



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: September 5, 2014

Approved

Date

Sept. 11, 2014

**SUBJECT: HOMELESS HOUSING: POTENTIAL TOOLS FOR ADDRESSING
HOMELESSNESS**

RECOMMENDATION

It is recommended that the Community and Economic Development Committee:

1. Accept a verbal report on potential tools for addressing homelessness.
2. Provide feedback on travel trailer parks as a way to implement the micro-housing concept and on overnight safe parking as potential interim shelter and housing options.
3. Determine whether to recommend a particular course of action to the City Council.

BACKGROUND

Over the past year, the Housing Department has investigated a number of housing options—both interim and permanent—to respond to the City’s need for housing for its homeless population. These options have included developing a Motel-Hotel Master Leasing Program, which the City Council has approved, considering the conversion of vacant buildings and hotels and motels, and investigating opportunities to build mini-house communities.

On April 23, 2014, the Rules and Open Government Committee considered a memorandum from Councilmembers Herrera and Liccardo recommending that the City pursue the idea of micro-housing as a tool to combat homelessness. The Committee referred the matter to the Community and Economic Development Committee (CEDC).

On May 19, 2014, the CEDC received a verbal report from Housing Department staff in which it was noted that other communities have implemented the micro-housing concept. In the discussion that followed, the Committee requested a fuller investigation into the issue, also asking for information on cost of shipping containers for use as micro-housing, what City-owned properties might be appropriate for this use, and what Housing funds are available for this purpose.

September 5, 2014

Subject: Homeless Housing-- Potential Tools For Addressing Homelessness

Page 2

In addition to micro-housing, the Housing Department believes that the CEDC should consider other options for combating homelessness, including travel trailer parks and a regulated overnight safe parking program. Given Building Code issues, a travel trailer park is the most viable option that is similar to the micro-housing concept. Regulated overnight safe parking is an approach that is used in other cities and counties to allow homeless individuals and families to sleep in their vehicles in existing, privately owned parking lots.

ANALYSIS

Micro-Housing

The micro-housing concept is to provide each individual person (or couple) accommodation in free-standing private spaces grouped around a central service building. There are several examples of projects that are referred to as micro-housing in operation or under consideration in other jurisdictions. In addition, travel trailer parks are a widespread, long existing type development that is similar to micro housing. The chart below describes Code, cost, and other issues, exclusive of site improvements, for the five models that staff investigated as being potential options for San Jose.

Alternative Forms of Micro-Housing

Option	Cost	General Issues	Code Issues	Solution to Obstacle(s)
Prefabricated wood-frame shed	\$3,000/unit	Should upgrade by adding windows, insulation and interior drywall (\$1,000 per unit)	Does not meet State Building Code for residential occupancy (lack of foundation, power and water)	Lobby for changes to the State Building Code
Conventionally built shed with a foundation, power and water	Unknown (though much higher than other options)	Would be very expensive. May be considered more permanent/less temporary	Meets State Building Code	Would require substantially more funding than required for other options
20-foot shipping container	\$3,000/unit for a new, uncontaminated container	Would need minimal upgrades (at least windows, a regular door and insulation) at an unknown cost	Does not meet State Building Code for residential occupancy (lack of foundation, power and water)	Lobby for changes to the State Building Code

Option	Cost	General Issues	Code Issues	Solution to Obstacle(s)
"Portable Cabin" (wood-frame structure on the frame of a towable trailer)	\$27,500/unit (includes \$5,000 shipping cost and \$2,500 for piers and earthquake bracing)	More expensive than the travel trailer option	Meets Vehicle Code	Requires approximately \$900,000 more than needed for the travel-trailer/shelter-type option
Conventional travel trailer – shelter-type model	\$9,500/unit (includes \$2,500 for piers and earthquake bracing)	Minimal insulation	Meets Vehicle Code	None needed
Conventional travel trailer – transitional housing model	\$9,500/unit (includes \$2,500 for piers and earthquake bracing) plus \$350,000± to provide electricity to each trailer for light and heat	Minimal insulation	Meets Vehicle Code	Requires approximately \$350,000 more than needed for the travel-trailer/shelter-type option

Potential Micro-Housing or Travel Trailer Pilot Project

The analysis below is based on developing a 50-unit facility, since staff believes that more units in one location would make administration of the facility problematic. However, the City could consider establishing more than one location for the micro-housing or travel trailer park.

It is assumed that each homeless person/couple would stay sheltered in the micro-housing or a travel trailer unit for between 90 days and a year. Should such micro-housing development or travel trailer park be in operation for five years, between 250 and 1,000 homeless individuals could be accommodated in their transition from being unsheltered to living in permanent housing.

Because micro-housing and travel trailer parks are intended to be an interim and temporary solution to addressing homelessness, an overriding goal should be to minimize the capital costs of development. With this in mind, the most cost-effective approach to infrastructure dictates that the individual units will not be connected to power, water, or sewer services. Instead, there would be one central building with communal kitchen, dining, bathroom, lounge, and meeting spaces. Cost estimates for various components of a travel trailer are included in each section of this analysis.

Approximately 1.25 acres would be necessary to accommodate the travel trailer park described in this memorandum. A zero land cost (\$0) is assumed in the cost estimate.

Based on the information provided above, staff has concluded that the conventional travel trailer in the shelter-type model is the most feasible micro-home model of the six alternatives researched because of its low cost and because it can be implemented without violating the Building Code. Travel trailers in the transitional housing model (each with electricity for light and heat) would increase the development cost by approximately \$350,000.

Central Building and Site Improvements

The central building envisioned for a 50-space park is assumed to be 3,000 square feet and contain the equivalent of two ordinary kitchens and laundry rooms, and four ordinary bathrooms (divided into men's and women's facilities), all with the built-in facilities and appliances normally found in such rooms. The remainder of the building would be devoted to dining, lounge and meeting areas, storage lockers for residents' belongings, and a small administrative office space. This analysis assumes a built-from-the-ground-up structure on an engineered foundation, meeting the Building Code in all respects. It is possible that a modular/manufactured structure could be installed on a foundation for lesser cost.

Parking would need to be provided for the park. It is estimated that 25% of homeless individuals own a vehicle, thereby needing 12.5 parking spaces for each 50-home village. It is assumed that an additional 12.5 spaces should be provided for on-site staff and the likelihood that several case managers could be visiting simultaneously.

Other site improvements include perimeter fencing meeting Zoning Code requirements, and connections to PG&E, the applicable water utility/provider, and sewer systems.

Micro-Housing Site & Building Improvements: Cost Estimates

Common Building	\$830,000
Grading, Paving & Fencing	\$253,000
Utility Connections	\$50,000
Soft Costs (Site and Building Design)	\$50,000
TOTAL	\$1,183,000

Other Regulatory Issues

The concept of a central building with communal facilities surrounded by travel trailers would be a special occupancy park, governed under State Law by the Special Occupancy Park Act (SOP), administered by the California Department of Housing and Community Development (HCD).

The SOP regulations do not apply to publicly owned, operated and maintained facilities. However, it would be advisable to follow the requirements of the SOP regulations on City-owned property because the regulations address health and safety issues (e.g., the number of toilets and showers per person, etc.) and would allow the City to contract out operation and maintenance of the park.

Location of travel trailer park would be governed, like all other land uses in the City, by the Envision San José 2040 General Plan, the Municipal Code and the requirements of the California Environmental Quality Act (CEQA). Properties designated for the Public/Quasi-Public land use in the General Plan could be appropriate sites to consider, depending on surrounding land uses and land use designations, if the park were owned and operated under the auspices of a government agency as a form of homeless shelter.

Unless the micro-housing project was located on a property zoned R-MH (Mobilehome Park), in which special occupancy parks are a conditional use, a rezoning would be necessary to implement a travel trailer park. One possibility would be rezone to R-MH. The other option would be PD zoning. Both of these rezonings would need to be consistent with the General Plan and approved in compliance with CEQA.

Potential City-Owned Sites for Micro-Housing

Staffs from the Housing Department and the Real Estate Division of the Office of Economic Development are reviewing City-owned properties to identify those which may be viable for a travel trailer park. The results of that analysis will be presented at the September 22, 2014 meeting of the Community Economic Development Committee.

Travel Trailer Park Operating Costs

The major components of an annual operating budget for a 50-unit travel trailer park are estimated as follows:

Travel Trailer Operations: Estimated Annual Costs

Case Managers (2.5 FTEs)	\$160,500
Administration	\$34,500
Day/Weekend Security (1.5 FTEs)	\$67,700
Manager	\$20,900
Client Transportation	\$9,000
Financial Assistance	\$7,500
Miscellaneous	\$33,800
TOTAL	\$333,900

Available Funding for Capital and Operating Costs

Most affordable housing funding sources do not allow expenditures on temporary housing. The only two sources which could be used for this purpose are HUD's Emergency Solutions Grants (ESG) and the City's Housing Trust Fund (HTF). Both are small programs and, in any case, they are currently fully committed to support other homelessness-response efforts.

Private parties have expressed interest in participating in financing the capital costs of developing a micro-homes village and may be interested in supporting a travel trailer park. Even if there is enough of such interest to fund the entire capital cost, ongoing funding for administration and operations of the travel trailer park would need to be found.

Implementing Micro-Housing

The travel trailer option together with a central services building and associated site improvements is the preferred model for providing temporary homeless housing. Total capital costs are estimated to be \$1,642,000 (assuming no land cost), with an annual operating cost of approximately \$334,000.

Implementing that model, however, faces significant obstacles. There are currently no funds available for this purpose for either capital or operating costs. In addition, from a regulatory standpoint, a General Plan amendment and rezoning would be necessary on either of the two sites identified above.

Overnight Safe Parking

The City's 2013 Homeless Census and Survey concluded that 10% of San Jose's homeless population (approximately 480 people) routinely sleep in their cars or other vehicles. Whether they are doing so illegally in the public right-of-way or not is not known. Additionally, some encampment residents are known to own vehicles.

Some localities have established programs to allow homeless individuals and families to sleep in their vehicles overnight in private parking lots. Some sites in some programs are limited to single women and families.

One such locality is the City of Santa Barbara. Its program includes parking lots at public agency offices and facilities, places of worship, nonprofits, businesses, and public lots associated with transit or carpooling programs. Another is Sonoma County, which is converting its pilot program from a single site with a capacity for 50 vehicles at the its county fairgrounds into a scattered site program at places of worship, each with much smaller numbers of vehicles.

A Safe Parking program would need to establish rules of individual behavior, hours during which the parking to sleep is permitted, requirements that the vehicles of participants are registered and insured, and require case management services. Establishing minimum distances (25 feet in Santa Barbara) between the parked vehicles and neighboring residential properties seems advisable. It would also be important to have rules in place to regulate guests, parties, noise and the like, and the program would need to include provision for roving parking lot monitors to enforce those rules. Access to restroom facilities would need to be provided at each site.

Capital costs to implement such a program would be small since the parking lots already exist. Experience in other communities suggests that no more than 20 vehicles should be allowed on any one site. For purposes of estimating the operating costs of such a program by a nonprofit, staff assumed 100 parking spaces, with 20 on each of five sites. The major components of an annual operating budget are estimated as follows:

Safe Parking Program: Annual Operating Budget

Three Case Managers	\$176,400
Parking Lot Monitors	\$52,800
Program Manager (0.5 FTE)	\$41,700
Porto-potty Rental/Service	\$27,000
Private Security	\$15,000
Mileage (Staff)	\$12,000
Miscellaneous	<u>\$45,000</u>
TOTAL	\$369,900

September 5, 2014

Subject: Homeless Housing-- Potential Tools For Addressing Homelessness

Page 7

As with the micro-housing proposal, only ESG and HTF would be eligible funding sources in the Housing Department's budget. And as noted above, these funds are currently fully committed to other homelessness-response efforts.

The regulatory framework under which such a program would operate needs to be clarified and probably modified. For instance, the Zoning Code currently requires all persons receiving temporary shelter in a church to sleep in church buildings and further limits vehicle parking in uses that are conditionally permitted in residential areas, such as churches. Other amendments to the Municipal Code may be needed to be made as well.

COORDINATION

Preparation of this memorandum was coordinated with the Office of the City Attorney, the Real Estate Division of the Office of Economic Development, and the Department of Planning, Building and Code Enforcement.

Staff will be at the Community Economic Development Committee's September 22, 2014 meeting to answer any questions related to this memo and to provide a brief verbal update on other key interim homeless housing initiatives.

/s/

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For questions please contact Ray Bramson, Homelessness Response Team Manager,
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