CITY *of* BRISBANE

Affordable Housing Subcommittee Agenda

Thursday, August 31st, 2023 at 2:00PM ● Hybrid Meeting
Brisbane City Hall, Large Conference Room, 50 Park Place, Brisbane, CA

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Email: aibarra@brisbaneca.org

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SUBCOMMITTEE MEMBERS:

Mayor Davis, Councilmember Lentz

ROLL CALL

A. Consider any request of a City Councilmember to attend the meeting remotely under the "Emergency Circumstances" of AB 2449

PRESENTATIONS AND DISCUSSION ITEMS

B. Review the Draft Affordable Housing Strategic Plan

PUBLIC COMMENT

ADJOURNMENT

File Attachments for Item:

B. Review the Draft Affordable Housing Strategic Plan

CITY COUNCIL SUBCOMMITTEE AGENDA REPORT

Meeting Date: 8/31/2023

From: John Swiecki, Community Development Director

Subject: Review of Draft Affordable Housing Strategic Plan

Background

In August 2021 the City contracted with ECONorthwest (ECONW) to prepare an Affordable Housing Strategic Plan (AHSP). The primary goals of the AHSP are:

- Work with the Council and community to identify programmatic funding goals, objectives, and priorities for the City's current affordable housing fund balance of approximately $4 million;
- Evaluate options for ongoing revenue streams for future affordable housing development;
- Review preliminary updated inclusionary and density bonus ordinance recommended by the Planning Commission;
- Identify options for administering the City's current and future inventory of deed-restricted affordable housing units; and
- Develop affordable housing strategies specifically for the Baylands subarea of the City.

In March 2022 ECONW led a goal setting workshop with Council regarding funding priorities and principles. In June 2022, ECONW met with this subcommittee to review and vet the guiding principles from the March 2022 workshop, consider funding priorities for current fund balance (approximately $4 million) and future funds, and review options for new revenue sources. The resulting direction from this subcommittee included:

- Affirmation of AHSP guiding principles as endorsed by the full city council (see Discussion section below)
- Prioritize using existing fund balance to construct new units
- Pursue commercial nexus fee as primary source of new revenue

Work on the Baylands component of the work program has run in parallel to the work on the bulk of the AHSP, tracking with the draft Baylands Specific Plan process.

The draft AHSP was published on the City's website on August 18, 2023 and is summarized below.

Discussion

<u>Subcommittee Review</u>

The purpose of the subcommittee's review of the draft AHSP is for staff and consultant ECONorthwest to give an overview of the content and intended function of the AHSP, engage in questions or discussion with the subcommittee, and package any subcommittee recommendations with the draft AHSP to the full Council for review and adoption, with amendments as needed, at a future public meeting. While the AHSP is intended to implement the 2023-2031 Housing Element, it is not a part of the General Plan. It will be used primarily to support future budget preparation and guide staff's workplan related to affordable housing development and preservation.

AHSP Purpose and Content

While the AHSP is intended to implement the 2023-2031 Housing Element, it is not a part of the General Plan. It will be used primarily to support future budget preparation and guide staff's workplan related to affordable housing development and preservation.

The draft AHSP is comprised of four sections:

1. Introduction: Provides context for the AHSP and presents the guiding pillars of the AHSP to:

- Increase production of affordable housing.
- Preserve existing housing stock.
- Provide access to housing for persons with special needs.
- Leverage private and outside investment.
- Increase implementation capacity.

2. Summary of Housing Needs: This section provides a brief overview of the City's need for affordable housing, consistent with the 2023-2031 Housing Element.

3. Analysis of Funding Alternatives: This section provides a robust evaluation of existing and potential revenue sources to fund the City's affordable housing production, preservation, and management goals. Revenue sources fall under two umbrellas:

– Internal: These sources include nexus fees applied to new residential or commercial development, tax increment financing, or inclusionary housing in-lieu fees. These internal sources are further evaluated as to their suitability for Brisbane based on a variety of factors, including ease of implementation, political palatability, revenue potential, flexibility, and potential for adverse impacts (unintended consequences). Based on this evaluation, the report recommends the City pursue the following revenue sources:
  - Update nexus and feasibility study for commercial nexus fee (this work is in progress by ECONorthwest)
  - Adopt an amended inclusionary housing ordinance with a calibrated in-lieu fee (this work is also in progress)
  - Explore a tax increment financing district in the Baylands.
  - Utilize development agreements to capture value from new development proposals.

– External: These sources include federal, state, local and philanthropic funding sources. As these sources typically depend on having an active project, no specific programs are recommended. Rather, the City should consider the potential for each source on a project-specific basis as projects arise.

4. Strategies and Actions: This section is an action plan for the City to achieve its affordable housing goals that complements and expands upon programs in the adopted 2023-2031 Housing Element. The actions are organized around the five pillars of the AHSP (see Introduction summary) and are primarily financial in nature, or directly related to tailoring the City's financial investment in constructing new and preserving existing affordable housing. These actions are evaluated in terms of their administrative impact (staff time), financial impact, and timeframe for implementation keyed to the eight-year 2023-2031 Regional Housing Needs Allocation (RHNA) timeframe.

Next Steps

The AHSP and subcommittee recommendations will be scheduled for review by the full City Council later this fall.

Attachments

1. Draft Affordable Housing Strategic Plan (hyperlink)

John Swiecki

John Swiecki, Community Development Director

B.

Affordable Housing Strategic Plan

City of Brisbane

August 15, 2023

Prepared for: City of Brisbane

Final Report

ECONorthwest
ECONOMICS · FINANCE · PLANNING

9415 Culver Boulevard
Suite 248
Culver City, CA 90232
503-222-6060

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Acknowledgements

Brisbane City Council members (2023):

Karen Cunningham
Madison Davis*
Cliff Lentz*
Coleen Mackin
Terry O'Connell
**Denotes Affordable Housing Subcommittee members*

City Staff:
Clay Holstine, City Manager
John Swiecki, Community Development Director
Julia Ayres, Senior Planner
Angel Ibarra, Management Analyst/Deputy City Clerk

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1. Introduction

Local Context

The City of Brisbane is a small town on the San Francisco Peninsula, just south of San Francisco in the Bay Area. The city encompasses approximately 3.4 square miles of land area and is home to roughly 4,851 residents. Historically, most of Brisbane's residential development has occurred in Central Brisbane, which is largely built-out with low-rise commercial and residential development. During the 1990s through mid-2010s, the Northeast Ridge development added 499 housing units. Additions to the housing stock have been limited since.

In recent years, regional economic growth has placed increased pressure on the Bay Area's housing market, and housing production has not kept pace. This has resulted in a shortage of housing in Brisbane and the region which has seen apartment rents and home prices increase at a much faster rate than income growth, decreasing affordability on the margin.

These economic conditions also come at a time of transformation for the city. The Baylands Subarea is a 660-acre brownfield redevelopment site. In 2018 the City approved ballot measure JJ and adopted a general plan amendment which allows for 1,800 to 2,200 housing units in the Baylands. The city is reviewing a Specific Plan draft for the Baylands submitted by the developer that proposes residential development at the high end of the permitted density range under the General Plan. While the Baylands offers a generational opportunity to improve Brisbane's housing supply, the project itself comes with its own growth pressures. The Specific Plan proposal also includes 7 million square feet of commercial space, which will create additional pressures on the housing market resulting from the increased workforce. The Baylands will have to include a variety of housing types at all income levels for housing affordability pressures to be mitigated.

Connection to the Housing Element and Implementation Time Frame

The Housing Element is one of the required elements of the General Plan under California law. It is the document that guides the city's policies and decisions with respect to housing development, rehabilitation, and preservation. All jurisdictions in California are required to update the Housing Element on an 8-year planning cycle. Every Housing Element features a Housing Plan that includes policies and programs the City will implement over the planning cycle, with the goal of accommodating its state-mandated Regional Housing Need Allocation (RHNA). The City has adopted its Housing Element for the current planning cycle (6^{th} Cycle).

Over this planning cycle, the City has a requirement to accommodate 1,588 housing units, 500 of which are to be affordable for lower-income households. The Housing Plan references the strategies identified in this Affordable Housing Strategic Plan (AHSP) to guide implementation of programs designed to meet affordable housing needs. The time frame of the AHSP's strategies is keyed to the 8-year planning cycle of the Housing Element.

Housing Challenges in Brisbane

Some of the challenges to providing affordable housing and housing stability in Brisbane are driven by local factors, while others are driven by larger market forces and are not explicitly unique to the City. This AHSP uses both quantitative and qualitative approaches to identify what the greatest challenges to housing production are in Brisbane. This included a technical review of market data, demographics, and housing needs alongside input from City staff and the City Council's Affordable Housing Subcommittee. Chapter 4 of the 2023-2031 Housing Element provides a detailed analysis of both governmental and nongovernmental constraints to housing development in Brisbane. Key challenges include:

- A lack of housing supply and diversity in housing types.
- Competition for funding sources to support affordable housing development.
- Accelerating housing price/rent escalation impacts on affordability.
- Demand pressure created by expanding economic and commercial uses locally.
- Architectural pattern and land use are inconsistent with current market realities.
- Lack of vacant developable land.
- A need to respond to a shifting state regulatory environment.
- Accelerating cost of construction.
- Balancing need for new housing with the community's desire to preserve the scale of development characterized by Brisbane's historic development pattern.

The evaluation of these housing challenges in Chapter 2 informed the development of the guiding principles and actions in this AHSP.

Guiding Principles for the AHSP

Brisbane is committed to addressing the housing needs of its low to moderate-income families, workforce, and persons with special needs. The overarching principles for the AHSP are to build more housing, diversify housing options, and target resources to less advantaged households. Brisbane uses these principles to ensure that affordable housing strategies in Brisbane:

- encourage public and private collaboration;
- support the stability of the workforce across all income levels;
- are considerate of the built environment and existing community character;
- provide opportunities for Brisbane's residents to stay housed in the community;
- support health, safety, and economic mobility; and

- accommodate households with special housing needs, including seniors and persons with disabilities.

Pillars of the AHSP

Built on the foundation provided by the AHSP's guiding principles, the five "pillars" of the plan provide the strategic framework for AHSP. These pillars organize the strategic actions in the AHSP. Other housing-related policies are included in the City's housing plan chapter of the General Plan Housing Element. The AHSP includes strategies that:

Increase production of affordable housing. Housing affordability is a direct function of housing production. These strategies remove barriers to housing production and provide incentives and direct actions to reduce costs and encourage desired housing types.

Preserve existing housing stock. These strategies include actions to preserve assets that Brisbane already has and protect the existing housing stock.

Provide access to housing for persons with special needs. The City's analysis of housing needs identified a growing need to provide a variety of housing types to accommodate special needs populations, especially senior households. These strategies include actions to increase access to affordable housing options for these groups.

Leverage private and outside investment. The City does not have the resources to solve its housing challenges on its own. These strategies include actions to increase the pool of funding sources and leverage investment from private sources.

Increase implementation capacity. These strategies include actions to increase the city's ability to implement housing policies through increased efficiency and strategic partnerships.

Organization of This Report

This report is organized around three main sections. The first section is a brief overview of existing **housing needs** and conditions in Brisbane. Because the timing of the AHSP overlapped with the Housing Element Update, this section pulls key findings from the housing needs section of the Housing Element. The second section is an **analysis of potential funding alternatives** to increase resources for affordable housing production and programs. The third section includes **strategic actions** and priorities for investing in existing and emerging resources for affordable housing programs developed in coordination with multiple stakeholders, including City staff and the Affordable Housing Subcommittee. .

Report Organization

- Summary of Housing Needs
- Evaluation of Funding Sources
- Affordable Housing Strategies
- Appendix A: Summary of Funding
- Appendix B: Analysis of the Inclusionary Housing Ordinance
- Appendix C: IHO Case Studies

2. Summary of Housing Needs

The following narrative is a summary of key conditions relating to affordable housing conditions derived from the Housing Needs Assessment in Chapter 2 of the 2023-2031 Housing Element. The Housing Needs Assessment (HNA) identifies the need for more affordable housing in the city, particularly for special needs populations such as seniors, persons with disabilities, large households, female-headed households, and homeless individuals. The HNA outlines various programs and resources in place to increase the supply of affordable housing, including partnerships with affordable housing developers and nonprofit organizations, the Brisbane Housing Authority's Low- and Moderate-Income Housing Fund, and rehabilitation and repair programs. A high-level summary of the HNA findings in the Housing Element are included below.

Affordable Housing

Housing costs in Brisbane are high, and many residents experience housing cost burden.

- In Brisbane, about 17% of households earn below 30% of the area median income, while 23% earn between 31% and 50% of the area median income (Table 2-32).
- Nearly 90% of rental households with a family member with a disability had the highest level of housing problems, which includes cost burdening, regardless of income level (Table 2-31).
- The average household size in Brisbane is relatively small at 2.27, and housing units with 3-4 bedrooms account for approximately 41% of all housing units within the City (Table 2-3).

A majority of Brisbane's housing stock is single-family homes.

- There is a need for more affordable housing in Brisbane, particularly for low- and very low-income households.
  - About 59% of all large family households in Brisbane experienced at least one housing problem, while 43% were cost burdened (HUD's 2015-2019 CHAS, Table 2-31).

Brisbane has several programs and resources in place to increase the supply of affordable housing.

Housing element policies and programs:

- The City's 2023-2031 Housing Element sets forth policies and programs aimed at increasing the supply of affordable housing, particularly for very low-income and low-income households. These policies and programs include zoning changes, density bonuses, and financial incentives for developers to build affordable housing.

Brisbane Housing Authority's Low- and Moderate-Income Housing Fund

- The Brisbane Housing Authority has established a Low- and Moderate-Income Housing Fund that can provide financial assistance to developers of affordable housing projects, fund the City's acquisition of sites for housing development, or provide direct assistance to low-income households for stable housing. The current fund balance is primarily the resulting profit from the sale of properties formerly held by the dissolved Redevelopment Agency, wherein the title was transferred to the Housing Authority. When the City adopts revisions to its inclusionary housing ordinance, which will include adoption of an in-lieu fee, additional funds may be generated by in-lieu fees paid by developers who opt not to include affordable units in their projects.

Partnerships with affordable housing developers and nonprofit organizations

- The City partners with affordable housing developers and nonprofit organizations to help develop and maintain affordable housing units in the city. These partnerships provide additional resources and expertise to help increase the supply of affordable housing.

Rehabilitation and repair programs

- Thanks to a recent Federal grant, the City will offer rehabilitation and repair programs that will help low-income homeowners make necessary repairs to their homes beginning in 2024. These programs will help to improve the quality and safety of existing housing stock and can help prevent displacement due to unsafe living conditions.

Human Investment Project (HIP) Housing's transitional housing program

- The City of Brisbane contributes to HIP Housing's transitional housing program for the homeless and extremely low-income households. The program provides temporary housing and supportive services to help individuals and families transition to permanent housing.

Collaboration with the County of San Mateo

- The City of Brisbane collaborates with the County of San Mateo to develop programs that provide shelter and services for the homeless. This includes participating in the San Mateo County Continuum of Care and other regional efforts to provide homeless shelters, transitional housing, and supportive housing for homeless households.

Special Needs Populations

- About 9% of Brisbane's total population has a disability, and 22% of households have a family member with a disability (2016-2020 ACS, HUD's 2015-2019 CHAS, Table 2-32).

Individuals with disabilities may require a variety of housing types.

- This may include rent-subsidized housing, tax credit–financed special-needs housing, modified single-family homes, inclusionary units within larger developments, Section 8 vouchers, and housing specially modified for the medically fragile.

Large households may have difficulty finding adequately sized affordable housing.

- Large households, defined as households containing five or more persons, may have difficulty finding adequately sized affordable housing due to the limited supply of sufficiently sized units to accommodate their needs.
- Additionally, larger housing units tend to be more expensive, which can present an affordability challenge for families on a tight budget. This can be further compounded by discrimination and other barriers faced by families with children in the housing market.

Female-headed households may face additional barriers to finding affordable and safe housing.

- This can be attributed to higher living expenses and limited resources for childcare and job training services.
- Approximately 46% of all female-headed households with children were living below the poverty line (Table 2-33).

Homelessness is a continuing and growing crisis in California, and many individuals and families are without permanent housing largely due to a lack of affordable housing.

- The number of people experiencing homelessness in San Mateo increased by 21% from 2017 to 2019 but remains less than the homeless individuals counted in 2011 and 2013 (Section 2.1.6).
- In San Mateo County, 305 homeless individuals reported being challenged by severe mental illness, and of those, approximately 62% are unsheltered (Figure 43 of Appendix D).

3. Analysis of Funding Alternatives

Purpose and Context

The City of Brisbane (the City), like other jurisdictions across California, is navigating a housing market that continues to experience housing prices outpacing incomes, demand outpacing supply, and new regulatory environments (e.g., new housing element laws) that direct jurisdictions to increase production of affordable housing. Simultaneously, long-time residents feel cautious about new development, while newer residents and lower-income residents struggle to find affordable housing near their workplaces.

The dissolution of redevelopment agencies in California has left a void in direct local funding sources for affordable housing. This chapter of the AHSP includes an evaluation of potential funding sources the City may consider to fund its affordable housing programs. The timing couldn't be better for the City to take on this challenge. State and federal administrations have taken note of a national housing crisis, transforming the policy and funding environment. At the same time, Brisbane finds itself on the path of new commercial growth in its commercial districts and mixed-use development in the Baylands Subarea. The reimagining of the Baylands[1] as an urban district specifically will create a new generation of opportunity for Brisbane residents. This presents both an opportunity and a responsibility for the City to leverage public and private investment to deliver a variety of housing types at all income levels.

Affordable housing funding sources are available to the City from federal, state, local, and nongovernment entities to aid the implementation of the AHSP. Potential funding falls into two broad sources:

- **Internal:** Sources of revenue that are generated by fees, fines, transfers, and taxes via the regulatory powers of the local jurisdiction. The use of revenue is determined by state and local laws and includes a range of services that can be provided to the public.
- **External:** Sources of funding that are obtained by a local jurisdiction for various uses (e.g., affordable housing development) through an application process, typically a Notice of Funding Availability (NOFA). Funding is generated from government entities (Federal, State, County) or nongovernment entities (foundations, corporations, etc.) with the commonality between funding sources being that none originate via the regulatory powers of the local jurisdiction.

[1] The Baylands is an approximately 660-acre subarea of the City located directly east and north of Central (developed) Brisbane. This subarea is currently undergoing a specific planning process to allow for development of 1800-2200 residential units and up to 7 million square feet of commercial development.

Internal (local) Revenue Sources

Locally controlled funding sources may collect revenue from fees, tax increment set-asides, discretionary local revenues, and other sources. Below are descriptions of each revenue source.

Dedicated Fees

Dedicated housing fees include commercial linkage fees, housing impact fees, and in-lieu fees from inclusionary housing ordinances. Each of these fees produce revenue needed to address increased housing demand created by additional jobs that are produced through commercial and residential development.

Commercial Linkage Fees and Affordable Housing Impact Fees

The City can charge developers a fee that would help accommodate the increased demand for affordable housing created because of new commercial development. The rationale behind commercial linkage fees is that increased economic activity creates affordable housing need that should, in part, fall on private development to accommodate. A commercial linkage fee can be assessed on all nonresidential development or specific development types. It is applied on a per-square-foot basis. Affordable housing impact fees function similarly by assessing a fee on market-rate residential development.

Suitability for Brisbane: Linkage and impact fees as a value-capture mechanism work best in markets that are experiencing robust growth (or about to) and exhibit strong real estate market fundamentals. This is clearly the case in Brisbane looking forward. Brisbane also does not have major political barriers to implementing impact fees.

Using these mechanisms for funding may have downside risks. If fees are set too high, then they can have the adverse effect of stagnating development activity altogether. In areas where there are market substitutes, impact fees may also crowd out investment that will divert to other cities. However, Brisbane's growth outlook is tied to local competitive advantages, and many cities in San Mateo County also have commercial linkage or impact fees. This reduces the risk of crowding out investment.

Implementation Steps: To establish a linkage fee, a nexus study must first be completed.[2] The purpose of the nexus study is to establish the connection between the proposed fee and the development the fee is to be imposed on. In 2015, as part of a countywide effort, the City initiated a feasibility study with consultants to evaluate the feasibility of a commercial linkage fee and housing impact fee. The feasibility study for the commercial linkage fee was updated in 2020.[3] The City has already initiated a new nexus study to calculate an updated housing impact fee appropriate for the current demographic and development landscape. This process will be

[2] Terner Center for Housing Innovation. 2020. Improving Impact Fees in California: Rethinking the Nexus Study Requirement. https://ternercenter.berkeley.edu/wp-content/uploads/2020/12/Nexus_Studies_November_2020.pdf

[3] Vernazza Wolf Associates. 2015. Commercial Linkage Fee Nexus Study. City of Brisbane.

completed in 2023. In addition to required nexus studies, the City should evaluate if a phasing schedule or exemptions for specific development types are appropriate.

In-lieu Fees from an Inclusionary Housing Ordinance

Brisbane currently has an inclusionary housing ordinance (IHO) that requires set-asides for affordable housing. An evaluation and recommendations with respect to Brisbane's updated ordinance draft is included in Appendix B. An in-lieu fee as a part of an IHO would waive the affordable unit requirements for housing developers that opt in, so long as they pay a fee instead. These fees, along with the commercial linkage fees, would fund the Housing Authority's Low- and Moderate-Income Housing fund that nonprofit housing developers could access as a source of capital for their affordable housing projects in the city.

Suitability for Brisbane: Lackluster development activity in Brisbane is more likely to be a function of limited developable land in Central Brisbane than potential constraints of the IHO. That said, offering an alternative to providing inclusionary units on-site is good policy and required by state law for rental housing. The most common alternative used by cities in California is an in-lieu fee. It is recommended that Brisbane offer a fee as an alternative. However, development in Central Brisbane is likely to be small scale in perpetuity. We would not consider the revenue-generating capacity of in-lieu fees to be significant. Therefore, in setting an appropriate fee level, the City should consider affordable housing objectives for Central Brisbane. If delivery of units in Central Brisbane is preferred over control of funding resources, then the City should provide incentives to ensure that it is financially feasible for developers to deliver new residential projects with on-site affordable housing units.

Implementation Steps: To establish an in-lieu fee, the City should conduct an analysis to determine an appropriate fee level and/or any exceptions. A fee that is too high will not be a viable alternative for development that is infeasible with the IHO requirements. A fee that is too low will encourage developers to only use the fee and could result in less affordable housing production than could have occurred. The city can include in-lieu fees alongside other alternatives in the adoption of its IHO ordinance, such as providing off-site affordable housing units and incentives (e.g., density bonuses, tax abatements, and reduced parking requirements).

Tax Increment Financing

Redevelopment agencies (RDA) were dissolved in California in 2012. RDAs were formerly one of the primary tools for jurisdictions to raise resources for affordable housing using tax increment financing (TIF); tax increment financing is a value-capture mechanism that generates revenue by capturing a share of the increase in total assessed value from the time the district is first established. As property values increase in the district, a share of the increase in property taxes can be used to fund projects or affordable housing or pay off bonds against the revenue.

However, some tax increment financing tools are still available in California, although they have yet to be broadly implemented. The most common types are Enhanced Infrastructure

Finance Districts (EIFD), Community Revitalization Investments Areas (CRIA), and Infrastructure Financing Districts (IFD), described in Figure 2 below.

Figure 2: TIF Revenue Generating Stream Analysis

<table>
<tr><th></th><th>CRIA
Community Revitalization & Investment Authority
(2015)</th><th>IFD
Infrastructure Financing District
(1990-1991)</th><th>EIFD
Enhanced Infrastructure Financing District
(2014)</th><th>IRFD
Infrastructure & Revitalization Financing District
(2014)</th></tr>
<tr><td>Taxing Entities</td><td colspan="4">Any local taxing entity except schools</td></tr>
<tr><td>Control</td><td>Separate governing body</td><td>Sponsoring community legislative body</td><td>Public Financing Authority</td><td>Sponsoring community legislative body</td></tr>
<tr><td>Voter Approval</td><td>No</td><td>Yes 2/3 of voters or landowners</td><td>No</td><td>Yes 2/3 of voters or landowners</td></tr>
<tr><td>Property Requirement</td><td>No blight requirement, Income and economic limits</td><td>No blight or specific restrictions</td><td>No blight or specific restrictions</td><td>No blight or specific restrictions. Can be noncontiguous</td></tr>
<tr><td>Affordable Housing Requirement</td><td>25% of $, housing replacement, inclusionary</td><td>Housing replacement, inclusionary</td><td>Housing replacement</td><td>Housing replacement, inclusionary</td></tr>
<tr><td rowspan="2">Eligible Activities</td><td rowspan="2">• Rehab infrastructure
• Provide affordable housing
• Acquire property
• Issue bonds
• Make loans or grants.</td><td rowspan="2">Focus on infrastructure and public facilities investments.</td><td colspan="2">• Transportation Infrastructure
• Water and wastewater treatment
• Public facilities (libraries, childcare, parks)
• Brownfield restoration and mitigation
• Acquisition, construction, and rehab of housing for affordable housing.
• Commercial and industrial structures.</td></tr>
<tr><td>• Transit priority projects
• Port infrastructure (SIFD)
• Finance planning/design</td><td>• Implement Sustainable Communities Strategy</td></tr>
<tr><td>Can the entity supplant existing facilities/ services?</td><td>No limitation</td><td>No</td><td>No</td><td>Yes, if facilities are nonfunctional</td></tr>
</table>

Suitability for Brisbane: Value-capture mechanisms only work when there is future development that triggers reassessment of property values and subsequent increased property tax revenue. As such, establishing a district on all or part of the Baylands Subarea could be appropriate given the expected development within the subarea pursuant to the Baylands Specific Plan. This tool is likely not suitable for Central Brisbane due to the fragmented property ownership and other constraints limiting wide-scale redevelopment of older properties.

One of the limitations of these tools is that they require voluntary participation by taxing entities within the TIF districts. While cities can contribute a share of the property tax revenue it receives from the district, this typically does not provide meaningful revenue and needs to be supplemented with other taxing entities opting in. A city can partner with the county on the TIF district to capture a portion of the county's share of property tax in the district, and Los Angeles and Orange Counties have partnered with cities on districts before. Education districts are prohibited from participating in a TIF district. The potential in Brisbane may also be limited by Measure JJ, which requires development in the Baylands to be cost neutral to the City. This may limit the City's ability to opt in to a tax increment financing district in the Baylands.

Implementation Steps: To establish a district such as an EIFD, the boundaries of contributing taxing districts must be identified. All non-school taxing districts that are contributing their tax revenues must approve the creation. In the case of an IFD or IRFD, voter approval is required. For all the mechanisms, having community support is crucial because the community can halt a TIF district through a vote or a protest. Afterward, a feasibility study must be completed to assess future property values and the tax increment structure for involved agencies, in addition to identifying other sources of funds besides the funds generated from the district. Finally, cities must complete a plan detailing program investments.

Public Safety Vital Services Sales Tax

Local jurisdictions in California are allowed to adopt local sales tax measures above and beyond the state sales tax rate. For example, in 1988 San Mateo County voters approved Measure A (a half-cent sales tax for transportation facilities and roads) and in 2019 Measure M created a similar tax also for transportation (congestion relief). Some jurisdictions have elected to also create local tax rates for public safety and vital services (PSVS). Some cities define investment in affordable housing under this classification. In one example, voters in the City of Bakersfield approved Measure N in 2018 to create a one-cent PSVS sales tax. In 2021, the City adopted a resolution to use $5 million in PSVS funds annually to capitalize an Affordable Housing Trust Fund.

Suitability for Brisbane: The income generating potential could be high. In 2021 Brisbane had over $435 million in taxable transactions.[4] A half-cent tax on this amount would raise $2.1 million annually. Looking forward, increases in commercial development in Brisbane for the Baylands and Sierra Point will drive taxable transactions considerably higher, as these developments will bring a significant amount of employees to the city and increase the daytime population. While sales tax revenues benefit from capturing nonresident spending, they also have a disproportionate impact on lower-income residents who spend a larger share of their incomes on taxable goods and services.

Implementation Steps: Establishing a PSVS sales tax would require a ballot measure for local approval. Brisbane's total sales tax rate is already 9.375%. There are 21 cities in San Mateo County with the same sales tax rate as Brisbane and 10 cities that currently have a higher rate (the current highest rate is 9.875%); however, no jurisdiction is lower than Brisbane.

[4] https://www.cdtfa.ca.gov/dataportal/charts.htm?url=TaxSalesCRCityCounty

Discretionary Local Revenues

Discretionary local revenues are nonrestricted funds that the local government can choose to use for a variety of uses, typically maintained in the City's General Fund. However, discretionary local revenues are typically already reserved for other services provided by the city. Use of existing/projected general fund revenue for affordable housing would require diversion from other spending priorities.

Suitability for Brisbane: Brisbane is a fiscally prudent City with consistently balanced budgets and conservative reserve funding policies to ensure the City can balance its budget in times of economic recession and decreased general fund and special fund revenues. The COVID-19 pandemic led to significant decreases to the City's general fund revenues, particularly in the areas of transient occupancy tax (TOT), as hotel stays dropped precipitously, and sales tax also with the exit of one of the City's highest sales tax revenue generators. As a result, the City dipped in to reserves to adopt a balanced budget without any service disruptions or staffing reductions. Considering the anticipated slow return to "normal" tax revenues for the coming years, and given the City's overall economic philosophy of maintaining existing levels of service and staffing, there do not appear to be meaningful opportunities for the City to reprogram existing general funds to affordable housing.

Implementation Steps. To use discretionary local revenues, the City would need to identify the amount of funds needed and how funds would be used for affordable housing purposes (e.g., gap financing, land acquisition, rehabilitation, etc.). The City would then need to consider its budget priorities to determine which funds are the most viable sources to pull from and how much funding can be dedicated to affordable housing purposes.

Local Affordable Housing Trust Fund

A local affordable housing trust fund (LAHTF) is not necessarily a new funding source but more of a mechanism for aggregating funding from various sources with a dedicated plan for sustainable management and disposition. Trust funds have the advantage of flexibility compared to other sources of revenue that have stricter use requirements.[5] While the method of administration varies (government or private nonprofit), an affordable housing trust fund is designed so that there is an ongoing stream of revenue. State matching funds are also available.

Suitability for Brisbane: The primary advantages of an LAHTF are flexibility, control of investments, and opportunities for leveraging other funding sources. If Brisbane creates new local funding streams, creating a local trust fund could be a good administrative mechanism. Brisbane is already a member agency of HEART of San Mateo, a regional housing trust fund organized as a JPA with all San Mateo cities and the county as member agencies. However, contributing city funds beyond its operational commitment is not likely to have positive return

[5] Institute for Local Government. 2007. Establishing a Local Housing Trust Fund: A Guide for California Officials.

in terms of new affordable housing development in the City limits due to the regional nature of HEART's funding programs.

Implementation Steps. The City would first conduct a feasibility study to identify one-time and long-term funding sources, understand the composition of the funds and where they were being received from, recommendations for use of funds based on the affordable housing strategic plan, and near-term actions for expansion and/or implementation. Voter approval isn't required, and the fund can be established by Council resolution.

Evaluation

In considering adoption of local funding sources, the City should consider the balance of implementation and administration against revenue-generating potential and suitability to meet the City's affordable housing goals. In the matrix below, we summarize and categorize each of the funding tools above with respect to the following criteria:

Ease of Implementation. Difficulty in administrative process of implementing, considering requisite research/studies and approval process.

Political Palatability. Consideration of political/community sensitivities.

Revenue-Generating Potential. Order of magnitude potential for generating revenue for affordable housing programming.

Flexibility. Consideration of use of funds. Some funds may be limited to a specific purpose.

Potential Adverse Impacts. Consideration of downside risks and unintended consequences. Potential adverse impacts could include disruptions to real estate markets impacting feasibility, distributional impacts of funding and benefits, or other factors.

Figure 3: Revenue Generating Stream Analysis

Funding Source	Ease of Implementation	Political Palatability	Revenue Potential	Flexibility	Adverse Impact Risk
Commercial Linkage Fee	Moderate	Low Barrier	Potentially High	Mixed	High
Housing Impact Fee	Moderate	Low Barrier	Mixed	Mixed	High
IZ In-Lieu Fee	Low Barrier	Low Barrier	Low	Mixed	Uncertain
Tax Increment Financing	Challenging	Challenging	Mixed/ Uncertain	Low	Low
PSVS Tax	Challenging	Challenging	High	High	Moderate
LAHTF	Low Barrier	Low Barrier	Uncertain	High	Low
Discretionary Revenues	Moderate	Moderate	Low	High	Moderate

Recommendations

There is no one appropriate path to selecting a set of consistent revenue tools for affordable housing. The selection of revenue tools is largely based upon a combination of a city's affordable housing goals and priorities and the trade-offs a city is willing to make to achieve those goals and priorities. The evaluation framework above provides some context to these trade-offs from which we derive the following recommendations:

Update Nexus Studies for Linkage and Impact Fees

A commercial linkage fee program could be successful in Brisbane given the expected and planned commercial developments. The City should conduct the necessary research to update its nexus studies to identify an appropriate fee level. In order to increase the chances of a successful fee program while not negatively impacting development the City should select a fee rate that is well below the maximum supportable rate to minimize risk of market disruption.

Adopt the Inclusionary Housing Ordinance with an In-Lieu Fee

Including an in-lieu fee as an alternative in the City's IHO is recommended. The City should conduct the necessary nexus study to establish a legally defensible fee.

Do Not Study an Affordable Housing Impact Fee

An Affordable Housing Impact Fee on residential development would operate like an inclusionary in-lieu fee. Because the City is implementing an in-lieu fee, an impact fee is not necessary.

Evaluate Opportunities for Discretionary Revenues

A low-barrier action would be to explore discretionary spending priorities to determine if there is capacity for additional investment for affordable housing. This could be identification of one-time allocations or ongoing allocations. Identified revenues could be used to capitalize a local housing trust fund.

Engagement with Taxing Districts

Tax increment districts work well when investments in an area directly benefit the development in that area. This is the case with the Baylands. An EIFD in all or part of the Baylands would be able to provide investment in infrastructure as well as resources for affordable housing. The City should begin engaging with taxing districts to determine the potential opt-in rate and assess revenue-generating potential.

Evaluate Potential for Development Agreements

Under any of the local revenue sources evaluated, a significant share of future revenues will be derived out of future development activity at the Baylands. The Baylands currently does not have underlying entitlements. Ensuring that development in new districts like the Baylands meet the objectives of the local community is often better resolved through negotiated development agreements rather than broad stroke policies. The City should explore its opportunities and the trade-offs associated with specially negotiated agreements vis-à-vis local value-capture mechanisms.

External Funding Sources

There are a variety of federal, state, local, and philanthropic housing programs that the city can pursue independently or through a partnership with a developer to increase affordable housing production. This section details these funding sources, organized by the type of entity providing the grant or program. See the Appendix A for a detailed table of all funding sources.

Federal and State Funding

US Department of Housing and Urban Development (HUD) Funds: HUD has several grant programs available for cities and nonprofit organizations for development of affordable housing and provision of housing services. Most directly relevant to the City of Brisbane would be the Community Development Block Grant (CDBG), which awards grants to cities and states annually to fund housing and economic development for low- and moderate-income people.[6] As a non-entitlement area, Brisbane would not be eligible to receive funds directly from HUD but could receive the CDBG funding that HUD provides to the state or to San Mateo County. The City could also partner with nonprofit organizations to apply for the HOME Investment Partnership program, which would allow them to acquire, construct, or rehabilitate housing suitable for target populations. Though HUD also administers an Assisted Living Conversion program and an Emergency Capital Repairs program—both of which are similar in purpose to the HOME Investment Partnership program—these two programs have not issued notices of funding availability in recent years. If the City was interested in helping provide housing services, it could also partner with nonprofit organizations to apply for the Emergency Solutions Grant program, Housing Opportunities for Persons with AIDS, or Shelter Plus Care grants.[7]

California Housing Finance Agency (CalHFA) Funds: The CalHFA offers housing assistance programs, conventional loans, and other loan and grant programs directly to recipients who need housing assistance. The City could recommend these programs in addition to any housing services it already provides. The MyHome Assistance program offers housing assistance for both first time and low- and moderate-income homebuyers, and the Section 811 Project Rental

[6] US Department of Housing and Urban Development. https://www.hud.gov/program_offices/comm_planning/CDBG/faqs

[7] US Department of Housing and Urban Development. 2020. HUD Programs. https://www.hud.gov/sites/dfiles/Main/documents/HUDPrograms2020.pdf

Assistance program provides rental assistance for lower-income households.[8] The CalHFA and CalPLUS loan programs provide first mortgage loans insured through private mortgage insurance. Recipients of these loans must meet CalHFA income limits for the program and complete homebuyer education counseling.[9] CalHFA also offers an ADU grant, which provides up to $25,000 to reimburse predevelopment costs associated with the construction of an ADU.[10] The borrower's income level must be below 80% of the Area Median Income (AMI) or meet other listed income requirements instead.

California Housing and Community Development (HCD) Funds: California HCD provides grants to organizations for housing assistance programs that meet a variety of needs for different populations. Many of the programs give grants and low-interest loans to cities, counties, and nonprofit community development organizations to achieve new construction, rehabilitation, acquisition, and preservation of affordable housing within a jurisdiction. The Golden State Acquisition Fund, Multifamily Housing Program, and the Affordable Housing and Sustainable Communities Program represent just a few of these grants.[11] California HCD also awards funding to local governments and nonprofits for them to offer loan programs and other housing services such as relocation, housing navigation, transitional housing, and veterinary services. Many programs are tailored to partnerships between a local government and a developer; see the external funding spreadsheet in the Appendix for program specifics.

Office of State Treasurer: The Office of State Treasurer administers two California Tax Credit Allocation Committee (CTCAC) funds and one California Debt Limit Allocation Committee fund. One CTCAC fund provides a Low-Income Housing Tax Credit for persons seeking housing, developers building housing, and owners and managers of existing tax credit projects.[12] The other CTCAC fund offers a Historic Rehabilitation Tax Credit to entities providing or developing rental housing rehabilitation, mixed-use projects, and seismic strengthening projects. Among other programs, the CDLAC has a Qualified Residential Rental Project program that assists developers of multifamily rental housing units with acquisition and construction of new units or with purchase and rehabilitation of existing units.[13]

Regional Funding

The City of Brisbane can utilize the following funding sources that are made available through San Mateo County; most beneficiaries of this funding are developers. Through these sources the

[8] CalHFA. MyHome Assistance Program. https://www.calhfa.ca.gov/homebuyer/programs/myhome.htm and CalHFA. Section 811 Rental Assistance. https://www.calhfa.ca.gov/multifamily/section811/index.htm

[9] CalHFA. Conventional Program. https://www.calhfa.ca.gov/homebuyer/programs/conventional.htm

[10] CalHFA ADU Grant Program. https://www.calhfa.ca.gov/homebuyer/programs/adu.htm

[11] California HCD. Programs: Active. https://www.hcd.ca.gov/grants-funding/active-funding/index.shtml

[12] CTCAC. Low-Income Housing Tax Credit. https://www.treasurer.ca.gov/CTCAC/tax.asp

[13] CDLAC. Qualified Residential Rental Project program. https://www.treasurer.ca.gov/cdlac/applications/qrrp/index.asp

City can strengthen its role as an information clearinghouse for developers and residents that are eligible for assistance programs.

San Mateo County Department of Housing: The primary source of local funding for the city is available through the San Mateo County Department of Housing. In addition to several individual-level voucher and assistance programs, the San Mateo County Department of Housing also offers a few programs that help developers increase affordable housing. The No Place Like Home program uses bond proceeds to invest in the development of permanent supportive housing for persons who need mental health services and are experiencing or are at risk of homelessness.[14] If the City were to invest in an affordable housing development effort, these two programs could be particularly useful.

San Mateo Affordable Housing Fund: In 2021, California approved $57 million in funds for this program to help developers acquire and preserve the affordability of existing multifamily buildings within the County that are rented at below-market rates and are not currently subject to rent restrictions.[15] The fund is administered by the County's Department of Housing.

Housing Endowment and Regional Trust of San Mateo County (HEART): HEART administers a QuickStart Loan and a SemiPerm Loan for developers that create and preserve affordable housing. While QuickStart provides short-term, quick-turnaround loans to help developers with the early stages of project development, the SemiPerm Loan program offers a 15-year loan for developers with more complex project needs and owners of existing affordable housing developments that need to preserve affordability or need rehabilitation.[16]

Philanthropic Funding

There are several local philanthropic organizations that provide grants to nonprofit housing developers to fund affordable housing development. While the City is not the recipient of the funding, it is still valuable for the City to know about these programs in order to consider a comprehensive approach to its affordable housing strategy and to be informed for discussions with developers and nonprofit agencies.

Bay's Future Family of Loan Funds provides two different grant programs that nonprofit housing organizations can apply to. The City could offer to invest in a nonprofit affordable housing development that makes use of the Bay's Future Fund or Community Housing Fund. The Bay's Future Fund is a $500 million loan fund that serves five counties in the Bay Area and invests in affordable housing serving families making 0-120% of the Area Median Income.[17] Similarly, the $150 million Community Housing Fund provides loans to five Bay Area counties,

[14] San Mateo Department of Housing. No Place Like Home. https://housing.smcgov.org/no-place-home

[15] San Mateo Affordable Housing Fund. https://housing.smcgov.org/ahf9-nofa

[16] HeartofSMC. Developer Loans. https://www.heartofsmc.org/programs/for-developers/

[17] The Bay's Future Fund. Bay's Future Fund. https://baysfuture.org/wp-content/uploads/2021/03/BFF-1-Pager_FIN-1-3-10-21-PBF-Website.pdf

including Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties, for affordable housing projects and supportive housing built for extremely low-income families.[18]

The Housing Industry Foundation's Renovation Program supports nonprofit agencies in San Mateo and Santa Clara Counties by completing small and large-scale renovations at no cost to the agency so that agencies can focus their budgets on running programs.[19] Eligible nonprofit agencies must provide either permanent, transitional, or temporary housing and safe environments for individuals and families experiencing homelessness.

The Bay Area Preservation pilot program and **Housing for Health fund** recently came to fruition due to a partnership between Enterprise Community Partners and Kaiser Permanente. The two partners have dedicated $50 million toward the Bay Area Preservation pilot program and another $85 million for a private equity Housing for Health Fund, both of which have so far helped preserve 814 homes.[20] These programs are available to several counties, including San Mateo, with 51 percent of funds targeted to the city of Oakland. The programs will help developers acquire and preserve existing affordable rental housing and prevent displacement of residents from their homes. While these programs do not target resources to cities, it is important for cities to know these programs exist when thinking about all of the tools that can be used to implement their affordable housing strategy.

The Apple Affordable Housing Fund was similarly developed through a partnership between Apple and the Housing Trust Silicon Valley. In 2021, the fund supported developers in creating affordable housing units, with priority given to those that are developed for vulnerable populations at the lowest AMI levels.[21] The units will have long-term affordability restrictions.

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[18] The Bay's Future Fund. Community Housing Fund. https://baysfuture.org/wp-content/uploads/2020/12/CHF-1-Pager_FIN.pdf

[19] Housing Industry Foundation. Renovation Program. https://www.hifinfo.org/programs/renovation-project/

[20] Enterprise Community Partners. 2019. Enterprise and Kaiser Permanente Announce New Funds. https://www.enterprisecommunity.org/blog/enterprise-kaiser-permanente-announce-new-funds

[21] Housing Trust Silicon Valley. Apple Affordable Housing Fund: A New Commitment to Affordable Housing. https://secureservercdn.net/198.71.233.138/gzl.ab0.myftpupload.com/wp-content/uploads/2021/03/Apple-Affordable-Housing-Fund-RFI-Preview-FINAL-PDF.pdf

4. Strategies and Actions

The AHSP strategies and actions set forth in this Section bridge the policies of the City's Housing Element to the pillars established in Section One, resulting in a high-level blueprint that sets a direction for affordable housing programs over the 8-year RHNA cycle. They include 21 strategic actions organized by the five foundational pillars of the plan. These are actions designed to move Brisbane forward in addressing its identified affordable housing challenges. Strategies and actions are intended to *complement* existing and proposed housing strategies and programs in the City's Housing Element Housing Plan. In the strategies below, relevant Housing Element programs are identified. These strategies were developed through

- coordination with the Affordable Housing Subcommittee;
- insights from City Staff;
- technical analysis presented in this Plan and its appendices; and
- research on best practices from other communities across the state.

A. Increase production of affordable housing

Housing affordability is a direct function of housing production. These strategies remove barriers to housing production and provide incentives and direct actions to reduce costs and encourage desired housing types.

A-1: Subsidize Affordable Housing through Direct Funding (2.D.1; 2.E.6; 2.F.4)

Through this strategy, the city will establish methods to subsidize the costs of affordable housing development through financial incentives and direct subsidy. The city will establish guidelines for the share of existing funding sources like the Low/Mod Housing Fund and new funding sources implemented through this AHSP that should be dedicated to direct funding through fee subsidies, predevelopment and construction grants or loans, or land donation or subsidy alongside Strategy A-5 below.

Actions:

- Annually develop estimates of funding sources and resources that are available and should be reserved for direct investment in affordable housing.
- In coordination with Strategy (E-1), create informational materials to distribute to affordable housing developers about city resources for affordable housing.
- Advertise public land available for land donation through RFQs and RFPs as sites are available.

- Create an incentive program comprised of waivers and grants that is available for market-rate development to encourage inclusionary set-aside rates above the minimum thresholds included in the Inclusionary Housing Ordinance

A-2: Support for Middle Housing (2-A-5; 2-A-6; 2-A-10; 2-D-2; 2-E-2; 2-E-3)

Middle housing types offer the opportunity to deliver low and moderately priced housing naturally in units that are not regulated. Through this program the City will take actions through changes in land use, dedication of financial resources, and regional coordination to encourage the development of middle housing types.

Actions:

- Conduct an analysis of zoning districts to identify where a reduction of minimum lot sizes may be appropriate to encourage development of tiny homes, rowhomes, bungalows, or other similar developments and adopt new zoning where appropriate. The analysis should consider the potential intersection of ministerial lot splits permitted under Government Code Section 66411.7 and should consider site characteristics including but not limited to topography, improved right-of-way widths, and proximity to transit and community amenities.
- Create a comprehensive Accessory Dwelling Unit fee waiver program and program funds through the biennial budget process. Publicize the program through means specified in the 2023-2031 Housing Element.
- Discuss and identify options for contributing funds to a regional ADU loan program with 21 Elements and San Mateo County HEART for homeowners to construct an ADU that is held affordable for extremely low-income households for 15 years. Market to Brisbane property owners through means specified in the 2023-2031 Housing Element.
  - In the absence of a regional ADU loan program, evaluate the feasibility and impact of developing a City ADU construction loan program with funding supplemented by CalHome funding annually or as notices of funding availability are released. The evaluation could include a comprehensive review of similar ADU loan programs in other jurisdictions in the Bay Area, an analysis of typical ADU construction costs in Brisbane and return on investment calculations for ELI household rental payments, and consideration of site characteristics that may be appropriate (e.g., steep slopes, substandard rights-of-way).

A-3: Encourage Innovative Construction Types

Construction costs across the Bay Area have increased rapidly over the last decade, constraining development and making affordable housing development marginally less feasible. Through this strategy, the city will implement regulatory changes to enable and encourage the use of innovative construction typologies and materials. Examples include modular housing and cross-laminated timber. The technologies are being increasingly explored to reduce construction costs and subsidies required for affordable housing.

Actions:

- Review the existing zoning and building codes and development standards to identify barriers to innovative construction typologies.
- Explore zoning and building code amendments to allow and encourage innovative construction types.

A-4: Establish a Fee Deferral Program for 100% Affordable Development

The City imposes fees on development to mitigate the impact on public services that development creates. Collectively, fees can add considerable cost to a development project. Through this strategy, the city will create a fee assistance program to incentivize desired development types in the form of deferrals or waivers. This program could be supported through the city's Low/Mod housing fund or through newly established resources identified in this plan.

Actions:

- Establish a fee deferral program for 100% affordable projects that allows developers to pay fees at certificate of occupancy rather than at permitting. (Implements programs 2.D.1 and 2.F.7.)
- Establish guidelines and funding allocations for a program that will waive or discount fees for inclusionary units offered in addition to minimum set-asides.

A-5: Acquire and Assemble Developable Sites (2-F-3)

Through this strategy, the City will create processes to identify, purchase, and dispose of public land for affordable housing development. The purpose of this strategy is to use the city Low/Mod housing fund to strategically assemble sites that are more feasible for affordable housing development and to draw down the cost of affordable housing through land subsidy.

Actions:

- Identify any existing surplus parcels owned by the city that could be used for affordable housing. Explore adjacent parcels to assess opportunities for site assemblage.
- Create a process to monitor land/site listings and opportunities annually and do proactive outreach to landowners.
- Evaluate and select a robust menu of alternatives to constructing affordable housing units through the inclusionary housing ordinance update.
- When a site or sites are assembled, sell or lease publicly owned land at below-market rates to incentivize affordable housing development, in compliance with the Surplus Lands Act.

B. Preservation

These strategies include actions to preserve assets that Brisbane already has and to protect the existing housing stock.

B-1: Protect Naturally Occurring Affordable Housing

Through this strategy, the City will provide funding and financing alternatives for the acquisition or rehabilitation of existing unsubsidized low-income housing units ("naturally occurring affordable housing") to increase the supply of deed-restricted affordable housing and help low-income households stay in their homes. This strategy would explore alternatives for rent protection measures and expanding rehabilitation programs for lower-income units. Implementation of this strategy should include collaboration with developers and nonprofit organizations with technical and financial expertise in addition to outreach with tenants and community groups.

Actions:

- Develop a preservation substrategy that includes developing an inventory of target properties and nonprofit partners.
- Provide direct funding to nonprofit organizations and/or the Brisbane Housing Authority to acquire and convert properties.

B-2: Preserve Existing Deed-Restricted Units (3-A-1)

Through this strategy, the City will subsidize deed-restricted projects that may be at risk of conversion to market rate due to expiring covenants. This strategy will require collaborating with existing property owners, developers, and potential mission-driven nonprofit organizations. It may also require local financial commitments for funding or financing acquisition or rehabilitation.

Actions:

- Create a database of deed-restricted properties in Brisbane that includes unit count, affordability level, and expiring covenant dates.
- Establish an early warning/monitoring system for deed-restricted units at risk.
- Make funding available for expiring deed-restricted projects.

B-3: Provide Tenant and Homeowner Education and Support (3-A-1)

Through this strategy, the City will directly provide or subsidize housing education services for low-income tenants and homeowners. This strategy commonly requires collaboration with a nonprofit organization or partner with the specialized expertise to provide these services.

Actions:

- Evaluate the range of needs and services that would be most beneficial to Brisbane residents through community outreach.

- Allocate funding sources to organizations that provide homeowner financial literacy training, foreclosure counseling, tenant-landlord mediation, home sharing matching and facilitation, and rehabilitation program technical assistance. (1.A.2)

B-4: Establish a Rehabilitation and Retrofit Program (3-A-4; 4-B-2)

Through this program, the City will establish a retrofit and rehabilitation program with the goal of preserving the existing lower-income housing stock (including naturally occurring affordable housing) and improving health and safety. This program will provide loans or grants to qualifying landlords and property owners.

Actions:

- Program earmarked Federal grant funds received in FY 2021-2022 to provide financial assistance in the form of loans or grants to retrofit existing units for low-income and special-needs households.
- Explore the viability and effectiveness of funding and participating in established Countywide rehabilitation programs as Federal grant funds are expended.

C. Provide access to housing for persons with special needs

The City's analysis of housing needs identified a growing need to provide a variety of housing types to accommodate special-needs populations, especially senior households. These strategies include actions to increase access to affordable housing options for these groups.

C-1: Ensure that the Baylands Development offers a variety of housing types and affordability levels (2-B-1)

Redevelopment of the Baylands Subarea into a new mixed-use neighborhood is the greatest opportunity to provide a variety of housing types that meet a broad range of housing needs in Brisbane. Through this strategy, as a part of development agreements and approval of the Baylands Specific Plan, the city will ensure that the Baylands development includes provisions to provide units for seniors or persons with disabilities or other special needs, as well as lower-income households.

Actions:

- Negotiate an agreement with the Baylands developer to include housing units aligning with community need identified in the 2023-2031 Housing Element.
- Adopt the Baylands Specific Plan once terms are mutually agreeable.

C-2: Expand incentives for projects serving special populations

Through this strategy, the City will offer additional incentives to projects that include units that serve households with special needs. Additional incentives could include fee waivers, density bonuses, expedited approvals, or direct investment through grants or loans.

Actions:

- Develop and adopt incentives policy for special-needs housing projects.

C-3: Mitigate Displacement (4-A-1; 4-A-B)

Growth pressures alongside increases in housing costs create growing risk of displacement, particularly among Brisbane's most vulnerable residents, which includes seniors on fixed incomes and persons with special housing needs. Through this strategy, the City will prioritize funding for antidisplacement programs to protect existing residents, including:

First-Time Homebuyer Program

Provide financial assistance to low- and moderate-income first-time homebuyers to assist with down payments, closing costs, inspection fees, or other associated costs.

Rental Assistance Program

Rental assistance is among the most effective ways to prevent displacement and housing insecurity by providing financial assistance in the form of rental payments or partial rent payments to lower-income tenants at risk of eviction.

Local Preference Guidelines

Local preference programs ensure that local resources are going to local or regional residents. The city will develop a local preference policy that will give preference to applicant households that meet program criteria to the maximum extent allowed by the law.

Actions:

- Create and maintain a repository of programs other than the ones offered by the city that offer assistance for first-time homebuyers.
- Engage with major employers to build support for an Employer-Assisted Housing (EAH) component to the First-Time Homebuyer Program.
- Update the First-Time Homebuyer Program guidelines to calibrate with current market conditions, build in flexibility as market conditions change, and evaluate available funding sources to capitalize the program.
- Identify target renter households most susceptible to displacement through community outreach, surveys, or review of third-party data and displacement risk metrics.
- Look to peer cities for successful case studies and create guidelines and processes for an ongoing local rental assistance program for targeted households. Capitalize and scale the program based on funding sources available through local and exogenous sources as they are available.

- Adopt local preference guidelines for affordable housing using local resources that incorporate flexibility in terms of target households and affordability levels to complement the City's RHNA.

D. Leverage private and outside investment

The City does not have the resources to solve its housing challenges on its own. These strategies include actions to increase the pool of funding sources and leverage investment from private sources.

D-1: Establish a Commercial Affordable Housing Impact Fee

Impact fees are only effective when market-rate activity is already occurring, which is the current condition in Brisbane's commercial market. Through this strategy, the city will establish a new funding source to support affordable housing production and programs by adopting a Commercial Affordable Housing Impact fee. State law regulates how cities may impose impact fees and requires impact fees to be adopted based on findings of a nexus between the development, appropriateness of the fee size, and how funds are used.

Actions:

- Update the City's Commercial Nexus Study and Feasibility Study.
- Adopt fee and implementation guidelines.

D-2: Explore Alternatives for Additional Funding Sources

Through this strategy, the City will build upon the analysis in Chapter 3 of this strategic plan to create new funding sources for affordable housing.

Actions:

- Track exogenous funding programs annually and apply for grants as eligible.
- Adopt policies to implement new local funding programs identified in Strategy D-3 (In-Lieu Fees for Inclusionary), Strategy D-1 (Commercial Linkage Fee), and other identified sources as legally and politically feasible.

D-3: Amend the Inclusionary Housing and Density Bonus Ordinances (2-E-4)

Through this strategy, the City will draft and adopt an update to its inclusionary housing ordinance and density bonus ordinance consistent with the recommendations of this strategic plan. These updates will amend set-aside and affordability levels to be better calibrated with market conditions and comply with current State law. The inclusionary ordinance update will also implement a range of alternatives, including an in-lieu fee, to providing affordable housing units.

Actions:

- Draft and adopt updated inclusionary and density bonus ordinances.

E. Increase implementation capacity

These strategies include actions to increase the City's ability to implement housing policies through increased efficiency and strategic partnerships.

E-1: Proactively Attract Affordable Housing Investors (2-F-2)

In coordination with Strategy E-3 (Create a Database of the Regional Affordable Housing Ecosystem) and Housing Element program 2.F.2, through this strategy the City will develop ongoing relationships with nonprofit housing development corporations and for-profit affordable housing developers to build development expertise in Brisbane and align local opportunities with developer and investor resources.

Actions:

- Explore the feasibility of an initial developer familiarization tour of the city and strategic opportunity sites.
- Create marketing cut sheets for publicly owned sites that are suitable for affordable housing and available resources for affordable housing funding.

E-2: Property Owner Outreach (2-F-1)

In coordination with Strategy A-5 (Acquire and Assemble Developable Sites) and Strategy E-1 (Proactively Attract Affordable Housing Investors), through this strategy the City will proactively engage with existing property owners in the PAOZ-1 and PAOZ-2 overlay districts and other areas the Housing Element identifies as opportunity sites. This engagement will serve to encourage private redevelopment and connect interested property owners with affordable housing developers.

Actions:

- Create an initial database of priority sites and owner contacts in the PAOZ-1 and PAOZ-2 overlay zones.
- Submit letters of interest or conduct direct outreach to discuss redevelopment, sale, and partnership opportunities.

E-3: Create a database of the regional affordable housing ecosystem

Through this strategy, the City will gain a better understanding of the affordable housing ecosystem in its region. This will allow the city to prioritize investment decisions, conduct proactive outreach to developers and nonprofit organizations, and make connections between different groups.

Actions:

- Document the network of the affordable housing ecosystem in the region. Update biennially.

E-4: Advocate for legislation

Through this strategy, the City will participate in local and regional efforts to advocate for state legislation that provides resources and policy reform in support of affordable housing.

Actions:

- Annually track housing bills in the California legislature.
- Offer letters of support where appropriate.

E-5: Expand Administrative capacity by entering into shared agreements (7-A-6)

The City has a small staff with limited administrative capacity to oversee and maintain its affordable housing programs. Through this strategy, the City will join other cities in San Mateo County in an agreement to share housing staff to support management of the City's below-market-rate housing inventory.

Actions:

- Enter into a contract agreement with other San Mateo cities for shared housing program management services.

Summary Table of Strategies and Actions

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
A. Increase Production of Affordable Housing					
A-1: Subsidize Affordable Housing through Direct Funding (2-D-1; 2-E-6; 2-F-4)					
Annually develop estimates of funding sources and resources that are available and should be reserved for direct investment in affordable housing.	Finance; Community Development	HCD, 21 Elements	Moderate	Low	Annually
Advertise public land available for land donation through RFQs and RFPs as sites are available.	Community Development; City Manager	Brokers	Low	Low	Ongoing
In coordination with Strategy (E-1), create informational materials to distribute to affordable housing developers about city resources for affordable housing.	Community Development; City Manager	Developers and Brokers	Low	Low	Ongoing
Create an incentive program comprised of waivers and grants that is available for market-rate development to encourage	Community Development; City Manager	None	High	High	Years 1-3

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
inclusionary set-aside rates above the minimum thresholds included in the Inclusionary Housing Ordinance.					
A-2: Support for Middle Housing (2-A-5; 2-A-6; 2-A-10; 2-D-2; 2-E-2; 2-E-3)					
Create a comprehensive Accessory Dwelling Unit fee waiver program.	Community Development; City Manager	21 Elements, HCD, San Mateo County	Moderate	Moderate-High	Years 1-3
A-3: Encourage Innovative Construction Types					
Review the existing zoning code and development standards to identify barriers to innovative construction typologies. Explore zoning code amendments and new ordinances to allow and encourage innovative construction types.	Community Development	None	Low	Low	Years 1-3
A-4: Establish a Fee Deferral Program for 100% Affordable Development					
Establish a fee deferral program for 100% affordable projects that allows developers to pay fees at certificate of occupancy rather than at permitting.	Community Development; City Manager	None	Moderate	Moderate	Years 3-5
Establish guidelines and funding allocations for a program that will waive or discount fees for inclusionary units offered in addition to minimum set-asides.	Community Development; City Manager	None	Moderate	Moderate-high	Years 3-5
A-5: Acquire and Assemble Developable Sites (2-F-3)					
Identify any existing surplus parcels owned by the city that could be used for affordable housing. Explore adjacent parcels to assess opportunities for site assemblage.	Community Development; City Manager	Property owners, brokers	Low	Low	Years 1-3
Create a process to monitor land/site listings and opportunities annually and do proactive outreach to landowners.	Community Development; City Manager	Brokers; San Mateo County HEART (shared housing staff program)	Low	Low	Years 1-3
Evaluate and select a robust menu of alternatives to constructing affordable housing units through the inclusionary housing ordinance update.	Community Development; Planning Commission; City Council	None	Moderate	Low	Years 1-3
When a site or sites are assembled, sell or lease publicly owned land at below-market rates to incentivize affordable housing development in compliance with the Surplus Lands Act.	Community Development; City Manager	Brokers, developers	Moderate	High	Years 5-8
B. Preservation					
B-1: Protect Naturally Occurring Affordable Housing					

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
Develop a preservation substrategy that includes developing an inventory of target properties and nonprofit partners	Community Development	None	Low	Low	Years 3-5
Provide direct funding to nonprofit organizations and/or the Brisbane Housing Authority to acquire and convert properties.	Finance; City Manager; City Council	Nonprofits, Housing Authority	Moderate	High	TBD (see comment in strategy text above)
B-2: Preserve Existing Deed Restricted Units (3-A-1)					
Create a database of deed-restricted properties in Brisbane that includes unit count, affordability level, and expiring covenant dates.	Community Development	San Mateo County HEART (shared housing staff program)	Low	Low	Years 1-3
Establish an early warning/monitoring system for deed-restricted units at risk.	Community Development	San Mateo County HEART (shared housing staff program)	Low	Low	Years 1-3
Make funding available for expiring deed-restricted projects.	Community Development; City Manager; City Council	Property owners, Nonprofits, Developers; Housing Authority	Moderate	High	Years 3-5
B-3: Provide Tenant and Homeowner Education and Support (3-A-1)					
Evaluate the range of needs and services that would be most beneficial to Brisbane residents through community outreach.	Community Development	HUD rehabilitation grant consultants; community members	Moderate	Low	Years 1-3
Allocate funding sources to organizations that provide homeowner financial literacy training, foreclosure counseling, tenant-landlord mediation, homesharing matching and facilitation, and rehabilitation program technical assistance.	City Manager; Finance	Special needs groups, nonprofits	Moderate	Moderate	Ongoing
B-4: Establish a Rehabilitation and Retrofit Program (3-A-4; 4-B-2)					
Program earmarked Federal grant funds received in FY 2021-2022 to provide financial assistance in the form of loans or grants to retrofit existing units for low-income and special needs households.	Community Development	Property owners; consultant team	Moderate	Low	Ongoing
Explore the viability and effectiveness of funding and participating in established Countywide rehabilitation programs.	Community Development; City Manager: Finance; City Council	San Mateo County	Low	Moderate	As needed
C. Provide access to housing for persons with special needs, specifically seniors					

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
C-1: Ensure that the Baylands offers a variety of housing types and affordability levels (2-B-1)					
Negotiate an agreement with the Baylands developer to include housing units aligning with community need identified in the Housing Element Update.	City	Baylands developer	Moderate	Low	Years 1-3
Approve the Baylands Specific Plan once terms are mutually agreeable.	City	Baylands developer	Low	Low	Years 1-3
C-2: Expand Incentives for projects serving special populations					
Develop incentives policy for special needs housing projects.	Community Development; City Manager; City Council	Nonprofit organizations; affordable housing developers	Moderate	High	Years 3-5
C-3: Displacement (4-A-1; 4-A-2)					
Create and maintain a repository of programs exogenous to the city that offer assistance for first-time homebuyers.	Community Development	San Mateo County HEART (shared housing staff person); Nonprofit organizations	Low	Low	Years 1-3
Engage with major employers to build support for an Employer-Assisted Housing (EAH) component to the First-Time Homebuyer Program.	Community Development; Economic Development; City Manager; Finance	San Mateo County HEART (shared housing staff person); Major employers	Moderate	Low	Years 1-3
Update the First-Time Homebuyer Program guidelines to calibrate with current market conditions, build in flexibility as market conditions change, and identify funding sources to capitalize the program.	Community Development; City Manager; City Council	San Mateo County HEART (shared housing staff program); Housing Authority?	Moderate	High	Years 1-3
Identify target renter households most susceptible to displacement.	Community Development	Nonprofit organizations, community	Low	Low	Years 1-3
Create guidelines and processes for an ongoing local rental assistance program for targeted households. Capitalize and scale the program based on funding sources available through local and exogenous sources as they are available.	Community Development; City Manager; City Council	San Mateo County HEART (shared housing staff person); Nonprofit organizations, Housing Authority	High	High	Years 3-5
Adopt local preference guidelines for affordable housing using local resources that incorporate flexibility in terms of target households and affordability	Community Development; City Council: City Manager	San Mateo County HEART (shared	Moderate	Low	Years 1-3

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
levels to complement the City's RHNA.		housing staff person)			
D. Leverage private and outside investment					
D-1: Establish a Commercial Nexus Fee					
Update the City's Commercial Nexus Study and Feasibility Study.	Community Development	Contract consultants	Low	Low	Years 1-3
Adopt fee and implementation guidelines.	Community Development; City Council; City Manager; Finance	None	Low	Low	Years 1-3
D-2: Explore Alternatives for Additional Funding Sources					
Track exogenous funding programs annually and apply for grants as eligible.	City	HCD	Moderate	Low	Ongoing
Adopt policies to implement new local funding programs identified in Strategy D-3 (In-Lieu Fees for Inclusionary), Strategy D-1 (Commercial Linkage Fee), and other identified sources as legally and politically feasible.	City	Community	Low	Low	Ongoing
D-3: Amend the Inclusionary Housing and Density Bonus Ordinances (2-E-4)					
Draft and adopt updated inclusionary and density bonus ordinances.	Community Development; City Council	None	Low	Low	Years 1-3
E. Increase implementation capacity					
E-1: Proactively Attract Affordable Housing Investors (2-F-2)					
Explore the feasibility of an initial developer familiarization tour of the city and strategic opportunity sites.	Community Development; City Manager	Affordable housing developers, property owners, brokers	Moderate	Low	Ongoing
Create marketing cut sheets for publicly owned sites that are suitable for affordable housing and available resources for affordable housing funding.	Community Development	None	Low	Low	Ongoing
E-2: Property Owner Outreach (2-F-1)					
Create an initial database of priority sites and owner contacts in the PAOZ-1 and PAOZ-2 overlay zones.	Community Development	Brokers, property owners	Low	Low	Years 1-3
Submit letters of interest or conduct direct outreach to discuss redevelopment, sale, and partnership opportunities.	Community Development; City Manager	None	Low	Low	Years 3-5
E-3: Create a database of the regional affordable housing ecosystem					
Document the network of the affordable housing ecosystem in the region. Update biennially.	Community Development	San Mateo County HEART (shared	Moderate	Low	Years 1-3

Strategy	Responsible Department(s)	Partners	Administrative Impact	Financial Resources	Time Frame
		housing staff person); 21 Elements			
E-4: Advocate for legislation					
Annually track housing bills in the California legislature.	Community Development	None	Low	Low	Ongoing
Offer letters of support where appropriate.	Community Development; City Council; City Manager	None	Low	Low	As needed
E-5: Expand Administrative capacity by entering into shared agreements (7-A-6)					
Enter into a contract agreement with other San Mateo cities for shared management services.	Community Development; City Council; City Manager	21 Elements, San Mateo County HEART	Low	Moderate	Years 1-3

Appendix A: Summary of Funding Programs

ECONorthwest reviewed various federal, state, local, and philanthropic funding sources available to the City of Brisbane. The following table provides a general description and a list of eligible projects for each grant and loan program.

Agency	Program	Description	Eligible Projects
Federal Funds			
US HUD	Assisted-Living Conversion Program	To provide private nonprofit owners of eligible developments with a grant to convert some or all of the dwelling units in the project into an Assisted-Living Facility (ALF) for the frail elderly	1. Physical conversion of existing project units, common and services space
US HUD	Community Development Block Grants	Grant awarded to the City annually on a formula basis to fund housing and economic development for low- and moderate- income persons.	1. Affordable housing construction 2. Economic Development 3. Historic preservation 4. Property acquisition for housing 5. Housing rehabilitation 6. Public services and facilities 7. Code enforcement 8. Fair housing activities
US HUD	Emergency Capital Repairs Program	Provides grants for substantial capital repairs to eligible multifamily projects that are owned by private nonprofit entities	1. Rehabilitation 2. Modernization 3. Retrofitting
US HUD	HOME Investment Partnership Program	Grant program specifically for housing.	1. Single-family or multifamily housing acquisition/rehab/construction 2. CHDO Assistance 3. Administration
US HUD	Emergency Solutions Grant Program	Grant awarded on an annual formula basis for shelter and services to homeless persons.	1. Homelessness prevention 2. Continuum of Care 3. Operating expenses
US HUD	Housing Opportunities for Persons with AIDS	Funds available countywide for supportive services and housing for persons with HIV/AIDS.	1. Rental assistance 2. Social services 3. Housing
US HUD	Shelter Plus Care (S+C)	Grants for rental assistance, in combination with supportive	1. Tenant-based rental assistance 2. Sponsor-based rental assistance 3. Project-based rental assistance

Agency	Program	Description	Eligible Projects
		services from other sources, to homeless people.	
California HFA	CalFHA MyHome Assistance Program		1. First-time homebuyers 2. Occupy property as primary residence 3. complete homebuyer education counseling and obtain certificate of completion through eligible organization 4. Meeting CalHFA income limits for the program. 5. Be single-family, one-unit residents, including approved condominium/PUDs (guest houses, granny units, and in-law quarters may be eligible) 6. Manufactured housing 7. Condominiums must meet the guidelines of the first mortgage
California HFA	CalHFA Conventional Loans	Various programs providing lower-cost loans, such as a 30-year fixed, interest-only PLUS, 40-year fixed	1. First-time homebuyers 2. Low- and moderate- income homebuyers
California HFA	CalPLUS Conventional Loans		1. Occupy the property as a primary residence; nonoccupant coborrowers are not allowed. 2. Complete homebuyer education counseling and obtain a certificate of completion 3. Meet CalHFA income limits for this program. 4. Be a single-family, one-unit residence, including approved condominium/PUDs 5. Guest houses, granny units and in-law quarters may be eligible 6. Condominiums must meet the guidelines of the first mortgage 7. Manufactured housing is permitted 8. Leaseholds/Land Trusts and Co-ops are not permitted
California HFA	ADU Grant Program		1. Borrower(s) income < 80% AMI per Fannie Mae lookup tool or 2. Borrower(s) income < the CalHFA income limit and property is located in a Qualified Census Tract** or

Agency	Program	Description	Eligible Projects
			3. Borrower(s) income < the CalHFA income limit and the CLTV > 80%
California HFA	Section 811 Project Rental Assistance	Section 811 Project Rental Assistance offers long-term project-based rental assistance funding from the U.S. Department of Housing and Urban Development (HUD through a collaborative partnership among the California Housing Finance Agency [CalHFA]), Department of Health Care Services (DHCS), Department of Housing and Community Development (HCD), Department of Developmental Services (DDS) and California Tax Credit Allocation Committee (TCAC).	1. Rental assistance for lower-income households
CalHCD	National Housing Trust Fund	National Housing Trust Fund is a permanent federal program with dedicated source(s) of funding not subject to the annual appropriations. The funds can be used to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low-income households (ELI households, with incomes of 30 percent of area median or less).	1. New construction
State Funds			
CalHCD	Affordable Housing and Sustainable Communities Program	The AHSC funds land use, housing, transportation, and land preservation projects that support infill and compact development and reduce greenhouse gas (GHG) emissions.	1. Affordable Housing Developments 2. Housing-Related Infrastructure 3. Sustainable Transportation Infrastructure 4. Transportation-Related Amenities 5. Program Costs
CalHCD	CalHOME	CalHOME makes grants to local public agencies and nonprofit corporations to assist first-time homebuyers in becoming or remaining homeowners through deferred-payment loans. Funds can also be used to assist in the	1. Predevelopment, site development, and site acquisition for development projects. 2. Rehabilitation and acquisition and rehabilitation of site-built housing, and rehabilitation, repair, and replacement of manufactured homes

Agency	Program	Description	Eligible Projects
		development of multiple-unit ownership projects	3. Down payment assistance, mortgage financing, homebuyer counseling, and technical assistance for self help
CalHCD	California Emergency Solutions and Housing	The CESH Program provides grant funds to eligible applicants for eligible activities to assist persons experiencing or at risk of homelessness. Eligible applicants are Administrative Entities (AEs) (local governments, nonprofit organizations, or unified funding agencies) designated by the Continuum of Care (CoC) to administer CESH funds in their service area.	1. Housing relocation and stabilization services (including rental assistance) 2. Operating subsidies for permanent housing 3. Flexible housing subsidy funds 4. Operating support for emergency housing interventions 5. Systems support for homelessness services and housing delivery systems 6. Development or updating a Coordinated Entry System (CES), Homeless Management Information System (HMIS), or Homelessness Plan
CalHCD	Golden State Acquisition Fund (GSAF)	GSAF was seeded with $23 million from the Department's Affordable Housing Innovation Fund. Combined with matching funds, GSAF makes up to five-year loans to developers	1. Acquisition or preservation of affordable housing
CalHCD	Home Investment Partnerships Program	HOME assists cities, counties, and nonprofit community housing development organizations (CHDOs) to create and retain affordable housing for lower-income renters or owners. At least 50 percent of the amount is awarded to rural applicants and 15 percent is set aside for CHDOs. Funds are available in California communities that do not receive HOME funding directly from the U.S. Department of Housing and Urban Development.	1. Housing rehabilitation, new construction, and acquisition and rehabilitation, for single family & multifamily projects 2. Predevelopment loans to CHDOs 3. Must benefit lower-income renters or owners
CalHCD	Housing for a Healthy California	HHC provides funding on a competitive basis to deliver supportive housing opportunities to developers using the federal National Housing Trust Funds (NHTF) allocations for operating reserve grants and capital loans.	1. NHTF Uses: Acquisition and/or new construction 2. SB2 Applicants: Counties SB2 Uses: Acquisition, new construction or reconstruction and rehabilitation, administrative costs, capitalized

Agency	Program	Description	Eligible Projects
			operating subsidy reserves (COSR) and rental subsidies
CalHCD	Housing-Related Parks Program	The Housing-Related Parks Program funds the creation of new parks and recreation facilities or improvement of existing parks and recreation facilities that are associated with rental and ownership projects that are affordable to very low- and low-income households.	1. Creation of new parks and recreation facilities or improvement of existing parks and recreation facilities
CalHCD	Infill Infrastructure Grant Program	IIG provides grant funding for infrastructure improvements for new infill housing in residential and/or mixed-use projects. Funds are made available through a competitive application process.	1. New construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure
CalHCD	Local Early Action Planning Grants	The Local Early Action Planning (LEAP) program assists cities and counties with planning for housing through providing over-the-counter, noncompetitive planning grants.	1. Reimbursement for activities that include the preparation and adoption of planning documents, process improvements that accelerate housing production, and facilitate compliance in implementing the sixth cycle of the regional housing need assessment (RHNA).
CalHCD	Local Housing Trust Fund Program	Helps finance local housing trust funds dedicated to the creation or preservation of affordable housing.	1. Loans for construction of low-income affordable housing projects
CalHCD	Multifamily Housing Program (MHP)	MHP makes low-interest, long-term deferred-payment permanent loans to developers of affordable multifamily rental and transitional housing projects for lower-income households.	1. New construction, rehabilitation, or acquisition and rehabilitation of permanent or transitional rental housing, and the conversion of nonresidential structures to rental housing
CalHCD	Joe Serna, Jr., Farmworker	FWHG makes grants and loans for development or rehabilitation of rental and owner-occupied housing for agricultural workers with priority for lower-income households	1. Activities incurring costs in the development of rental housing or agricultural workers.
CalHCD	Mobilehome Park Rehabilitation and	Funds awarded to mobile home park tenant organizations to convert mobile home parks to resident ownership.	1. Mobile home park acquisition and development

Agency	Program	Description	Eligible Projects
	Resident Ownership Program		
CalHCD	Pet Assistance and Support Program	Pet Assistance and Support provides funds to homeless shelters for shelter, food, and basic veterinary services for pets owned by individuals experiencing homelessness.	1. Shelter, food, and basic veterinary services for pets owned by individuals experiencing homelessness, along with staffing and liability insurance related to providing those services
CalHCD	Predevelopment Loan Program	Provide predevelopment capital loans to finance the start of low-income housing projects.	1. Construct, rehabilitate, convert, or preserve low-income housing 2. Site control, acquisition, technical studies/reports/plans, and fees
CalHCD	Permanent Local Housing Allocation	Funds the predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable for extremely low, very low, low, or moderate-income housing, homeownership opportunities, accessory dwelling units, assisting persons who are experiencing or at risk of homelessness, accessibility modifications, and efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.	1. (Pre)development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing affordable to extremely low to moderate-income households & affordable rental and ownership housing, including ADUs that meet the needs of those earning up to 120% of AMI or 150% of AMI in high-cost areas. 3. Matching portions of funds placed into Local or Regional Housing Trust Funds or funds available through the Low- and Moderate-Income Housing Asset Fund. 5. Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing. 6. Assisting persons who are experiencing or at risk of homelessness. 8. Rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities 9. Accessibility modifications in lower-income owner-occupied housing. 10. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments. 11. Homeownership opportunities (down payment assistance) 12. Fiscal incentives made by a county

Agency	Program	Description	Eligible Projects
			to a city to incentivize approval of affordable housing projects, or matching funds invested by a county in an affordable housing development project in a city.
CalHCD	Regional Early Action Planning Grant	EAP provides one-time grant funding to regional governments and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the Regional Housing Needs Allocation.	1. Developing an improved methodology for the distribution of the sixth cycle regional housing needs assessment (RHNA). 2. Suballocating funds directly and equitably to jurisdictions or subregional entities in the form of planning grants that will accommodate the development of housing and infrastructure that accelerate housing production. 3. Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing or consultant needs associated with updating local planning and zoning documents, expediting application processing, and other actions to accelerate additional housing production. 4. Administrative costs related to the three main categories listed above.
CalHCD	Supportive Housing Multifamily Housing Program	SHMHP provides low-interest loans to developers of permanent affordable rental housing that contain supportive housing units.	SHMHP funds are for permanent financing only and may be used for new construction or rehabilitation of a multifamily rental housing development or conversion of a nonresidential structure to a multifamily rental housing development. Eligible use of funds may include, but are not limited to, real property acquisition, refinancing to retain affordable rents, necessary on-site and off-site improvements, reasonable fees and consulting costs, capitalized reserves, facilities for childcare, after-school care, and social service facilities integrally linked to the restricted supportive housing units. Eligible projects must have a minimum of five supportive housing

Agency	Program	Description	Eligible Projects
			units or a minimum of 40 percent of total units must be supportive housing units, whichever is greater, and must have associated supportive services for the intended target population living in the restricted units, pursuant to Health and Safety Code Section 50675.14.
CalHCD	Transit-Oriented Development Housing Program	The TOD program makes low-interest loans and grants for rental housing that includes affordable units that are located within one-quarter mile of a transit station. Eligible applicants include cities and counties, transit agencies, developers, and redevelopment agencies. Applications are accepted in response to a periodic Notice of Funding Availability.	1. A Rental Housing Development Project; and/or An Infrastructure Project necessary for the development of specified Housing 2. Developments, or to facilitate connections between these Developments and the Transit Station.
CalHCD	Transitional Housing Program	The Transitional Housing Program allocates $8 million in funding to counties for the purpose of housing stability to help young adults 18 to 25 years secure and maintain housing, with priority given to young adults formerly in the foster care or probation systems.	1. Identifying and assisting housing services for this population within each community 2. Helping this population secure and maintain housing (with priority given to those formerly in the state's foster care or probation system) 3. Improving coordination of services and linkages to community resources within the child welfare system and the Homeless Continuum of Care 4. Outreach and targeting to serve those with the most severe needs
CalHCD	Veterans Housing and Homeless Preventation Program	VHHP makes long-term loans for development or preservation of rental housing for very low- and low-income veterans and their families. Funds are made available to sponsors who are for-profit or nonprofit corporations and public agencies. Availability of funds is announced annually through a Notice of Funding Availability.	1. Involve the acquisition and/or construction or rehabilitation of an Affordable Rental Housing Development or Transitional Housing, or the conversion of an existing structure into one of these housing types. 2. Restrict occupancy to the greater of 25 percent of total units in the project or 10 units to Veterans under VHHP. However, if a project is determined to be rural as defined in Health and Safety Code Section 50199.21, then a minimum of five units must be

Agency	Program	Description	Eligible Projects
			restricted. 3. Restrict occupancy for at least 45 percent of Assisted Units to Extremely Low-Income Veterans, with rents not exceeding 30 percent of Area Median Income (AMI), calculated in accordance with TCAC regulations and procedures. TCAC utilizes the information published by HUD to calculate maximum rents and income limits for California LIHTC projects. The 2019 limits went into effect on April 24, 2019. 4. For projects qualifying as Supportive Housing or Transitional Housing
Office of State Treasurer	California Tax Credit Allocation Committee: Low-Income Housing Tax Credits	The CTCAC administers the federal and state LIHTC Programs. Both programs were created to promote private investment in affordable rental housing for low-income Californians.	1. Persons Seeking Housing 2. Developers Building Housing 3. Owners and Managers of Existing Tax Credit Projects
Office of State Treasurer	California Tax Credit Allocation Committee: Historic Rehabilitation Tax Credits	CTCAC and the CA Office of Historic Preservation also administer the HRTC program, which provides a 10-20% one-time IRS tax credit on eligible rehabilitation costs for pre-1936 and National Register historic properties.	1. Rental housing rehabilitation 2. Mixed-use projects 3. Seismic strengthening 4. Ownership housing ineligible
Office of State Treasurer	California Debt Limit Allocation Committee: Various Programs	Federal law limits how much tax-exempt debt a state can issue in a calendar year for private projects that have a qualified public benefit. This cap is determined by a population-based formula. CDLAC was created to set and allocate California's annual debt ceiling and administer the State's tax-exempt bond program to issue the debt. CDLAC's programs are used to finance affordable housing developments for low-income	1. Residential Rental Project Program 2. Single-Family First-Time Homebuyer Program 3. Home Improvement and Rehabilitation Program

Agency	Program	Description	Eligible Projects
		Californians, build solid waste disposal and waste recycling facilities, and finance direct loans used by in-need college students and their parents.	
Local Funds			
San Mateo Affordable Housing Fund	Affordable Housing Fund	Applications for this NOFA, accessible on the Department of Housing's website, are reviewed on a rolling "over-the-counter" basis until all ARAPP funds have been committed. The goal of ARAPP is to acquire and preserve the affordability of existing multifamily buildings within the County that are rented at below-market rates and not currently subject to rent restrictions. There is currently zero funding available under the ARAPP program as of March 30, 2019.	1. New Construction Multifamily Affordable Rental Housing projects 2. Multifamily Resyndication-Rehabilitation projects for existing deed-restricted multifamily affordable rental housing developments 3. Multifamily New Construction Affordable First-Time Homeownership projects 4. Supportive Housing Projects which are Multifamily, New Construction, Affordable Rental Housing Projects or Multifamily Resyndication-Rehabilitation Projects that designate at least 20% of total project units as homeless households. 5. Creating units serving HHC-eligible households, which are households including one or more persons who experience chronic homelessness or who are high-cost health users.
San Mateo Department of Housing	Farm Labor Housing	San Mateo County Supervisor Don Horsley and the Department of Housing have prioritized a variety of projects to understand and improve our Agricultural Workforce Housing.	1. The project units must be located in San Mateo County. 2. The project units must be rented to farmworkers, or farmworkers and their families, that meet the following criteria ("Eligible Farmworkers"): very low-income (under 50% of Area Median Income or AMI) and employed in full-time agricultural work in San Mateo County during the agricultural season. 3. Rent and any other housing-related expenses for the project units must remain stable for one year after occupancy and must not exceed 30% of the farmworker's gross income for the duration of the loan. 4. All project units must be used as

Agency	Program	Description	Eligible Projects
			rental housing for farmworkers for the life of the unit.
San Mateo Department of Housing	Below Market Rate Housing	The County of San Mateo's Below-Market Rate (BMR) Program fulfills several key affordable homeownership objectives: 1. Increases purchase capacity for low to moderate-income, homebuyers that either live and/or work in the County of San Mateo; 2. Creates a mechanism which adds permanent affordable housing in unincorporated San Mateo County; 3. Provides the resources and support to assist residents and individuals who work in the County to fulfill their dream of homeownership.	1. All applicants must include a Preapproval Letter from a lender 2. All applicants must either live and/or work in San Mateo County 3. Primary residence is San Mateo County for a minimum of one year, continuously. Work in San Mateo County a minimum of one year over the last two years. Twenty hours per week, minimum average, over the course of the qualifying year. 4. In order to qualify to purchase a BMR home, the buyer must meet the following income requirement. San Mateo County Income limits for 2021 (80 percent Area Median Income): 5. Applicant must not have owned any real property in the last three calendar years. 6. Applicant's Household Composition must not exceed State limits: 3 persons for 2-bedroom unit, 4 persons for 3-bedroom unit. 7. Applicant must be able to show mortgage readiness, including having a minimum of 3 percent down payment.
San Mateo Department of Housing	Employee Down Payment Assistance Program	The Employee Down Payment Assistance Program is an employee benefit open to all full-time County of San Mateo and Housing Authority employees. The program is designed to encourage employees to live within the County, decreasing the environmental impact and the physical/emotional effects of a long commute.	1. County of San Mateo or Housing Authority employee; and 2. Currently full-time, permanent employee for at least 18 months; and 3. No income restrictions and cannot currently own a home in San Mateo County; and 4. Preapproval letter from San Mateo Credit Union (required).
San Mateo Department of Housing	Emergency Housing Vouchers	The Housing Authority of the County of San Mateo (HACSM) has been awarded 222 Emergency Housing Vouchers (EHVs) from the U.S. Department of Housing	Eligible individuals/households include people who meet the following criteria: 1. Homeless;

Agency	Program	Description	Eligible Projects
		and Urban Development (HUD). Funding for the EHV Program is authorized by the American Rescue Plan Act of 2021.	2. At risk of homelessness; 3. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or 4. Recently homeless as stated in EHV regulations and determined by homeless services providers.
San Mateo Department of Housing	No Place Like Home	Bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness.	1.Low-barrier tenant selection practices that prioritize vulnerable populations 2. Must offer flexible, voluntary, and individualized supportive services 3. 0-year County commitment to provide mental health services & coordinate access to other community-based supportive services 4. Must have a minimum of five NPLH units per project
San Mateo Department of Housing	Home Sharing	The Home Sharing Program helps match "providers" with a spare room or rooms with "seekers" who are looking for an affordable place to live. Some of the seekers are also willing to exchange household chores for a reduced rent. Below are some partial monthly listings of the housing opportunities available through this program for both "providers" and "seekers."	1. Home Seekers must live, work, or attend school in San Mateo County. 2. Home Providers must reside in San Mateo County.
San Mateo Department of Housing	Landlord Incentive Programs	The Housing Authority of San Mateo offers three landlord incentive opportunities: 1. The Landlord Continuity Bonus: offered to landlords who have one of the program participants move out of a unit but have another program participant move in within 60 days. Receive up to one additional month contract repayment. 2. $1,000 bonus for partnering with the Housing Authority. Available to landlords who have not participated in any of the San Mateo County subsidized housing	NA

Agency	Program	Description	Eligible Projects
		programs for at least 3 years. 3. Landlord "No Loss" Bonus: daily proration of the full agreed-upon contract rent from the day the Housing Authority received the Request for Tenancy Approval to the start date of the housing Assistance Payments contract, up to one month's contract rent. Landlords may qualify for more than one bonus.	
Housing Endowment and Regional Trust of San Mateo County (HEART)	QuickStart Developer Loan	The QS Program is designed to provide short-term, quick-turnaround loans to assist with the early stages of project development.	1. Eligible Activities include acquisition, predevelopment, construction or rehabilitation, and refinancing to preserve affordability. Other requirements: 2. Funding must be secured by a deed of trust against an interest in the real property. 3. Project must be located within the jurisdiction of the member agencies of HEART 4. Project must be located in a jurisdiction that has an adopted housing element or one that is under review by State HCD.
Housing Endowment and Regional Trust of San Mateo County (HEART)	SemiPerm Loan Developer Loan	This program is intended to assist: (1) developers with more complex projects needing acquisition and/or predevelopment funds and which projects need longer time frames to complete predevelopment activities (such as securing entitlements and other financing commitments, undertaking relocation, etc.) before they can reach construction start; and (2) owners of existing affordable housing developments to address immediate needs, including refinancing to preserve affordability, and rehab while awaiting the necessary time to lapse before they can seek to	1. Eligible Activities include acquisition, predevelopment, construction or rehabilitation, and refinancing to preserve affordability. Other requirements: 2. Funding must be secured by a deed of trust against an interest in the real property. 3. Project must be located within the jurisdiction of the member agencies of HEART 4. Project must be located in a jurisdiction that has an adopted housing element or one that is under review by State HCD.

Agency	Program	Description	Eligible Projects
		refinance with tax credits or other funding source.	
California HCD	Homekey	Homekey is an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the Target Population.	1. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing. 2. Master leasing of properties for noncongregate housing. 3. Conversion of units from nonresidential to residential. 4. New construction of dwelling units. 5. The purchase of affordability covenants and restrictions for units. 6. Relocation costs for individuals who are being displaced as a result of the Homekey Project. 7. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds awarded under the Homekey Round 2 NOFA for FY 2021-22.
California HCD	California Housing Accelerator	The intent of this program is to reduce the backlog of projects "stuck" in the funding pipeline to accelerate the development of housing for those most in need. These funds will be used to fill funding gaps in shovel-ready projects that have received funding under other HCD programs and have been unable to access low-income housing tax credits.	California Housing Accelerator funding will be used to fill the permanent financing funding gap left by the inability to obtain tax credits/bonds for projects with active HCD funding awards.
Brisbane Housing Authority	Low- and Moderate-Income Housing Fund	The Brisbane Housing Authority administers the Low- and Moderate-Income Housing Fund, which helps to fund a variety of housing programs such as the First-Time Homebuyer loan program and grants to assist	NA

Agency	Program	Description	Eligible Projects
		homeowners to maintain and rehabilitate their homes.	
Bay Area Housing Finance Authority	Housing Protection, Preservation, and Production	MTC, the Association of Bay Area Governments (ABAG) and the Bay Area Housing Finance Authority (BAHFA) have developed a three-pronged approach called the "3Ps." Together, they are: Protection for current residents to avoid displacement Preservation of existing housing affordable for lower- and middle-income residents Production of new housing at all income levels, especially affordable housing	NA
Philanthropic Funds			
The Bay's Future, Family of Loan Funds	Bay's Future Fund	The Bay's Future Fund (BFF) is a $500 million loan fund that serves five counties in the Bay Area: San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara. BFF invests in affordable housing serving a range of incomes, from extremely low-income individuals and families to much needed workforce housing – ranging from 0–120% Area Median Income (AMI).	1. Be one of five counties in the bay area (San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara). 2. Projects that serve 0-120% AMI
The Bay's Future, Family of Loan Funds	Community Housing Fund	The Community Housing Fund (CHF) is a $150M loan fund designed to serve five counties in the Bay Area: San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara. CHF provides low-cost financing for affordable housing projects and supportive housing built for extremely low-income individuals and families.	1. Be one of five counties in the bay area (San Francisco, Alameda, Contra Costa, San Mateo, and Santa Clara). 2. Projects with at least 20% of their tenants at 30% AMI or below.
Housing Industry Foundation	Affordable Housing Initiative	Through our extensive network of landlords and property management companies, HIF matches qualified applicants living in Santa Clara and San Mateo	NA

Agency	Program	Description	Eligible Projects
		Counties (particularly those in the education, nonprofit and other community-based sectors) who fall in the 50-80% of Average Median Income (AMI) to affordable housing at up to 50% below market rates for up to three years. Households that are close to this range will be considered depending on circumstances and their overall financial picture	
Housing Industry Foundation	Emergency Housing Fund	HIF accepts applications directly from community members (click the link on this page) and also collaborates with a network of partner agencies that provide initial screening and supportive services for those that demonstrate need and ability to utilize our emergency housing grants for sustained stability leveraging up to $2,500 in support benefiting households threatened with homelessness. In 2020, HIF granted over $900,000 in assistance to help prevent more than 500 families from experiencing homelessness	NA
Housing Industry Foundation	Renovation Program	HIF supports nonprofit agencies in San Mateo and Santa Clara Counties that provide permanent, transitional, and temporary housing and safe environments for individuals and families experiencing homelessness. Leveraging our vast network and resources within the multifamily industry, HIF completes small and large-scale renovations at no cost to our grantees, allowing these organizations to focus their budgets on the clients and communities they serve.	1. Applicant must be a 501(c)3 nonprofit entity that provides housing and/or shelter and services, including permanent, transitional, or emergency housing 2. Facility must be located within Santa Clara or San Mateo Counties 3. Must serve a population that is experiencing homelessness and housing insecurity, including seniors, veterans, people with disabilities, victims of domestic violence, and low-income families 4. The scope of work and its cost must fall within the overall annual HIF Renovations budget, taking into consideration time constraints, codes, and compliance concerns 5. The scope of work must also be able

Agency	Program	Description	Eligible Projects
			to demonstrate an ability to host a group of volunteers for a project service day, usually the last workday, including tasks such as painting, light landscaping, cleaning etc.
Enterprise Community Partners/ Kaiser Perm.	Housing for Health Fund	$50 million Bay Area Preservation Pilot and $85 million private equity Housing for Health Fund seeded by Kaiser Permanente, currently helping preserve 814 homes. This is a multi-investor equity fund.	1. Acquisition and preservation of existing affordable rental housing and prevention of residents' displacement. 2. Supports development of a Health Action Plan that incorporates design and operations features into properties in order to mitigate health risks 3. Conducts study to determine specific health needs of residents in each investment, and annual surveys will monitor resident health outcomes over 5-7 years 4. All qualifying developers and building owner/managers must create Health Action Plans.
Apple	Apple Affordable Housing Fund	Apple has entered into a partnership with Housing Trust to implement the Fund. Using the Fund, Housing Trust will deploy new solutions, accelerate construction timelines, and house families faster by making loans to qualified developers for affordable housing in the greater Bay Area.	1. Priority will be given to projects that will be under construction by December 31, 2021, and serving the most vulnerable populations at the lowest Area Median Income (AMI) levels. All units developed using funds from the Fund will have long-term affordability restrictions. 2. Transit-oriented developments that incorporate sustainable building methods, efficient use of resources, and unique aspects that support residents and the community.

Appendix B: Analysis of Inclusionary Housing Policies

Purpose and Context

In 2019, the Brisbane Planning Commission considered draft updates to the City's Inclusionary Housing and Density Bonuses Ordinance, originally adopted in 2009. The Commission's study of the ordinance included both discrete changes to comply with current State law and a broader re-envisioning of the program in light of current and projected housing development patterns in the City. The Planning Commission ultimately recommended an updated ordinance for approval by the City Council. However, the City Council has not yet considered the draft ordinance.

This section reviews the updates to Brisbane's draft Inclusionary Housing and Density Bonus Ordinance recommended by the Planning Commission in 2019 and provides recommendations that will ensure the ordinance is consistent with the larger goals of the AHSP. As a part of this review, we analyzed inclusionary housing policies across a sample of jurisdictions in the region to inform current best practices and identify alternatives for program design. This review was juxtaposed against case studies of successful mixed-income development projects delivered through inclusionary policies in the region.

Background

Inclusionary housing ordinances (IHO) are a rapidly growing policy used by local governments with goals of increasing affordable housing supply. Through an IHO, cities require or encourage developers to create below-market rental apartments or for-sale homes in connection with the local zoning approval of a proposed market-rate development project. Through an IHO policy, cities across the Bay Area have sought to harness the complex, ever-changing dynamics of market-rate real estate development to achieve a fixed policy objective.

> While often paired, inclusionary housing and density bonuses are two separate tools with distinctive goals.

One tool to incent developers to build below-market units is to allow density bonuses, which can enhance feasibility in areas where development is already occurring. The State of California has adopted density bonus regulations that apply to jurisdictions throughout the State regardless of whether those jurisdictions have adopted implementing ordinances. Cities may adopt implementing ordinances that include density bonus provisions that go above and beyond the State's regulations but may not reduce density bonuses below those permitted by the State. Defined simply, a density bonus allows developers to build larger buildings (in terms of units per acre, height, or floor area ratio) to offset the loss of income in providing below-market rate units. It can improve a development's financial feasibility so long as the increase in net income outweighs the marginal increase in cost (and risk). Below-market-rate units provided through an inclusionary housing program can be used to qualify for a density bonus.

Designing inclusionary housing and density bonus ordinances can be complex and controversial. Local jurisdictions must navigate affordable housing goals and other public benefits while also understanding that the effectiveness of tools is shaped by the local market for housing. If set-aside or affordability requirements are too stringent, local governments run the risk of a net loss of housing supply (both affordable and market rate). This undersupply by extension perpetuates the problem the policy is intended to mitigate. And if requirements are too loose, jurisdictions risk having a policy that is ineffective at meeting local housing objectives and the needs of their residents. Consequently, local jurisdictions must understand the conditions of their respective market to calibrate the policy, mitigate potential adverse impacts, and incent the production of affordable housing.

Brisbane's Proposed Inclusionary Housing Ordinance

Brisbane's draft IHO would replace its current sliding scale for inclusionary requirements with a flat share of 15% for both rental and for-sale projects. It would also reduce the minimum project size from six units to five units to align with the State density bonus threshold.

Brisbane's draft IHO distinguishes affordability requirements by tenure (rental/for-sale), size, and affordability level.

Figure 1: Summary of Draft Brisbane Inclusionary Housing Ordinance

Units	Rental	For-sale
0 to 4 units	Exempt	Exempt
5 to 10 units	15% set-aside @ 50% AMI	15% set-aside @ 120% AMI
11+ units	15% set-aside @ 60% AMI	10% set-aside @ 120% AMI 5% set-aside at 80% AMI

State law also requires that cities provide at least one alternative to providing on-site units for rental housing projects. Alternatives may include payment of an in-lieu fee, land dedication, providing set-aside requirements off-site, or another negotiated alternative.

Evaluating Inclusionary Trade-Offs: Markings of a Successful Policy

Like other investments, residential development (market rate) competes for capital in a marketplace that balances risk against rates of return. When rates of return in a particular area are low relative to alternative investments, capital flows elsewhere. This presents a challenge for inclusionary policies that require mixed-income development, which adversely impacts development feasibility (through lower net income per unit) unless there are mitigating factors.

When designing inclusionary policies, jurisdictions must consider the trade-offs associated with different policy levers that may include:

Mandatory vs. voluntary status. Throughout the state, most programs are mandatory, with wide variety in where and when the requirements apply. For example, some mandatory programs apply only in the context of a zoning change. As of November 2021, there are 150 jurisdictions in California with inclusionary housing programs, and less than 20 programs are voluntary.

Set-aside amount. Typically, jurisdictions have set-asides between 10 and 20 percent, but a few places have much higher requirements and some places have sliding requirements based on the number of units in the project or the level of affordability.

Eligibility and term. Most policies in California set income eligibility requirements aimed at households that earn between 60 and 120 percent of AMI.

Types and locations of development. Some policies exempt projects based on project size (number of units) or type (condominium, redevelopment, or adaptive use). Some policies have specific requirements by neighborhood.

Alternatives. Some policies in the state allow developers to make use of in lieu payments into a local housing fund or provide the below-market units off-site.

Incentives. Most policies provide incentives to encourage participation or to offset the impacts of mandatory policies. Common incentives include some combination of direct subsidies, tax abatements, density bonuses, and reduced parking requirements.

Observations in Recent Research

In a recent analysis conducted by the Up for Growth Foundation,[22] researchers interviewed advocates, developers, and practitioners on their opinions and preferences of inclusionary housing policy factors. Key findings included:

- More than half of advocates and nearly three-fourths of practitioners favor maximizing the number of income-restricted units produced under IH policies, even if that means not every building is mixed income.
- More than half of advocates and nearly two-thirds of developers and practitioners favor greater unit set-asides over deeper affordability.
- Advocates were split evenly between maximizing units set aside versus optimizing for the duration of affordability, while most developers and practitioners prioritize maximizing units set aside.

In addition to the policy levers identified above, several other factors are also indicative of successful IHO polices. The most important among these is favorable market conditions. Research from the Urban Land Institute[23] found that:

[22] Up For Growth Foundation." Missed Opportunities: Assessing and Leveraging Requirements, Incentives, & Tradeoffs in Affordable Housing Development." Policy Brief #1. April 2022.

[23] The Economics of Inclusionary Development, 2016. Urban Land Institute.

> *"The single most important factor for an IZ[24] policy to achieve its goals is a significant and sustained level of market-rate development in the local market. If a community is not currently experiencing a material amount of new development, an IZ policy will not generate a meaningful number of new workforce housing units."*

Another important consideration is ensuring the policy is responsive to variance in market conditions. Rent levels (and sales prices) vary across a market. All else equal, this means that a uniform IHO policy will disproportionately impact different segments of the same market. Where the spread between market rents and affordable thresholds are higher, the policy will have a greater adverse impact because it will be harder for new residential projects to pencil.

Finally, policies that include mechanisms to reevaluate and revise the policy over time are best at responding to changes in market conditions over time.

The Role of Incentives in Inclusionary Policy

Unless income potential is sufficiently high to support the inclusion of below-market units in mixed-income properties, development incentives are often required to mitigate or fully offset the loss of income. This is achieved through development incentives. Communities can offer an array of incentives, ranging from density bonuses (required in California law) to zoning variances, fee waivers, or even direct subsidies.

A density bonus is a common incentive used in inclusionary housing programs. It provides an increase in allowed dwelling units per acre, floor area ratio, or height, which typically means that more housing units can be built on a single site. However, in many markets, other land development regulations or market conditions may make density bonuses useless. For example, a bonus that provides additional units per acre, but not additional height, may not result in additional development capacity. For density bonuses to be successful, three considerations should be addressed:

- Effects of density bonuses can vary substantially based on market conditions because they are typically only attractive in markets where more square footage will result in greater profitability. Density bonuses will not incentivize developers in markets where new development is less profitable.
- Increasing the density or height of a development can nudge projects into a higher-cost category depending on building materials or increased parking requirements. When this is the case, the bonus is not effective.
- Increased density may reduce the efficiency of the building or generate layouts that are less appealing, such as reducing natural light, courtyards, or other open spaces which may yield less profitability.

[24] The terms Inclusionary Zoning (IZ) and Inclusionary Housing are often used interchangeably.

IHO Case Studies in Peer Cities

A review of inclusionary housing policies among peer cities provides a comparison of how other communities have addresses similar housing challenges within a similar regional market context. We conducted case studies of seven cities in the region, comparing requirements to Brisbane's ordinance.

Figure 2: Case Study Summary of Peer City IHO Policies (2022)

	Colma	Daly City	Fremont	Pacifica	San Mateo	South San Francisco	Redwood City	Brisbane (proposed)
Year of Adoption	2017	2018	2021	2007	2004	2018	2021	N/A
Mandatory or Voluntary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Min Set-aside Amount	20% of total project units	20% of total project units and set-aside requirement varies	10% of total project units and set-aside requirement varies	15% of total project units	20% of total project units	10% of total project units	15% of total project units and set-aside requirement varies	15% of total project units[25]
Max set-aside	None specified	Non specified	15% of total project units	None specified	None specified	None specified	None specified	None specified
Lowest Income Served	50% AMI	120% AMI	50% AMI	50% AMI	50% AMI	30% AMI	30% AMI	50% AMI
Highest Income Served	120% AMI	120% AMI	110% AMI	120% AMI	120% AMI	110% AMI	120% AMI	120% AMI
Tenure Type	For-sale	For-sale	Rental and for-sale	Rent and for-sale	Rent and for-sale	Rent and for-sale	Rent and for-sale	Rent and for-sale
Term	45 years	55 years	55 years	55 years	55 years	55 years	55 years	N/A
Types of development	All types	Condominium, stock cooperative, community apartment, or attached or detached single-family home	Condominium, stock cooperative, community apartment, or attached or detached single-family home	Condominium, single-family home, common interest development and mutual housing associations	Not specified	Attached or detached single-family home, condominium, stock cooperative or community apartment	All types except ADUs	Not specified
Location of development	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction
Alternatives	In-lieu fee	off-site units, donate land	off-site units	off-site units, in-lieu fee, donate land	off-site units, rehab-regulated units, in-lieu fee, donate land	Off-site units, in-lieu fee, dedication of land, construction of ADUs, negotiated funding	off-site units, donate land, purchase existing units	In-lieu fee; Applicant may request approval of an adjustment to the inclusionary requirements
Incentives	Density bonus, other zoning variance, unit concession	Density bonus waivers	Density bonus	Density bonus, other zoning variance, fee reduction/waiver	Density bonus, expedited permitting, fee reduction/waiver	Offsets may include incentives provided to the City to developments qualifying for a density bonus	Density bonus, fee waiver	Density bonus

[25] Proposed ordinance requires inclusionary units for rental projects to be targeted to very low-income households. Proposed ordinance requires inclusionary units for for-sale projects to be targeted toward moderate-income households (five to ten units/lots) and 10% to moderate-income households and 5% to low-income households for 11+ units/lots.

These case studies revealed the following themes:

- Most of the jurisdictions have a constant minimum set-aside consistent with the draft IHO ordinance updates.
- All but one city requires a 55-year affordability term. Colma is the exception, which requires a 45-year term.
- Most cities' IHO covers both rental and for-sale development. Two cities (Colma, Daly City) target for-sale only.
- Affordability levels vary across different cities and by tenure. IHO policies that target rental properties are split. Three cities target very low-income households (50% AMI) or lower and two others target extremely low-income (30% AMI) households.
- Set-aside rates are inversely related to affordability level. For example, South San Francisco has the lowest affordability level for rental (30% AMI) but only requires a 10% set-aside at this threshold.
- IHO policies that apply to for-sale development are generally targeting moderate-income households (120% AMI) at 15% to 20% set-aside levels.
- With a few exceptions, most cities offer a range of alternatives. Allowing affordable units to be built off-site (six cities) and in-lieu fees (five cities) are the most common alternatives. Other options offered include land dedication (five cities), purchase and rehab of existing units (two cities), and specially negotiated alternatives (one city).
- Most jurisdictions combine the state-mandated density bonus with at least one other incentive, most commonly a fee waiver and/or zoning variance.

"In California, the requirements in most inclusionary policies adopted so far have fallen within the 10-20% range – 15% being the most common."[26]
- Local Government Commission

Recommendations for Brisbane

Based on the preceding research and analysis, we propose the following recommendations for Brisbane's IHO:

Include a review and revise mechanism. The policy should include a specified intermediate-term mechanism (three to four years) to review the effectiveness of the policy to respond to changes in market conditions as appropriate.

Offer more alternatives than just an in-lieu fee. Offering multiple avenues to meet inclusionary requirements is established precedent in the region. A poorly calibrated policy risks stifling development altogether, perpetuating a lack of affordability. Increasing the number of options available as alternatives and incentives to draw from will reduce this risk considerably. Options could include land dedication, off-site development, rehabilitation, or an

[26] Local Government Commission. California Inclusionary Factsheet. November 2018

objective process for a negotiated alternative. The city should balance these alternatives against its administrative capacity and/or appetite for direct intervention in affordable housing development.

Allow for-sale projects to meet inclusionary requirements by providing rental units. In markets like Brisbane, the inclusionary requirement has a bigger impact on feasibility in the for-sale market. Unless providing ownership opportunities for moderate-income households is a strong priority that cannot be met through another program, the city should consider offering an alternative that lets for-sale development meet inclusionary requirements by including affordable rental units (at lower affordability levels).

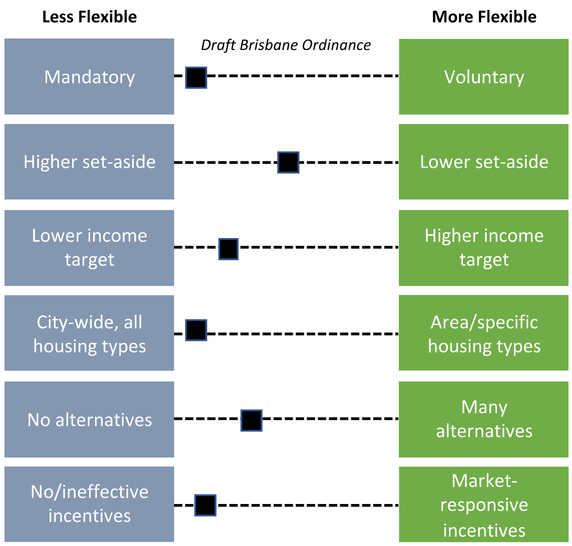
Do not adopt a maximum in-lieu fee. If it is a desired alternative (as recommended), the city will conduct a study to assess the maximum feasible in-lieu fee as an alternative. It is strongly recommended that the city does not adopt the maximum fee. The city should consider the trade-offs of meeting production objectives against the risk of disrupting market fundamentals.

Use care in calibrating resale controls for for-sale inclusionary units. A major advantage of inclusionary policies targeting for-sale development is the opportunity to build wealth through ownership of a home. Where resale controls require homes to be resold at an affordable price to another low-income household, these benefits are not realized. The city should take care in crafting an equity sharing policy that provides homeowners the advantages of wealth building but preserves affordability. One way of balancing these interests is a policy that splits equity built through appreciation between the city and the homeowner (typically sunsetting after a period of time). Proceeds to the city can be used to invest in future programs.

Calibrate the policy to conditions in Central Brisbane. The variance in market conditions between Central Brisbane and the Baylands is likely to be considerable. The Baylands is a highly unique development scenario where a negotiated developer agreement is going to be a more effective mechanism to meeting community objectives. As such, the city should consider Central Brisbane the target geography for IHO policies or, alternatively, craft separate requirements for each geography or by development scale.

Prioritize monetary/variance incentives over density bonus (in Central Brisbane). The existing development form in Central Brisbane is generally low density, in part due to parcelization, historical land use, topography, and market conditions. If Central Brisbane is the target geography, then higher-density development that could capitalize on density bonuses is not going to be consistent with the existing development pattern. Density bonuses are likely to be an ineffective incentive in Central Brisbane. The city should alternatively offer monetary incentives such as fee waivers or zoning variances like parking requirements.

Figure 3: Flexibility of Brisbane's Proposed IHO Policy



Mandatory vs. voluntary status. Most programs are mandatory, with wide variety in where and when the requirements apply. For example, some mandatory programs apply only in the context of a zoning change.

Setaside amount. Most setasides are between 10 and 20 percent, but some places have much higher requirements or sliding requirements.

Eligibility and term. Most policies set income eligibility requirements aimed at households that earn between 60 and 120 percent of AMI.

Types and locations of development. Some policies exempt projects based on project size (number of units) or type (condominium, redevelopment, or adaptive use). Some policies have specific requirements by neighborhood.

Alternatives. Some policies allow developers to make use of in lieu payments into a local housing fund or provide the below-market units off site.

Incentives. Most policies provide incentives to encourage participation or to offset the impacts of mandatory policies. Common incentives include some combination of direct subsidies, tax abatements, density bonuses, and reduced parking requirements.

Appendix C: IHO Project Case Studies

In this appendix we highlight case studies of successful mixed-income projects developed under inclusionary housing among peer cities. In these case studies we can observe the conditions that resulted in cross-subsidization of affordable units in mixed-income projects derived from policy and market conditions.

150 Charter Street, Redwood City

Website: https://www.redwoodcity.org/city-hall/current-projects/development-projects?id=98

Developer:	LMT Home Corporation
Total Units:	72 for-sale units
BMR Units:	11 BMR units
Typology:	Multifamily residential
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	15% of total project units
Lowest Income:	30% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	All types except ADUs.
Opt outs:	Off-site units, donate land, purchase existing units
Incentives:	Linkage/Impact Fee Waiver
Tenure Type:	Rental and for-sale

849 Veterans Blvd, Redwood City

Website: https://www.redwoodcity.org/city-hall/current-projects/development-projects?id=59

Developer:	Sares Regis Group
Total Units:	83 for-rent units
BMR Units:	7 BMR units
Typology:	Multifamily apartments.
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	15% of total project units
Lowest Income:	30% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	All types except ADUs.
Opt outs:	Off-site units, donate land, purchase existing units
Incentives:	Linkage/Impact Fee
Tenure Type:	Rental and for-sale

Greystar IV, Redwood City

Website: https://www.redwoodcity.org/city-hall/current-projects/development-projects?id=62

Developer:	Greystar
Total Units:	350 units
BMR Units:	35 BMR units
Typology:	Multifamily apartment
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	15% of total project units
Lowest Income:	30% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	All types except ADUs.
Opt outs:	Off-site units, donate land, purchase existing units
Incentives:	Linkage/Impact Fee Waiver
Tenure Type:	Rental and for-sale

401 S Norfolk St, San Mateo City

Website: https://www.apartments.com/401-s-norfolk-st-san-mateo-ca/vlj4y2e/

Developer:	Unknown
Total Units:	67 units
BMR Units:	7 BMR units.
Typology:	Multifamily apartments.
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	20% of total project units
Lowest Income:	50% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	Unspecified.
Opt outs:	On-site units, off-site units, rehab-regulated units, in-lieu fee, donate land.
Incentives:	Density bonus, expedited permitting, fee reduction/waiver
Tenure Type:	Rental and for-sale

Montara, San Mateo City

Website: https://bridgehousing.com/properties/montara/

Developer:	Bridge Housing
Total Units:	68 units
BMR Units:	68 BMR units
Typology:	Multifamily apartments.
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	20% of total project units
Lowest Income:	50% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	Unspecified.
Opt outs:	On-site units, off-site units, rehab-regulated units, in-lieu fee, donate land.
Incentives:	Density bonus, expedited permitting, fee reduction/waiver
Tenure Type:	Rental and for-sale

801 Fassler, City of Pacifica

Website: http://www.801fassleravenue.com/

Developer:	Samir Sharma
Total Units:	24 units (6 buildings)
BMR Units:	4 BMR units
Typology:	Townhome
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	15% of total project units
Lowest Income:	50% AMI
Highest Income:	120% AMI
Term:	55 years
Types of development:	Condominium, single-family home, common interest developments, and mutual housing associations.
Opt outs:	On-site units, off-site units, in-lieu fee, donate land.
Incentives:	Density bonus, other zoning variance, fee reduction/waiver.
Tenure Type:	Rental and for-sale

Embark Apartments, 44762 Old Warm Springs Blvd, Fremont City

Website: https://www.apartments.com/embark-apartments-fremont-ca/c2hfn5g/

Developer:	Fairfield Residential
Total Units:	422 for-rent units
BMR Units:	102 BMR units
Typology:	Multifamily apartment
IHO Parameters:	
Requirement:	Mandatory
Min set-aside amount:	10% of total project units
Lowest Income:	50% AMI
Highest Income:	110% AMI
Term:	55 years
Types of development:	Condominium, stock cooperative, community apartment, or attached or detached single-family home.
Opt outs:	On-site units, off-site units
Incentives:	Density bonus
Tenure Type:	Rental and for-sale

Projects in Environmental Review Stage in City of Pacifica

570 Crespi Drive, City of Pacifica

The 570 Crespi Drive Project ("Project") would include development of one two-story mixed-use building (Building A) and two three-story residential buildings (Buildings B and C). The Project site would include the entirety of the 570 Crespi Drive parcel and a portion of the 540 Crespi Drive parcel. The Project would also include a condominium subdivision to create one commercial condominium and 19 residential condominiums. Building A would consist of 3,165 square feet (sf) of commercial space on the ground floor and three residential units on the second floor. Buildings B and C would be three stories each and would contain seven and nine townhomes, respectively, for a projectwide total of 19 units. The buildings would be constructed on the northernmost half of the site, while the southernmost half of the site would remain undisturbed. Construction of the project would require removal of at least two heritage trees, as defined in the Pacifica Municipal Code. Three of the units would be ownership Below Market Rate (BMR) units pursuant to the City's Inclusionary Ordinance. In addition, the Project would involve off-site improvements, including construction of a new driveway and associated parking spaces within the northern portion of the existing Pacifica Community Center located immediately to the west at 540 Crespi Drive.

- 3 BMR units
- Still in EIR phase
- Confirmed IHO by contacting City of Pacifica

930 Oddstead Blvd, City of Pacifica

In response to the declining school-age population in the area, the Pacifica School District closed the former Oddstad Elementary School in 2005. Since then, the need for affordable housing options for the District's current and future workforce has increased. The project proposes to demolish the existing, nonoperational elementary school in order to construct 70 residential units, 11 of which will be below-market-rate affordable housing units pursuant to the City of Pacifica Municipal Code, as well as community amenities and other site improvements such as landscaping and parking (Figure 3: Site Plan). To accommodate the proposed development, the project will amend the existing General Plan land use designation from Oddstad School to Low Density Residential, which allows for a density range of 3 to 9 dwelling units per acre. In addition, the site's zoning designation will be amended from Single-Family Residential (R-1) to Planned Development District (P-D). Entitlements requested from the applicant include the following and are collectively referenced as File No. 2020-009:

- 10 BMR units
- Still in EIR phase
- Confirmed IHO by contacting City of Pacifica