

Permanent Source - Oakland May 28, 2008

The Department of Housing and Community Development held the seventh Permanent Source meeting on May 28, 2008. The meeting was held in Oakland and was sponsored by East Bay Economic Development Alliance and co-hosted by the Greenbelt Alliance, the Bay Area Council, Home Builders Association, the Non-Profit Housing Association of Northern California, the Contra Costa Council, the Alameda County office of Education, and Bridge Housing.

What should the Permanent Source fund?

- Satisfied with existing State housing programs, don't need new programs.
- More rental housing units and less homeownership units.
- Rental housing and special needs housing is a priority and should be funded.
- More housing for homeless and more supportive, service-enriched housing.
- More funds for rental subsidies.
- Special needs housing (women/families), for example re-entry after drug abuse, etc.
- Create connection between economic development and labor force.
- TOD development – connect housing, transportation and economic development.
- Housing for teachers; current housing in the bay area is still too high.
- More housing close to where people work; both rental and ownership.
- Leave types of projects to be funded as broad as possible – appeal to as broad a constituency as possible (homeless, special needs, etc)
- There is enough affordable at very low, and low income levels, but the middle income sector is squeezed – teachers, firefighters, etc. – pay attention to this demographic group.
- Serve a broad range of incomes and serve rental and ownership needs; many people don't qualify for rental subsidies and yet can't afford to buy a home.
- Need to pay attention to the micro-markets, funding should be micro-market driven. For example, the number one reason people don't qualify for tax credit projects are due to over income.
- HCD should do a detailed survey and research current portfolio, such as MHP projects, to find out types of housing in the market, the number of bedrooms, square footage, etc. Three and four bedroom apartments are the least desirable. The greatest demand is not for the three and four bedroom units in my area.
 - May vary by geography and demographic area, therefore study to meet the needs accurately.
- There is a smaller need for three and four bedroom units in San Francisco.
- The quality of housing is very important; need resources for rehabilitation of substandard housing for health and safety reasons.
- The population above 60% AMI and below 120% AMI is struggling; the moderate income people are hit hard.
- More housing for special needs, seniors and homeless population.
- Broad needs should be addressed to see legislation through.
- Don't forget about the rural counties; affordable housing is needed. In addition, money for infrastructure is needed in the rural counties. Rural county incomes are much lower than urban sections. Craft something for rural counties separately due to competition issue between rural and urban.

- There isn't an assisted living option for low-income seniors currently. All CA assisted living facilities for seniors (which is the step between independent living and skilled nursing facilities) are very costly and do not take SSI recipients. Because of this, the independent affordable housing sites for low-income seniors need to be service enriched with activities staff (for on-site wellness programs) and with trained case managers who can link the seniors to local in-home support services. The seniors will, of course, grow frailer over the years but will be forced to stay in independent living until they meet the more extreme criteria required to enter a skilled nursing facility. Therefore it's crucial that as money is allocated to affordable senior housing in the future, that the funds always include additional funding for services
- Target rental housing for very low income people most in need.
- More supportive housing and fund services needed for the supportive housing.
- More housing for very low income people.
- Need for resident services and funds to coordinate services since it is challenging to find money outside the housing framework.
- Need for service-enriched housing for homeless youth to assist them in transitioning from minimum wage work to a livable wage.
- Encourage flexibility; every community is different and defines affordability differently, especially those communities with out redevelopment agencies.
- Need for housing for Latinos and renters. Currently many people need to wait for subsidized programs for up to five years and the cost of a one bedroom may be more than \$1,000/month.
- Opportunities for asset building to build wealth and move from rental housing to ownership.
- Supportive services housing is a significant component for affordable housing
- Incentives for infill development – the market will not build where the land is available because it is too expensive and costly due to land costs or clean-up for example. State needs to provide subsidies in order for housing to get built and so the market can sustain it.
- Make the infill definition flexible for rural counties – infill does exist in rural counties, however if there are restrictions on how much urban area has to be around the infill area sometimes the rural infill areas don't qualify. For example, there may be lots of agriculture land around a rural infill area.
- Fund environmentally friendly housing; green building should be promoted at all income levels.
- Green building makes affordable housing more attractive to some bay area communities who may be reticent to affordable housing; encourage climate action planning.
- Infill and TOD are big needs – keep supporting these because they promote and support green building principles. Keep TOD.

How should money be distributed?

- Housing Trust Fund in Contra Costa shared their model - bulk of the money gets passed to local entities. There is a shared power structure and governance with the cities.
- Should the money pass through the cities and counties, it should be done in a manner that cities and counties are encouraged to rollback regulations, red tape, paperwork and fees.
- HOME program could be used as a model – Money goes to the county which allows for the most effective spending of funds. A model such as the HOME program could be effective.

- Money for private and public partnerships – some counties cannot afford development but may be able with the assistance of a partnership.
- HOME Program distribution is very effective – do not put all of the money in one pot, should be split to various areas.
- Create incentives with money – for instance 50% of money could go into a trust fund and could match private developers.
- Great Britain or European model could be good. Money goes directly to nonprofits, such as operating subsidies and money for land acquisition. Put the money in the hands of the organizations and people who develop, own and run the properties.
- Currently, too much layering and leveraging needed to develop-create fewer sources.
- Maximize flexibility and utilize existing infrastructure in localities and communities.
- Ensure localities have priorities and state takes account of varying priorities – acknowledge local priorities and micro-markets.

What sources should we use?

- Contra Costa Housing Trust Fund experience – Sources should be able to be collected and expended statewide and should be sizable enough to make a difference – impose minimal constraints – source should be a net, new source-source should be politically feasible. The housing trust fund opted to use as their initial source a document recording fee to finance county wide which would have generated between \$2.5 to \$3 million dollars/year. Realtors opposed the document recording fee and the legislation never left the house due to the opposition. The realtors were willing to leave it on the table if the document recording fee were not the only source.
- Consider institutional problems, such as who collects and what are the costs in getting the fees, etc.
- At first Contra Costa Housing trust fund considered a per page fee and then moved to a flat fee of \$20 per document over 2 pages.
- Transfer tax is a possibility
- Sources scaled to ability to pay – tiny slice of state income taxes – those with the most income contribute most to affordable housing.
- Use part of the State sales tax – a flat sales tax and/or a luxury tax.
- Millionaires tax – marginal rate on income.
- Hit the highest income levels most – if you can afford a \$5 million dollar yacht then you can contribute to affordable housing.
- Lower the California Mortgage Interest Deduction – look at page 9 of the sources handout/matrix.
- Realtors are supportive at the local county level; local level different from the State level – have grassroots campaign. Multiple sources are a good idea and should be means tested.
- Raise tax on corporations – nexus between job growth, workforce housing and paying tax.
- Get rid of capital gains for those who sell their housing for affordable housing – incentivise.
- Louisiana state model – a housing stamp.
- A wide variety of sources makes sense and will be the key to the permanent source success.
- Hotel transit occupancy tax – tourism is big in California; San Francisco uses the money for special needs.

- Corporation or payroll tax – housing employees is vital and if corporations paid more - employees wouldn't need subsidies.
- Document transfer fee – fee on mortgage loans
- Ensure all possibilities/everything is on the list at the beginning – be broad based and do not single out any one constituency.
- Every single constituency should contribute.
- Money should go directly to those building the housing, such as nonprofits.
- Permanent supportive housing – create incentives for local communities to get people into housing – this is more cost effective.
- Add a local match component; however local matching shouldn't block regional need – counties look better at regional need compared to cities.
- Increase redevelopment affordable housing - higher portion available for affordable housing.
- Find a way to make it easier for local housing trust funds to establish and get started so as to create future sustainability.
- Tax on Chevron, oil companies
- Incentives to localities to match state funds
- Distribution of funds – Money should be used to support meeting the housing element goals.
- Keep stability of source in mind – put together a package that's balanced – when one source decreases another may be increasing – keep in mind spikes and valleys
- Protect the money for housing only – sources should be just for housing.
- Use and reward local efforts by matching state money – the transportation arena does this currently.
- Second statewide lottery – not as only source – flexibility of sources is important – don't get locked into percentages – consider sources that are stable and have long-term feasibility.