBAs) are contracts established between community groups and real estate developers that outline requirements for the developer to include certain benefits and services or to provide mitigation strategies in exchange for developing their project within said community. Provisions from CBAs are often widespread in nature and the production of affordable housing units is a common requirement established by communities that are at-risk for gentrification and displacement. Besides the direct generation of affordable housing units, CBAs can also indirectly benefit affordable housing through first-source and local hiring that helps community members build assets to maintain their tenant status.

The Los Angeles Sports and Entertainment District CBA, also known as the "Staples" CBA after the Staples Center, is a prominent local example of how CBAs can generate affordable housing units, with a required minimum of affordable housing units having to be met in housing developments that were part of the project. Alternatively, the San Diego Ballpark CBA required and funded studies on how the development will affect land prices and affordability conditions for existing low-income residents.

More information on these CBAs can be found here:

Los Angeles:
http://www.forworkingfamilies.org/resources/staples-cba

San Diego:
http://www.forworkingfamilies.org/sites/pwf/files/documents/Ballpark%20CBA.pdf

Housing Trust Funds

Housing trust funds are government-established funds created from a pool of fees and taxes levied on real estate development and/or other sources. They provide gap financing for the construction and maintenance of affordable housing units from various sources of agreed upon public revenue rather than municipal budget allocations. San Jose's use of a housing trust fund, along with other policies, is credited as having helped prevent displacement in the Diridon District (Chapple et al. 2015). Additional information on municipal housing trust funds can be found here from the Center for Community Change:

http://housingtrustfundproject.org/housing-trust-funds/city-housing-trust-funds/

Taxing Power Strategies

Tax Exemptions for Non-Profit Affordable Housing

Tax exemptions for charitable or non-profit developers of affordable housing can be used to incentivize the production of additional affordable housing units. These exemptions help to relieve the tax burden otherwise felt by low-income tenants. Portland's Non-Profit Low Income Limited Tax Exemption (NPLTE) is one example of how tax exemption policies can be used to bolster the supply of affordable housing:

http://housingtrustfundproject.org/housing-trust-funds/city-housing-trust-funds/

Levying Parcel Taxes; Tax Increment Financing Districts

Municipalities can secure funding for affordable housing by using revenue acquired from parcel tax levies and/or subsidies from tax increment financing (TIF) districts. TIF districts generate funds from all normal annual future real estate tax increases from each parcel within the district boundaries, which are usually drawn around properties situated nearby a (re)development site. Anticipated tax revenue generated by the project, if applicable, is also included. Yearly tax revenue increases are combined with any increase in site value that may occur from private/public investment, and these increases provide the the tax increment necessary to fund affordable housing projects. In short, TIF districts borrow against future improvements in land value to finance revitalization efforts.

Seattle has produced over 12,500 affordable housing units for seniors, low and moderate-income level residents, and the homeless since 1981 through four tax levies as part of the Seattle Housing Levy. The Seattle Housing Levy is up for a renewal vote at the end of 2016. More information on the program can be found here:

http://www.seattle.gov/housing/levy/

The City of Portland has used TIF districts that allocated funds toward developing preserving affordable housing. The TIFs aim to protect the city's most economically vulnerable populations, and in the 2012-2013 fiscal year alone generated $28 million in funds to generate and preserve nearly 1,000 units of affordable housing (Chapple et al. 2015). More information on this can be found here:

https://www.portlandoregon.gov/phb/60811

Enhanced Infrastructure Financing Districts

A variation on TIF districts, enhanced infrastructure financing districts (EIFDs) are governmental entities, authorized under SB 628, which can be used to finance the construction and/or rehabilitation of public infrastructure and certain private facilities. EIFDs are governed by a public financing authority (PFA) consisting of three members of the legislative body of the respective affected taxing entity along with two members of the general public. If more than two taxing entities comprise the EIFD, then the majority of the PFA should consist of legislative members of the participating tax entities and at least two members of the general public.

An EIFD can be established pending a public hearing and the complete dissolution of any former redevelopment agency that the primary taxing entity may have belonged to, including the payment of all successor debts incurred while a part of the redevelopment agency. The district acquires funding from the property tax increment of properties within the district that consent to funding projects within it, in much the same fashion as TIF districts.

The funding of a wide variety of infrastructure projects can be accomplished using EIFDs. These publicly funded upgrades and enhancements can help serve affordable housing projects by providing them with quality, well-maintained infrastructure, the cost of which would otherwise have to be paid for by the developer. Meanwhile, the funding can be used directly to subsidize the development of moderate, low, and very low-income housing units in mixed-income developments, particularly those located in transit-priority projects (TPPs), as well as reimburse developers for the permitting fees and other costs associated with developing affordable housing units within the district. The funding may also be directed to such facilities that provide child care or house providers of consumer services and goods to indirectly assist residents in the development(s).

EIFDs also add a safeguard to ensure that any housing destroyed or removed in a development process is replaced, particularly affordable units. Any affordable units must be replaced on a one-for-one basis, all other units on a one-to-four basis, and relocation benefits must be allocated to displaced tenants. Furthermore, replacement affordable units must be ensured affordable status under covenant for 55 years for renter-occupied units and 45 years for owner-occupied units for low and moderate-income tenants.

The flexibility, wide applicability, and reliability of a constant revenue stream make EIFDs very appealing funding mechanisms for projects such as the Los Angeles River revitalization efforts, which is one of the first major projects in California considering the use of EIFDs. More information on this can be found here:

https://nextcity.org/daily/entry/new-california-funding-tool-eifd-financing-la-river-makeover

More information about the specifics of EIFDs can be found here:

http://abag.ca.gov/events/ga/2015/SB628.pdf

Community Revitalization and Investment Authority

Another entity similar to TIF districts that can be used to provide funding for affordable housing developments is a community revitalization and investment authority (CRIA), authorized under AB-2. These districts allow government entities to invest in communities that exhibit high crime and unemployment rates as well as deteriorating, aging, or inadequate infrastructure and buildings. CRIAs can be created by a city, county, jointly by a city and county, or by a combination of local governments through a joint powers authority (JPA), and are administered by a board consisting of government representatives of the affected taxing district(s) and at least two members of the general public.

To qualify for the creation of a CRIA, 80% of households in the prospective district must have a median income of less than 80% of the State's median household income. Additionally, three out of the four following requirements must be satisfied: unemployment at least 3% higher than the State-wide median, crime rate at least 5% higher than the State-wide median, deteriorated or inadequate infrastructure, and deteriorated commercial and residential structures.

Just like TIF districts and EIFDs, CRIAs freeze property taxes in the respective district at the time of approval and collect the corresponding tax increment increases to fund projects with. This may involve including provisions for the receipt of expenses made by the CRIA. Worthy of note is that all taxing entities within the district have to consent to their tax increments being diverted for community redevelopment funding.

Provision of funds for affordable housing is a primary focus of CRIAs. At least 25% of all tax revenues generated by a district must be diverted to a fund that's purpose is the creation and rehabilitation of low and moderate-income housing. Additionally, CRIAs may allocate funding toward the rehabilitation, repair, construction or upgrading of public infrastructure within the district, the acquisition and transfer of real property, the issuance of bonds, and to other mechanisms that indirectly contribute to affordable housing.

Further details on the creation and powers of CRIAs can be found here:

https://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Hot-Issues/New-Tax-Increment-Tools/AB-2-Summary-10-6-15.aspx

Bonds

Municipal and State governments can use proceeds from the sale of tax-exempt bonds to secure funding for affordable housing. Also known as *mortgage revenue bonds* and *multifamily housing bonds*, they help finance mortgages for low-income first-time home buyers and/or help fund the production of new units at rents that are affordable to low-income families.

New York City's "Ten Year Plan", launched in 1985, has been a largely successful effort at producing and rehabilitating affordable housing units through the combined funds from bonds, the city budget, and other state and federal financing sources. From 1981 to 2003, the city funded the creation of 34,000 units of affordable housing, the restoration of 49,000 units through gutting and rehabilitating of formerly vacant structures, and had provided subsidies for the renovation of approximately 125,000 other affordable units (Chapple et al. 2015). More information on this program can be found here:

http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf

Land Use Controls

Expediting Affordable Housing Permits/Reducing Parking Requirements

Cities can use land use and zoning controls in a large variety of ways to reduce the cost for developers of producing affordable housing by or by easing requirements that lead to an increased cost. Expediting the permitting process for affordable housing developments and easing or doing away with minimum parking requirements are the two most common ways in which municipalities can provide these incentives to developers.

San Diego has a program that expedites development for affordable and/or sustainable infill projects.

More information can be found here:

http://www.sandiego.gov/development-services/pdf/industry/infobulletin/ib538.pdf

The Southern California Association of Non-Profit Housing has produced a guidebook that advises how to set (or not set) parking requirements for affordable housing developments.

http://www.scanph.org/files/Parking%20Requirements%20Guide_forweb.pdf

Inclusionary Housing/Zoning

By far one of the most common strategies that municipalities employ toward the production of affordable housing is the mandating of inclusionary housing or zoning policies. Inclusionary housing or zoning policies require that a certain number or percentage of units in any residential development be designated as affordable. Some policies permit developers to include these units off-site, while others require their inclusion in the same building as market-rate units. Policies differ as to whether their requirements establish the minimum based on number or percentage of units, whether they apply to rental or ownership housing or whether the required affordable housing units are proportioned by income level. It is common for inclusionary policies to establish that a minimum of 10-15% of units in any development be affordable, and/or to have a base minimum number of units, usually four to ten, that trigger the requirement for affordable units (Chapple et al 2015).

For example, in Richmond, California's inclusionary housing policy, developers must allot a certain number of units as affordable housing, with the minimum percentage requirement varying by income level: 17% to moderate income, 15% to low income, 10% to very low income, or 12.5% to low and very low income (Chapple et al 2015). Alternatively, in San Bruno, of the 15% of units in a project that are required to be below market rate (BMR), 40% must be for very low-income households and the rest for low-income in rental projects, while 40% must be reserved for low-income households and the rest for moderate-income in ownership projects (Chapple et al 2015). More information on these policies can be found here:

http://ca-richmond3.civicplus.com/DocumentCenter/Home/View/8369

https://sanbruno.ca.gov/gov/city_departments/commdev/housing/bmr_housing_program.htm

Additionally, it is common for inclusionary housing policies to offer an "in lieu" fee for developers to pay to exempt them from providing affordable housing in their developments. The proceeds from this fee can then be allocated toward other affordable housing projects.

Inclusionary housing and zoning policies work best in strong housing markets. They are generally easy to pass at minimal cost to a municipality and do not require new tax funding or the allocation of general funds.

Density Bonus in Exchange for Affordable Units

Instead of explicitly requiring affordable housing units, another way for municipalities to incentivize their development is through offering a density bonus to developers who include affordable units in their projects. California's Density Bonus Law allows a developer to build at a density that exceeds the limits otherwise imposed on the space. They work well in transit-oriented development projects or high-density neighborhoods, especially when combined with an easing or removing of parking requirements for the developer. Density bonuses act as a cost offset, allowing the developer to earn extra revenue from the additional units to make up for the lost revenue in the affordable units.

New York City implemented a strong density bonus initiative as part of an inclusionary housing policy that successfully produced about 2,700 permanently affordable rental units between 2005 and 2013 (Chapple et al 2015). East Palo Alto passed a density bonus program as part of its collection of affordable housing strategies in 2008 (Chapple et al 2015). The Cornfield Arroyo Seco Specific Plan (CASP), focusing on Los Angeles' Chinatown, encourages developers to take advantage of the California Affordable Housing Density Bonus program and orient development toward the two Gold Line metro stations planned for the neighborhood (Chapple et al 2015). The Vermont/Western Station Neighborhood Area Plan (SNAP) provides height and density bonuses for mixed-use developers and floor area bonuses for community centers within 1,500 feet of a metro station, as well as a 15% reduction in parking requirements (Chapple et al 2015). More information on these programs can be found here:

New York City:
http://www1.nyc.gov/site/planning/zoning/districts-tools/inclusionary-housing.page

CASP:
http://cityplanning.lacity.org/EIR/CornfieldArroyo/Ord_Adopt/Web00_CASP_Cover_TOC.pdf

Vermont/Western SNAP:
http://planning.lacity.org/complan/specplan/pdf/VermontWesternTOD.pdf

Accessory Dwelling Units

Allowing homeowners to create accessory dwelling units as part of California's Second Unit Law (AB 1866) on their properties is another method in which land use and zoning controls can be leveraged by a municipality to create affordable units. These policies work particularly well in built-out cities with limited additional land available for development. These policies also enable additional units to be created without a dramatic increase in parking demand, and require no additional government investment to implement. This enables funds to be allocated toward additional policies that support affordable housing development. The largest hurdles to accessory dwelling unit policies are usually regulatory hurdles tied to parking requirements.

Here is a link to AB 1866:

http://www.hcd.ca.gov/housing-policy-development/hpd_memo_ab1866.pdf

PlanCheckLA has compiled a list of various requirements in addition to those of the State that municipalities in Los Angeles County have instated in their accessory dwelling unit policies:

http://plancheckncla.com/2009/12/adus-what-can-be-done/

Assets and Investments:

Public Land Dedication to Affordable Housing

One method in which municipalities can use their assets and investments to generate affordable housing is by dedicating publicly-owned land to its production. Land owned by the city usually has the added benefit of already having necessary infrastructure improvements made, taking the burden of providing them off of developers and reducing project costs. Other programs operated by municipalities can be easily leveraged to subsidize the development of affordable housing at these locations.

The strongest policies involving the dedication of publicly-owned land to affordable housing development often have plentiful community engagement and cognizance among community members and policy-makers of the fact that additional subsidies will have to be used to fund its development in addition to the granting of land. The Urban Land Institute provides an analysis of policies in the Washington, D.C. region that use publicly-owned land to generate affordable housing, acknowledging the importance of understanding the relationship between land values and the affordability gap (Hickey and Sturtevant 2015). Their analysis can be found here:

http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI_PublicLandReport_Final020215.pdf

Land Banking

Land Banking involves generating investment in land through infrastructure improvements, revitalizing abandoned properties, and other enhancements for the purpose of readying it for future affordable housing development. A prominent example of land banking being used for the production of affordable housing is the Fulton County/City of Atlanta Land Bank Authority, which prioritizes land transfers for the purpose of affordable housing and allows developers to acquire tax-delinquent properties at below market prices in exchange for producing affordable housing on the site (Chapple et al 2015). This land banking authority is also a part of the Atlanta TOD Collaborative, which focuses on providing equitable housing opportunities concentrated near transit stations. More information on each of these agencies can be found here:

Fulton County/City of Atlanta Land Bank Authority:
http://fccalandbank.org/

Atlanta Transit-Oriented Development Collaborative:
http://www.atlantaregional.com/File%20Library/Land%20Use/TOD/lu_tod_todcollaborative_1pager.pdf

Preservation Strategies

Rent Stabilization/Control

Rent stabilization or control measures are policies a municipality may enact that limit the amount in rent that a landlord may charge a tenant. These policies establish a fixed dollar amount as the maximum rent, and usually provide for limited allowable yearly increases. These increases are set by a board, and are generally tied to inflation. The consumer price index (CPI) is most often used as a benchmark for setting allowable increases, and there may be no more than once increase per year. The California Tenants' Rights Guide classifies rent control policies as weak and moderate-strong. Weak rent control policies allow rents to be raised above a fixed amount unless the tenant files a complaint with a rent control board, and developers do not have to register rent-controlled units with the city. Moderate-strong rent control policies require registration of rent-controlled units with the city, require evidence to be provided by the developer as justification for raising rents beyond the set threshold, and require the inclusion of a just cause ordinance.

Policies may vary as to what units they apply to. In California, under the 1995 Costa-Hawkins Act, no rent control policies may be enacted on any properties built after 1995 (Chapple et al 2015). In San Francisco, rent control policies only apply to buildings built before 1979 (Chapple et al 2015). The effective year at which rent control policies apply should be set based off of the average date of construction of residential buildings in each respective municipality.

The Costa-Hawkins Act also provides for vacancy decontrol, which allows landlords to set market-rate rents on a unit that has become vacant (Chapple et al 2015). Vacancy decontrol laws may give landlords incentive to push out tenants in rent-controlled units, and care must be taken to prevent unjust or no-fault evictions. The inclusion of anti-harassment provisions and just cause ordinances requiring landlords to provide a just cause for eviction can be extremely beneficial in this matter.

Rent stabilization and control laws have received much praise and scrutiny from various sources. Some scholars have pointed out possible the economic consequences of reduced quantity and quality of rental housing, stating that when landlords cannot earn at a competitive rate, they under-maintain units (Chapple et al 2015). Care must be taken to prevent this phenomenon from occurring and to maintain quality rent-controlled units for tenants. Other scholars (Freeman and Braconi, Ellen and O'Flaherty) argue that the benefits of increased security in tenure for vulnerable residents in rent-controlled units outweigh any possible economic drawbacks (Chapple et al 2015). Ultimately, the success of rent control policies is significantly contingent on the specifics of the policy and market conditions.

Chapple et al acknowledge how rent control policies were successful in preventing gentrification-related displacement in three separate case studies. In San Francisco's Chinatown, 92% of units at the time of the study were covered by San Francisco's 1979 rent control policy. East Palo Alto is one of the smallest cities to have instituted a rent control policy, and though it doesn't apply to single-family homes that represent 75% of the city's housing stock, it was a factor in preventing displacement during the study years. Additionally, in San

Jose's Diridon District, 492 units fall under San Jose's rent stabilization ordinance, helping low-income residents remain in place.

Details on these cities' rent stabilization and control ordinances can be found here:

San Francisco:
http://sfrb.org/sites/default/files/FileCenter/Documents/1498-600%20Ordinance%206-14-15.pdf

East Palo Alto:
http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469

San Jose:
https://www.sanjoseca.gov/index.aspx?NID=1355

Condominium Conversions Ordinances

Conversions of rental units to condominiums have historically occurred just before real estate peaks. They are an option for land-scarce cities to open the door for property ownership to people who would be otherwise priced out of the market. There is also a financial incentive for developers to convert their rental units to condominiums, as they can expect a 15-30% return in just a few months. For affordable ownership, condominium conversions also save on the time and costs involved in developing new units.

However, without regulation, condominium conversions can decrease the affordable rental market and limit housing availability for those who cannot afford to own their unit. Condominium conversion ordinances have been adopted by many municipalities to set limits on condominium conversions and safeguard against excessive displacement. Local government regulations require developers to follow the Subdivision Map Act in pursuing condominium conversions, which entails applying for a tract map, attending a public hearing, and securing a public report from the State Department of Real Estate (Chapple et al 2015).

Localities can also establish socioeconomic criteria for regulating conversions to ensure that adequate housing provisions are made for all segments of the population. This can take the form of procedural ordinances and substantive ordinances. Procedural ordinances do not involve direct limits on the number of condominium conversions that can take place, but require a landlord to properly notify a tenant, provide financial assistance for the elderly, low-income residents, or families with minor children, be open to lease negotiation, and sometimes provide relocation assistance (Chapple et al 2015).

Substantive condominium conversion ordinances explicitly limit the number of units that can be converted in a given time period. Substantive ordinances usually prohibit conversions unless the city's vacancy rate is at or above a certain level (usually 3-5%) (Chapple et al 2015). They also generally prohibit conversions from taking place unless the rental to ownership ratio of a building is at or above a certain rate. If a conversion was to push the rental ratio below a certain percentage of the building's units, then it would be prohibited. Additionally, substantive ordinances usually prohibit conversions from occurring in buildings with less than a certain number of units; for example, Burlingame prevents conversions in buildings with fewer than 21 units (Chapple et al 2015).

There were 73 jurisdictions in the San Francisco Bay Area that had adopted condominium conversion ordinances at the time of the study, including Alameda, Santa Clara, and Oakland. Meanwhile, condominium conversion ordinances are the single most common anti-displacement strategy currently in use in Greater Los Angeles, with 27% of all jurisdictions (24 in total) possessing them in some form (Chapple et al 2015). The adoptions of these policies have largely timed with spikes in condominium conversion during peak real estate booms, and their applicability has varied as the real estate market has changed.

Below is a link to the City of Los Angeles's condominium conversion policy:

http://www.caltenantlaw.com/LACondoConv.htm

No-net-loss/One-for-one Replacement Strategies

No-net-loss and one-for-one replacement strategies are adopted by a municipality to ensure that the ultimate number of affordable units within their jurisdiction does not change over time. These policies are primarily used to safeguard against the acquisition and conversion of low-income residential units into higher-income residential units or non-residential uses. If such an acquisition and conversion does occur, the policy acts to require the developer to produce an amount of affordable units equal to those being lost to ensure they are replaced.

The Jordan Downs Urban Village Specific Plan around the 103rd Street/Watts metro station in South Los Angeles carries a no-net-loss policy for affordable units in the revitalization efforts of the Jordan Downs housing project (Chapple et al 2015).

Single-Room Occupancy Hotels Rent and Conversion Controls

Single-room occupancy hotels are a common form of housing for low-income residents, where typically one or two people occupy a single room in a multiple-tenant building. Facilities such as bathrooms and kitchens are usually shared between tenants. Although many of these buildings are zoned as hotels or were former hotels, most operate on a semi-permanent residency basis, offering monthly leases.

Establishing rent controls and restricting acquisitions of single-room occupancy hotels help sustain this type of property as a dense form of affordable housing with relatively low maintenance costs and little to no cost to the city. San Francisco's Chinatown has a large number of single-room occupancy hotels and buildings, most of which are protected under San Francisco's 1980 Single-Room Occupancy Hotel Conversion Ordinance. More information on this ordinance can be found here:

http://www.ccsroc.net/?page_id=148

Mobile Home Rent Controls

Most mobile home and trailer parks have a large percentage of moderate and low-income residents. Imposing rent control ordinances on these types of residences thus provide greater utility for these residences to remain in their units.

There are plentiful examples of mobile home rent control ordinances in both Greater Los Angeles and the San Francisco Bay Area, where they are generally more widespread than rent control ordinances on multifamily properties. In the City of Los Angeles, rent controls on mobile homes are set to a fixed amount that increases yearly, following the CPI. An increase in rent cannot exceed a maximum of 10% during in-place sales of the mobile home park to a new owner (Chapple et al 2015). However, in California, spaces that are leased for one year or more may be exempt from rent regulations, though tenants cannot be required to enter into these leases (Chapple et al 2015). Additionally, since 1992, all newly constructed mobile home parks are exempted from rent regulations (Chapple et al 2015).

More information on the Los Angeles ordinance can be found here:

http://hcidla.lacity.org/Mobile-Home-Parks

Tenant Protections and Support

Rental Assistance

There is a wide variety of non-profit, charity, and government-sponsored rental assistance agencies that help tenants remain in their homes, particularly elderly and low-income renters. These agencies provide rental assistance to those facing eviction and those who are in arrears. Some also help provide funds for security deposits for helping low-income renters first secure a home or provide hotel or motel vouchers. Los Angeles, Long Beach, and Culver City are examples of municipalities in Southern California that have government agencies willing to help provide rental assistance.

Below is a list of rental assistance agencies that can be found in Greater Los Angeles:

http://www.needhelppayingbills.com/html/los_angeles_rental_assistance.html

Tenant Counseling

Tenant counseling involves local governments taking steps to actively educate and inform residents and landlords of their rights and responsibilities under State and local municipal law. This includes, but is not limited to, rent increases, evictions, security deposits, repairs, and other services. When landlords and tenants are educated on these issues, it helps prevent against unethical or unjust proceedings and can be a useful tool in helping low-income tenants that may not have the means or know-how necessary to otherwise acquire this information to remain in their homes.

The Housing Rights Center of Los Angeles and the Housing Rights Committee of San Francisco are examples of two organizations that provide tenant counseling options:

Los Angeles:
http://www.hrc-la.org/doc.asp?id=16

San Francisco:
http://www.hrcsf.org/counseling.html

Proactive Code Enforcement

Proactive code enforcement involves periodic evaluations by local and municipal governments to ensure that landlords and buildings are not breaking any code violations as far as rents, rent increases, evictions, maintenance, and living conditions are concerned. Proactively ensuring that laws are being followed and codes are being adhered to helps reduce the legal and practical costs of dealing with these violations after they have occurred.

ChangeLab Solutions offers an extremely comprehensive guidebook for code enforcement strategies:

http://www.changelabsolutions.org/sites/default/files/Up-tp-Code_Enforcement_Guide_FINAL-20150527.pdf

Just Cause Eviction Policy

Often used concurrently with rent stabilization and control policies, just cause eviction ordinances require that landlords are able to provide evidence of a just cause for evicting a tenant. Just cause eviction policies or ordinances are integral in preventing tenants from being evicted for innocuous reasons, such as a landlord moving in a tenant willing to pay a higher rent. A well-written just cause eviction ordinance is essential to any policy seeking to prevent the displacement of tenants and preserve affordable housing. Otherwise, landlords can remove tenants at their will very easily, and it is often difficult and expensive to provide evidence against them.

Below is a summary of the just cause eviction ordinance for the City of Glendale:

http://www.ci.glendale.ca.us/pdf/JCEBulletin_Eng_10.2008.pdf

Tenant Right-to-Purchase Laws

Tenant right-to-purchase laws ensure that before a landlord can sell a property, tenants must be given a chance to purchase their unit. One prominent example of a tenant right-to-purchase policy is the Tenant Opportunity to Purchase Act in Washington, D.C. (Chapple et al 2015). This law maintains that negotiations between landlord and tenant follow a specified format in the event that the tenant wishes to purchase their property, which varies on the nature of the property. In single-family and two-to-four unit accommodations, the landlord must make an offer to all tenants, with a specified window of time for the tenant to make a decision from which negotiations can proceed. For properties of five or more units, such regulations do not apply.

More information on the D.C. law can be found here:

http://ota.dc.gov/page/tenant-opportunity-purchase-act-topa

Asset Building and Local Economic Development

Minimum Wage

The movement to raise minimum wages is gathering widespread support and scrutiny across the country. As the cost of living has risen nationwide, the federal minimum wage has been periodically adjusted accordingly. Many States and local municipalities have enacted their own minimum wage laws in the event that their elevated cost of living requires increased wages. Purported benefits of increased minimum wages include improved self-reported measures of well-being, increased civic behavior and participation, and an improvement in economic security that gives lower-income tenants the ability to remain in their homes. Scrutiny on minimum wage hikes usually follows the rhetoric that it will slash the number of low-wage jobs, particularly in lower-tier services and in food service, though a 2009 study found that enacting living wage laws was unlikely to harm a city's long-term economic prospects (Chapple et al 2015).

Seattle has garnered much attention nationwide for its recent increase of municipal minimum wage to $15 an hour. The City of Los Angeles recently passed legislation to raise the city's minimum wage to $15 an hour by 2020. More information on these policies can be found here:

Seattle:
http://murray.seattle.gov/minimumwage/#sthash.kCKFeMBn.dpbs

Los Angeles:
https://bca.lacity.org/site/pdf/lwo/Los%20Angeles%20Minimum%20FAQ.pdf

Wage Theft Protections

Wage theft protections are laws that give greater protections to employees and standardize how they are notified about conditions regarding their employment. The California Wage Theft Protection Act of 2011 requires that workers receive notice upon the start of employment of certain information including, but not limited to: rates and basis of pay, allowances, and employer details. Municipalities can institute local codes to further the protections and standardizations required by the State of California.

More information about the CA Wage Theft Protection Act can be found here:

http://www.dir.ca.gov/dlse/governor_signs_wage_theft_protection_act_of_2011.html

Local or First-Source Hiring Ordinances

Local or first-source hiring ordinances require that a certain percentage of workers involved with a project development to be sourced from local disadvantaged communities. These laws are particularly applicable toward projects that are physically occurring within the boundaries of a disadvantaged area deemed at-risk for gentrification and displacement. These ordinances can be curtailed so that workers from disadvantaged communities are sourced during all steps of the project, from community outreach efforts to construction to service jobs in mixed-use developments.

The City of Los Angeles has instituted a first-source hiring ordinance (FSHO) that covers details regarding administration, procedure, recipients, enforcement and more. More details about the ordinance can be found here:

http://bca.lacity.org/index.cfm?nxt=lco&nxt_body=content_fsho.cfm

Individual Development Accounts

Individual development accounts (IDAs) emerged as an asset-building strategy for low-income residents in the United States in the 1990s. Though they vary considerably in their specific policy design, they all enable low-income residents to save and invest in long-term assets with significant return potential. Studies from the U.S. Department of Housing and Urban Development have found that IDAs enable people to more quickly be able to acquire home ownership and safe mortgages as well as to avoid foreclosure.

More information from the U.S. HUD can be found here:

https://www.huduser.gov/portal/periodicals/em/fall12/highlight2.html

Homeowner Assistance Programs

Homeowner assistance programs are a method for those homeowners who are at-risk of foreclosure or struggling with mortgage payments to maintain their home ownership. Nationally, the Making Home Affordable Program established by the Obama Administration allows for numerous tools to help struggling homeowners. These tools include modifying and/or refinancing mortgages and loans, addressing “underwater mortgages”, unemployment assistance, and managed exiting from mortgage contracts.

More information from the U.S. HUD can be found here:

http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure

Housing Rehabilitation Funds

Municipalities and non-profit agencies may receive State and federal funding to assist homeowners with repairing, rehabilitating, and reconstruction of their homes to bring them up to relevant State or local codes. Eligibility is usually contingent upon the homeowner being low-income and must be allocated toward a primary residence. The HOME Investments Partnership Program is a federal program under the U.S. HUD that instructs how these funds can and should be allocated and used.

More information from the U.S. HUD can be found here:

https://www.hudexchange.info/home/topics/homeowner-rehabilitation/

Affordable Housing Funding Sources

Affordable Housing and Sustainable Communities Program (AHSC)

The California Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) program funds land use, housing, transportation and preservation projects that support compact and/or infill development with the objective of reducing greenhouse gas (GHG) emissions. In doing so, the ASHC program also intends to provide mobility options and access to affordable housing and employment centers for residents. Statutes within the program require that 50% of all funds allocated are to disadvantaged communities as defined by CalEPA, and also that 50% of all funds allocated are for affordable housing preservation and development for low-income households.

Eligible recipients are broken into three project areas: transit oriented development (TOD) projects, integrated connectivity projects (ICPs), and rural innovation project areas (RIPAs). Each project area must meet several criteria and possess several components to be eligible for funding. TOD projects must be located within one half mile of a transit station and include either affordable housing development or incorporate housing-related infrastructure. ICPs must lack access to qualifying high-quality transit options and incorporate sustainable transportation infrastructure. RIPAs must also lack access to qualifying high-quality transit options, incorporate sustainable transportation infrastructure, and be located in a rural area.

More information on AHSC program through the California Strategic Growth Council can be found here:

http://www.hcd.ca.gov/financial-assistance/affordable-housing-and-sustainable-communities/

https://www.sgc.ca.gov/docs/AHSC_Frequently_Asked_Questions_10_28_14.pdf

https://www.sgc.ca.gov/docs/AHSC_Summary_02.01.16_FINAL.pdf

Low-Income Housing Tax Credits (LIHTC)

Created as a byproduct of the United States Tax Reform Act of 1986, low-income housing tax credits (LIHTC) are dollar-for-dollar per capita tax credits allocated to each State that are used to give incentives for the utilization of private equity in affordable housing development. The credits are inflation-adjusted and awarded to developers to leverage in affordable housing projects, with the amount of the tax credit determined by the development costs, among other factors. It is estimated that approximately 90% of all affordable housing development in the United States has been at least partially funded through LIHTC.

Tax credits must be used for the construction, rehabilitation, or acquisition and rehabilitation of affordable housing units. At least 20% of residential units must be both rent-restricted and occupied by individuals whose income is 50% or less of the area median income (AMI), or 40% or more of units must be both rent-restricted and occupied by individuals whose income is 60% or less of the AMI. Units must retain their affordable status for at least 30 years.

In determining tax credits awarded to a project, first the total project cost is calculated. From there, eligible basis number is determined by subtracting non-depreciable costs, such as land, permanent financing costs, rent reserves, and marketing costs. If determined by the Department of Housing and Urban Development to be in a "high cost" area, a 130% high cost area (HCA) adjustment is made to the eligible basis. After an eligible basis is made, a qualified basis is determined by multiplying the eligible basis by either the percentage of low-income units to total units or the percentage of the square footage of low-income units to the square footage of total units. Whichever percentage is lower is used as the multiplying factor. The qualified basis is then multiplied by the federal tax rate to determine the maximum allowable tax credit allocation, using a 9% rate for projects without a federal subsidy, and 4% for projects with a federal subsidy. The final tax credit allocation is then based off of each project's specific sources and use of funds and financing shortfalls.

A vast wealth of information about California LIHTC funding options can be found here: http://www.treasurer.ca.gov/ctcac/tax.asp

Public-Private Partnerships

Partnerships between local/municipal governments and private sector developers are a growing collaborative force in affordable housing development. Often, these partnerships will include local businesses as well as non-profit housing providers and advocacy groups. These partnerships can take on multiple different approaches and forms, but their successes hinge upon certain common factors. The Department of Housing and Urban Development (HUD) lists six factors that ultimately, through combination, were indicators leading to success in public-private partnerships (PPPs):

1. Identifiable need
2. Strong leadership
3. Diverse boards and involvement
4. Access to funding

5. Realistic programs
6. Effective utilization of resources

Similarly, HUD noted that most PPPs encounter similar sets of issues and roadblocks that they must overcome, such as conflicts between downtown and neighborhood interests, political changes, problems with prioritizing affordable housing, disconnects between short and long-term solutions, arbitrary guidelines, etc. More information from HUD can be accessed here:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/library/modelguides/1996/1583

The Urban Land Institute (ULI) has compiled a comprehensive guidebook outlining ten steps to ensuring success in pursuing PPPs. These steps can be briefly outlined as follows:

1. Preparing properly
2. Having a shared vision
3. Understanding partners and key players
4. Being clear on the risks and rewards
5. Establishing a clear and rational decision-making process
6. Ensuring all parties make necessary contributions
7. Maintaining consistent and coordinated leadership
8. Establishing early and persistent communication
9. Negotiating a fair deal structure
10. Building trust between participants

The complete ULI guidebook with detailed analyses of each step within the process and accompanying examples of successful PPPs can be found here:

http://uli.org/wp-content/uploads/2005/01/TP_Partnerships.pdf

Some additional examples of PPPs: (to be continued)

EB-5 and Foreign Direct Investment

The EB-5 visa program for immigrant investors, established by the Immigration Act of 1990, allows foreign entrepreneurs, their spouses, and their unmarried children under the age of 21 to apply for permanent residence (green card) with the purpose of making investments into a new American commercial enterprise. A commercial enterprise is defined as any for-profit activity for the ongoing conduct of legal business, and qualifies as “new” if it was created after November 29th, 1990. Older businesses that have been restructured or reorganized in such a way that an effectively new enterprise has resulted also qualify, as well as older businesses that have expanded 40% in net worth through investments or by number of employees.

Requirements for job creation stipulate that the investor must create and/or preserve at least ten full-time jobs for U.S. workers within two years of their admission as a permanent resident. This applies for both direct jobs and indirect jobs. Direct jobs are identifiable jobs for qualified employees within the entrepreneur's commercial enterprise that directly receive his/her capital, while indirect jobs constitute those created collaterally as a result of investment into a commercial enterprise affiliated with a regional center. It is important to note that the preservation of jobs only applies to "troubled businesses", defined as a commercial enterprise that has been in existence for at least two years, has incurred a net loss in the 12 to 24-month period prior to the priority date on the immigrant entrepreneur's investment form, and that loss must be at least 20% of the enterprise's pre-loss net worth.

The use of EB-5 foreign investment into affordable housing is expected to increase, where it can serve as gap financing for projects using additional programs, such as low-income tax housing credits (LIHTC), new markets tax credits (NMTC), and historic tax credits (HTC). In combination with various other funding programs, EB-5 investments can become a crucial part of the capital stack for funding affordable housing projects.

Additional information about EB-5 investment opportunities and details can be found in the following locations:

-http://www.eb5investors.com/magazine/article/eb-5-funding-and-tax-credits

-https://www.uscis.gov/sites/default/files/USCIS/Laws/Memoranda/2013/May/EB-5%20Adjudications%20PM%20%28Approved%20as%20final%205-30-13%29.pdf

Cost-Affecting Government Regulations

CEQA Streamlining

Originally developed with the sole intent of mandating leading project developers and agencies to analyze and produce mitigation strategies targeting the possible environmental impacts that a project may have, the California Environmental Quality Act (CEQA) has drawn substantial controversy surrounding its use as a litigation tool to stall or halt development. To make it easier for preferred types of development to get off the ground, the State of California has introduced various pieces of legislation to attempt to streamline the CEQA process for projects that are presumed to either be beneficial or relatively neutral in their impact on the natural environment. These pieces of legislation were developed independently from one another in response to inconsistencies, ambiguities, and complexities associated with the CEQA review process and aim to reduce uncertainty in time and budgeting for developers. Some pieces of legislation mandate requirements for affordable housing as pre-conditions for a streamlined CEQA review process or have other prerequisites that can easily be paired with affordable housing development.

These pieces of legislation are as follows:

1. SB 1925 (2002) – creates a statutory exemption for infill development. Projects must satisfy over 20 pre-conditions to qualify for exemption under this law. One of the pre-conditions involves the mandatory inclusion of 10% moderate-income units, 10% low-income units, or 5% very low-income units, as well as sufficient legal commitment to maintaining the affordability of said units. Alternatively, the developer may pay an "in lieu" fee. The large number of criteria has made it so that zero projects have thus far qualified for exemption under SB 1925, leading to it being referred to as the "CEQA Unicorn".
2. SB 375 (2008) – designed to limit greenhouse gas (GHG) emissions through careful land use practices, SB 375 links transportation funding to Sustainable Communities Strategies (SCS) and helps to streamline CEQA review for transit-oriented development (TOD) projects. After a project is determined to qualify as both an infill development and a transit priority project (TPP), the project must fulfill several affordable housing requirements as conditions for development. In addition to causing no net loss in affordable housing, the developer may either designate 20% of units as for sale or 10% as low-income and 5% as very low-income rental units, or the developer may pay an "in lieu" fee, or the developer may opt to ensure five acres of open space per every 1,000 residents of the project. To date, there are no confirmed instances of SB 375 being used to streamline the CEQA review process.
3. SB 743 (2013) – enacted to ease the CEQA review process for transit-oriented development (TOD) projects. SB 743 creates exemption from CEQA review for projects that are consistent with an EIR-certified specific plan and are contain a residential, mixed use, or employment center located within a transit priority area that is also consistent with an adopted SCS or alternative planning strategy. One of the most well-known and controversial components of SB 743 is the removal of the consideration of parking and aesthetic impacts of projects that are residential, mixed use or employment center projects in transit priority areas. The removal of these requirements significantly eases TOD project approval and can be used to help incorporate affordable housing development around transit stations.

Holland and Knight have compiled some useful information for developers seeking to streamline their CEQA review process for infill development projects. Additionally, the Office of Planning and Research (OPR) has detailed information on SB 743 and related areas of research. Some of this information can be accessed here:

-https://www.hklaw.com/files/Publication/04664546-629b-4477-a59e-c6ee4537a7c7/Presentation/PublicationAttachment/e1e11da8-a7ae-41dc-a105-db1b0210a5f1/IsCEQAFixed.pdf

-https://www.opr.ca.gov/s_transitorienteddevelopmentsb743.php

Permit Approval

Fees and exactions levied during the permit application and approval process can be a serious deterrent to developments, especially to those involving affordable housing. It is important for municipalities to analyze and examine their statutory fees and regulatory processes to ensure that affordable housing developers aren't stymied or de-incentivized by regulatory barriers.

For example, municipalities should consider whether funding for capital projects is disproportionately reliant on developer fees, and if so, explore other financing mechanisms that are less likely to deter positive development. Municipalities should analyze fee trends to get a better picture of how they've grown in respect to housing development, and should be aware of any signs of an inverse relationship between rising fees and a decline in investment in housing projects. Any existing fees should be examined as to whether they effectively incentivize compact development and an appropriate use of services for new projects, and any nexus studies upon which fees are based should be reevaluated to ensure they are still relevant. As a good rule of thumb, developer fees and exactions shouldn't exceed 10-15% of the total cost of development, and fees should be kept in line with those of neighboring jurisdictions.

The California Department of Housing and Community Development provides a wealth of information on strategies that municipalities can take to ensure that their regulatory fees are not turning away development, especially that regarding affordable housing. They point to Anaheim's Economic Stimulus Package for Residential Development as an example, highlighting its deferment of impact fees from the issuance of a permit to the time of occupancy, its streamlined discretionary entitlement process, and the incentives given toward green development and affordable housing initiatives.

More information can be found here:

-http://www.hcd.ca.gov/housing-policy-development/housing-element/con_fees.php