



Legislation Text

File #: 22-553, Version: 1

Study Session regarding a ballot measure to adopt an ordinance authorizing the City of South San Francisco to develop, construct, or acquire affordable, low-rent housing units pursuant to Article XXXIV of the California Constitution, subject to the approval of the voters. (*Sky Woodruff, City Attorney and Mike Futrell, City Manager*)

RECOMMENDATION

Staff recommends the City Council review and consider the provided analysis on the development, operation and maintenance of low-rent housing by the City as possible under an Article 34 authorization and direct staff on next steps.

BACKGROUND

At the City Council study session on February 16, 2022, ECD staff and the City Attorney's Office presented a draft ballot measure regarding Article 34 authorization which, if approved by the voters, would authorize the City to develop, construct, or acquire low-rent housing for a period of thirty (30) years. The City Council provided direction to move forward with placing the proposed measure on the November 2022 election ballot, but directed that the proposed percentage of housing units allocation that may be authorized by the proposed measure to be referred to the Housing Standing Committee for further review and comments. The City Council also desired to further understand the methodology used to determine the allocation proposed by the draft ballot measure.

At its study session on March 21, 2022, the Housing Standing Committee reviewed these issues and directed that the time period proposed under the ballot measure be modified to eight years and that the measure, as modified, be presented to the City Council for consideration. Specifically, the Committee proposed the ballot measure to authorize the City to be able to construct or acquire 1% of the total number of existing housing units in the City for eight years, instead of thirty years. The eight-year period is intended to align with the City's Housing Element adoption cycle and the associated Regional Housing Allocation (RHNA) obligations. The Committee also desired to receive information about potential impacts on property tax revenue, use of commercial linkage fees, or other City financing to develop or acquire units.

As amended based on Committee comments, the specific ballot measure question was written as follows:

Without increasing local taxes, shall the City of South San Francisco be authorized to develop, construct, and/or acquire affordable, decent, and safe rental housing for low-income persons, including families, seniors, people with disabilities, and veterans, in an amount up to 1% of the total number of existing housing units in the City of South San Francisco annually for an eight (8) year period, with any year's unused units being carried over each year?

Finally, at the City Council's recent meeting on May 11, 2022, the Council requested additional analysis of the financial impacts, benefits, and drawbacks of developing, operating, and maintaining a social housing project under Article 34 authorization.

DISCUSSION

Since the May 11, 2022 hearing, staff has hired BAE Urban Economics to conduct such an analysis for the City. Attached for the City Council's consideration is a thorough examination of the costs to construct and operate two development prototypes-a 100% affordable housing project and a mixed-income development-as well as some variations in funding for the prototype projects and revenue generation potential to support additional housing projects. Representatives from BAE Urban Economics will be prepared to discuss their analysis and impacts of variables that could make such a development more or less feasible.

No other action or consideration of potential ballot measure is proposed for discussion at this meeting.

CONCLUSION

Staff recommends the City Council review and consider the provided analysis on the development, operation and maintenance of social housing as possible under an Article 34 authorization and direct staff on next steps.

Attachments:

1. Social Housing Development Financial Feasibility Analysis (BAE Urban Economics)