



**CITY OF PACIFICA
CITY COUNCIL AGENDA**

**Ingrid B. Lacey Middle School
1427 Palmetto Avenue
Pacifica, CA 94044**

Mayor Karen Ervin
Mayor Pro Tem Sue Digre
Councilmember Mary Ann Nihart
Councilmember Mike O'Neill
Councilmember John Keener

**December 05, 2015 (SATURDAY) 10:00 A.M. – 1:00 P.M.
www.cityofpacifica.org**

NOTE SPECIAL MEETING LOCATION
INGRID B. LACEY MIDDLE SCHOOL
1427 PALMETTO AVE.
PACIFICA, CA

DOORS WILL OPEN AT 9:45 A.M.

CALL TO ORDER

Roll Call

Council Consideration and Direction on Rent Stabilization Program

Council Consideration and Direction on Rent Stabilization.

PROPOSED ACTION: Staff requests that the City Council provide regarding direction whether or not to proceed with implementation of Rent Stabilization. Staff has provided the following options; however, the Council may identify other direction.

1. Direct staff to continue implementation of the Housing Element action items (outlined below) and update to the General Plan which are currently on the 2015-16 Work Plan; both contain measures to preserve and increase affordable housing options.
2. Direct staff to add the creation and implementation of a Rent Stabilization Program to the 2015-16 Work Plan including discussion of resource allocation and adjusting priorities of other projects and initiatives.

Presentation by Invited Speakers

Oral Communication on This Topic

Council Discussion

Adjourn



**CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT**

12/5/2015

SUBJECT:

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RECOMMENDED ACTION:

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2. Direct staff to add the creation and implementation of a Rent Stabilization Program to the 2015-16 Work Plan including discussion of resource allocation and adjusting priorities of other projects and initiatives.

STAFF CONTACT:

Tina Wehrmeister, Planning Director
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BACKGROUND/DISCUSSION:

During recent Council meetings, the City Council has heard testimony from residents regarding increasing housing rents in the City. At the September 28, 2015 meeting, the City Council discussed whether or not rent stabilization was a policy that they wished to consider. They heard from approximately 45 speakers on this issue who were evenly split in their opinion regarding establishment of rent stabilization measures in Pacifica. Four of the five City Council members expressed concerns about rent stabilization but the Council ultimately directed staff to schedule a study session on the issue so that more information could be shared in a public forum.

Staff's goal today is to present balanced, factual information to support Council's discussion and direction to staff. Staff will provide an overview of rent stabilization, including data related specifically to Pacifica, and will then allow two invited speakers to present their views on rent stabilization. The speakers will be Daniel Saver from Community Legal Services in East Palo Alto who will speak to the advantages of rent stabilization and Joshua Howard, Senior Vice President of Local Public Affairs for the California Apartment Association who will offer the disadvantages. After the presentations and any clarifying questions from Council, the public will be allotted time to speak before bringing the session to a close with Council direction to staff.

There are 482 incorporated cities in California. There are 15 cities that have adopted rent control ordinances (source: California Department of Consumer Affairs).

CURRENT AFFORDABLE HOUSING EFFORTS AND RESOURCES

The City Council identified Affordable Housing as a high priority in the 2015-16 Work Plan. The City of Pacifica has taken the following actions to preserve and enhance affordable housing:

- **Housing Element:** On May 11, 2015, the City Council adopted the Pacifica Housing Element and the State Department of Housing and Community Development (HCD) subsequently certified the document. Implementation of the Housing Element includes the following action items. Alternative direction 1 above, would reconfirm direction to prioritize these items:
 - Amend Municipal Code to Comply with SB 2 regarding emergency shelters.
 - Adopt a Reasonable Accommodation Ordinance, which ensures fair access to housing.
 - Amend Second Unit Ordinance to comply with State Law. The State legislature has identified second units as an important affordable housing resource.
 - Amend Density Bonus Ordinance to comply with State Law.

- **General Plan Update:** this is also a priority initiative on the City Council's FY15-16 Work Plan. The draft General Plan shows increased density in in-fill locations, which will result in additional affordable housing if implemented and developed (see inclusionary and density bonus programs below).

Although not currently a part of the implementing policies of the draft General Plan, the City Council may want to consider "by right" zoning in appropriate in-fill locations. "By right" zoning would make housing and mixed use developments meeting minimum density requirements permitted uses; thereby, dramatically decreasing the cost, time, and uncertainty for projects that meet the requirements. This would expedite affordable housing projects and help to address low supply.

- **21Elements:** City Council authorized participation in 21 Elements, a multi-agency working group coordinated by the San Mateo County Department of Housing and City/County Association of Governments. 21 Element efforts include providing technical support to member agencies on issues such as housing elements, displacement, second units, and short-term vacation rentals. Another major effort is a nexus study for the adoption and implementation of affordable housing impact fees on residential and commercial development. The public draft review documents for Pacifica are being completed.

- **Exploring Housing Supply Solutions for Critical Service Employees:** Facilitated a presentation by San Mateo Community College District on a faculty and staff housing program opportunity. This program could be implemented in Pacifica school districts or modified to assist with other critical service employee housing.

- **Preservation of Affordable Units:** On March 9, 2015 the City Council took actions necessary to facilitate the sale of Oceanview Apartments to Bridge Housing, thereby preserving 100 units of senior affordable housing.

- **Below Market Rate (Inclusionary) Program:** Adopted Below Market Rate (Inclusionary) Program Ordinance in 2007. This ordinance established requirements for the provision of housing units for very low, lower and moderate-income households in residential development projects of eight units or more.
- **Condominium Conversions:** Adopted the Residential Condominium Conversions Ordinance in 1982. This ordinance provides guidelines to evaluate conversions as they may significantly affect the balance between rental and ownership housing within the City and reduce the variety of individual choices of tenure, type, price, and location of housing; increase overall rents; decrease the supply of rental housing for all income groups; and displace individuals and families. The ordinance includes tenant relocation assistance.

In addition to the City of Pacifica programs and actions above, the San Mateo Housing Authority operates in Pacifica and other county jurisdictions. The following programs benefit residents in need of housing resources:

- Rehabilitation Program - the Housing Authority rehabilitated 37 Pacifica housing units between 2007-2014 with approximately \$105,000 in funding.
- Housing and Community Development Block Grant Programs including HOME Investment Partnership Program which is a federal grant that finances housing projects.
- First-time Homebuyer Program
- Section 8 Voucher Program
- Tenant - Landlord Counseling and Education
- Multi-family Rental Inspection Program - a program of the County Health System, multi-family housing of four units or more are inspected to ensure conformance with State law requirements related to interior and exterior maintenance, sanitation, and occupancy standards.

PACIFICA HOUSING UNIT DATA

The following data provides basic information regarding housing tenure and rent in Pacifica.

Number and Type of Units	
Single family attached/detached	11,654
Multi-family	2,894
Total	14,548
Source: 2009-2013 American Community Survey 5-Year Estimates	

Potential Number of Units Subject to Rent Control	
Built prior to Feb. 1, 1995	2,651*
Affordable housing exempt units	357
Subject to rent stabilization	2,294*
Source: CoStar, Pacifica Building Permit data, SMC Housing Authority *Estimated. Total units subject to rent stabilization may be higher	

According to 2010 Census data, 9,558 units in Pacifica were owner occupied and 4,431 units (including both multi-family and single family) were renter occupied. Extrapolated with the data above, approximately 1,537 single family homes or condos are renter occupied. Note that the number of vacant units reported on the 2010 Census is 561.

According to CoStar, a commercial real estate research online tool that the City subscribes to, the average rent in Pacifica for a one-bedroom is \$2,062. For a two bedroom the average rent is \$2,849. The vacancy rate report for Pacifica is 3% with a five-year average vacancy of 2.3%, an indication of a rental housing market with high demand.

STATE LAW & RENT STABILIZATION

Cities have the authority under the State Constitution and statutes to institute rent stabilization. Any rent stabilization ordinance must provide landlords a “just and reasonable return” on their investment or will be considered to be an “unconstitutional taking.” The Costa-Hawkins Rental Housing Act passed in 1995 exempts the following units from rent control (California Civil Code Section 1954.50-1954.535):

- Multi-family units with a certificate of occupancy issued after February 1, 1995
- Single family homes
- Condominium units sold separately to a purchaser for value

Rent stabilization ordinances cannot set the initial rental rate or rent that can be charged once a unit is vacated. This is commonly referred to as “vacancy decontrol.” Rent stabilization does control the amount of rent increase while the same tenant occupies a unit. Most typically, rent control ordinances adopted in other communities allow annual adjustments based on Consumer Price Index (CPI) and limit the number of rent increases per year. For example, the East Palo Alto rent stabilization ordinance allows adjustments of 80% of the CPI for the San Francisco-Oakland-San Jose region.

Models for implementation of rent stabilization vary. Some jurisdictions create rent boards but this is not required. All models require City resources and ordinances, and may include fees to offset costs. According to the East Palo Alto adopted budget, the rent stabilization budget is approx. \$431,000, including two staff members and this cost is offset by fees.

ORIGINATED BY:

Planning Department

ATTACHMENT LIST:

None. (TXT)

None.

2158. txt

Attachment: None. (1822 : Council Consideration and Direction on Rent Stabilization.)