



Housing Advisory Commission

CONSENT CALENDAR
December 11, 2018

To: Honorable Mayor and Members of the City Council

From: Housing Advisory Commission

Submitted by: Marian Wolfe, Acting Chair, Housing Advisory Commission

Subject: Letter of Support on Behalf of SB 3342 - Housing, Opportunity, Mobility, and Equity Act of 2018

RECOMMENDATION

Direct the City Manager to send a letter of support on behalf of proposed SB 3342, referred to as the HOME Act.

FISCAL IMPACTS OF RECOMMENDATION

None.

CURRENT SITUATION AND ITS EFFECTS

The United States is currently facing an affordable housing crisis. The housing supply has failed to keep up with demand, while the cost of housing keeps rising. Nearly half of all renters in America struggle to pay their rent, devoting more than a third of their income to housing costs, yet only one out of four eligible families receive housing assistance.

The HAC supported sending this request to the City Council for a Letter in Support of the Housing, Opportunity, Mobility, and Equity (HOME) Act Senate Bill 3342 with the following vote:

Action: M/S/C (Owens/Kesarwani) to recommend to City Council to send a letter in support of the HOME Act also stating support for federal investment in the housing development, and asking Commissioner Wolfe to work with staff to identify the appropriate recipients.

Vote: Ayes: Kesarwani, Lewis, Owens, Wolfe, and Wright. Noes: Lord. Abstain: None. Absent: Johnson (recused), Amezcua (excused) and Tregub (excused).

Commissioner Johnson recused himself due to his employment with Representative Barbara Lee.

BACKGROUND

The proposed HOME Act combats the affordable housing crisis by addressing the lack of units (the supply side) with inclusionary zoning and the fact that incomes have not risen to keep up with housing costs (the demand side) with a renters' credit.

Furthermore, one strategy not included in the proposed HOME Bill would be to add to the supply of permanently affordable units. The HAC recommends that the City Council also include this strategy in its letter of support for the HOME Act.

ENVIRONMENTAL SUSTAINABILITY

A significant portion of a city's greenhouse emissions derive from automobiles, and recent studies have shown that building infill housing is the best way to minimize emissions and reduce housing costs.

RATIONALE FOR RECOMMENDATION

This proposed legislation is one approach to address our nation's housing affordability crisis. All possible tools are needed to address this situation.

ALTERNATIVE ACTIONS CONSIDERED

None.

CITY MANAGER

The City Manager takes no position the content and recommendations of the Commission's Report.

CONTACT PERSON

Amy Davidson, Commission Secretary, HHCS, (510) 981-5406

Attachments:

1: HOME Act Letter of Support

City Council
City of Berkeley
2180 Milvia St.
Berkeley, CA 94704

October 4, 2018

Honorable Dianne Feinstein
United States Senate
One Post Street, Suite 2450
San Francisco, CA 94104

Honorable Kamala Harris
United States Senate
333 Bush Street, Suite 3225
San Francisco, CA 94104

Honorable Addison Mitchell McConnell Jr.,
Senate Majority Leader
United States Senate
601 W. Broadway
Room 630
Louisville, KY 40402

Honorable Charles E. Schumer
Senate Minority Leader
United States Senate
780 Third Avenue, Suite 2301
New York, NY 10017

Subject: Letter of Support on Behalf of SB 3342 - Housing, Opportunity, Mobility, and
Equity Act of 2018

The City Council of the City of Berkeley supports proposed SB 3342, the Housing, Opportunity, Mobility, and Equity (HOME) Act.

The United States is currently facing an affordable housing crisis. The housing supply has failed to keep up with demand, while the cost of housing keeps rising. Nearly half of all renters in America struggle to pay their rent, devoting more than a third of their income to housing costs, yet only one out of four eligible families receive housing assistance.

Due in part to this limited supply, rents have increased, but the ability of families to pay their rent has not. On average, to rent a two-bedroom apartment, you would need to earn \$21.21 per hour full-time, which is almost three times the minimum wage. Because

renters often devote the largest portion of their income to rent, high housing costs make it difficult for families to save and invest in their future.

An important driver of low housing supply and high housing cost is restrictive zoning regulations. The limitations on certain types of development – such as multifamily housing – depress the number of new units available and drive up the cost of existing units. Another contributor to high housing costs is the rents themselves. When there are so few units available – and even less of them are designated as affordable – the price per unit increases dramatically. Low-income families cannot afford rising prices, and are subsequently driven out of neighborhoods and into areas of limited resources, further away from their jobs. Supporting these families with the means to secure their rent would eliminate undue stress and improve their quality of life.

The HOME Act would do the following:

Require Inclusive Zoning Strategies

- Community Development Block Grant (CDBG) recipients must create an inclusive zoning strategy in order to receive funding.
- These include, but are not limited to; authorizing high-density and multifamily zoning, eliminating off-street parking requirements, establishing density bonuses, streamlining or shortening permitting processes and timelines, and removing height limitations.
- The HOME Act would provide the locality with the flexibility to choose the best way to address its affordable housing challenges.
- Current restrictive zoning – such as arbitrary height limits – hamper the ability of developers to increase the affordable housing stock. This Act would require localities to take meaningful steps toward inclusive zoning.

Help Rent-Burdened Families

- One way to help rent-burdened families is to establish a refundable renters' credit (administered through the tax code) to those that spend more than 30% of their income on rent.
- The credit is a reimbursement made of the difference between the total Small Area Fair Market Rent (SAFMR or 40% of median neighborhood rent), and 30% of the renter's income.
- Over 13 million families could benefit from such a credit.

The HOME Act combats the affordable housing crisis by addressing the lack of units (the supply side) with inclusionary zoning and the fact that incomes have not risen to keep up with housing costs (the demand side) with a renters' credit.

Finally, one strategy not included in the proposed HOME Bill would be to add to the supply of permanently affordable units. The City Council also recommends that this strategy be included in the HOME Act.

Sincerely,

