

# An Overview of Burlingame's Housing Trust Funds for the HOPE Community Advisory Committee

February 8, 2023

## 1. What is the purpose of the Housing, Opportunity, Priorities and Education (HOPE) Community Advisory Committee?

The purpose of the HOPE committee is to help prioritize investments in affordable housing that use funds collected from fees on commercial development (aka the "Housing Fund").

## 2. Where did these new funds come from? How much money is it?

Fees are assessed on new commercial development. The fees vary depending on the type of commercial development (office, retail, hotel, etc.).

The Current balance is \$7.3 million. It could grow to \$62+million by 2025 if all projects currently under review are built. These are one-time funds and are not a regular stream of income.

## 3. What are these funds intended to be used for?

The primary intent is to create homes that are for workers in Burlingame whose wages cannot cover market rate rents or home prices. Some examples (not necessarily exhaustive):

- People who work here now and have to commute in from a location with a lower cost of living
- People who live here now and are precariously housed due to high cost of rents compared to their wages
- People who lived or worked in Burlingame previously

## 4. Have any of the funds been allocated so far?

Yes. The City has provided funds towards a project called Eucalyptus Grove Apartments that will have 69 units that will be affordable to households at 50% of Area Median Income

(AMI) or less. The City is investing approximately \$1.5M to allow the project to be fully-funded (an example of “gap financing”). This is about \$21,739 contributed by the City per unit.

## **5. How is “affordable” defined? What types of affordability will the CAC consider?**

The County of San Mateo established rates for Average Median Income (AMI). These rates change each year based on the incomes in the county.

In 2022 the AMIs for San Mateo County were:

- \$116,200 household of 1
- \$123,800 household of 2
- \$149,400 household of 3
- \$166,000 household of 4

Housing that would be affordable at the AMI would be classified as “100% AMI” and would be included in the “Moderate Income” category. The Moderate Income category spans from 80% AMI to 120% AMI. Housing that is above the 120% AMI level is termed “Above Moderate” and can also be termed “Market Rate.” More specifically, the term “Market Rate” refers to units that are not deed-restricted in terms of setting rent levels or sales prices, so are therefore priced at what the market can bear.

Discussion of income levels can seem abstract when referencing the various percentages of AMI. To provide better understanding, attached to this document is a table providing occupation salary examples for a single wage earner. Some examples:

- Hotel Housekeeper - \$30,000 (in the range of the Extremely Low Income/30% AMI category)
- Office Assistant - \$62,000 (in the range of the Very Low Income/50% AMI category)
- Police Officer - \$107,000 (in the range of the Median Income/100% AMI category)
- Finance Services Manager - \$136,000 (in the range of the Moderate Income/120% AMI category)

## **6. What are the levels of affordability in projects currently under construction or approved in Burlingame?**

There are currently 2,412 units either under construction, approved (but not yet issued building permits), or under review in Burlingame. Together, these are referred to as the “pipeline” as they indicate the units that could be completed in coming years.

For the upcoming Housing Element, the City is obligated to provide sufficient zoning capacity for 3,257 units at a range of income levels. The table below indicates the Housing Element allocation, the units in the “pipeline,” and the unmet need per the Housing Element allocations:

Income Level	Housing Element Allocation	“Pipeline” Projects	Unmet Need
Very Low Income (50% AMI)	863	147	716
Low Income (60% AMI)	497	188	309
Moderate Income (80% AMI)	529	72	457
Above Moderate Income (120% AMI)	1,368	2005	- 637
<b>TOTAL:</b>	<b>3,257</b>	<b>2,412</b>	

**7. What makes it difficult to have more affordable housing for current workers in occupations with wages below the San Mateo County/Silicon Valley Region averages?**

Both rents and sales prices of homes on the Peninsula and in California have risen significantly faster than incomes. While the City of Burlingame’s policies can help encourage the supply of more affordable housing, the City does not currently build housing or serve as a landlord for residential buildings (though this can be explored, similar to the partnership in building the Village at Burlingame). What types of housing are available are determined by private investments and/or non-profit organizations. Developers of residential properties need to cover their costs and most also need to make a profit to stay in business.

The cost to build a new unit of housing with prevailing material costs and wages can be three or four times as expensive as what a person with very low income can spend on rent or a mortgage. That is a big disparity. Plus, the cost of a down payment for purchase is out of reach for many households. Home purchases have become increasingly unaffordable for larger percentages of the population, compared to decades past.

The Burlingame housing funds present an opportunity to provide more homes that are below market rate.

## **8. How can these funds be used?**

The intent of the funds is to provide housing to serve increased demand from new commercial development. Funds may be used for either new construction or existing structures, or a mix of both.

If funds are used for existing structures, it would likely be for multi-family buildings. However, it is also possible to create incentives for single family homeowners to build Accessory Dwelling Units (ADUs) with below market rents, provided those ADUs are deed-restricted at affordable rents for a specified period of time).

As potential examples for types of investments, the City could use the funds:

- As a co-investor with other partners – aka providing “gap” on financing new construction (such as Eucalyptus Grove Apartments).
- As a purchaser of a existing housing that some other entity would likely manage)
- As a purchaser of land
- To increase the share of affordable units in new developments (e.g. subsidizing units to increase the number of affordable units in a project, or similar financing mechanisms)
- To provide incentives for existing properties to provide below market rents

## **9. What kinds of considerations and trade-offs will this committee be exploring?**

Each potential use of funds has benefits and shortcomings. The committee will be exploring these as it develops recommendations for the prioritization of funds. These may include:

- Which kinds of use of funds/incentives will attract willing partners (e.g., among developers, current property owners and other kinds of collaborators)?
- What are examples of innovative/effective/sustained affordable housing from other communities?
- How many new homes can be supported at what level of affordability?
- What level of income does the City hope to target? Particular sectors can also be targeted (people with developmental disabilities, public sector workforce, etc.)
- Do these new homes also provide services/amenities for the residents? For the community?

If you have suggestions for other information we should include, please contact Joseph Sanfilippo, Economic Development & Housing Specialist, by email at [jsanfilippo@burlingame.org](mailto:jsanfilippo@burlingame.org) or by phone at 650-558-7264.

# San Mateo County Area Median Incomes (AMI)

## May 2022

### Occupation Salary Examples Single Wage Earner

	Extremely Low <30% AMI	Very Low <50% AMI	Low <80% AMI	Median <100% AMI	Moderate <120% AMI
<b>1 Person HH</b>	<b>\$39,150</b>	<b>\$63,250</b>	<b>\$104,400</b>	<b>\$116,200</b>	<b>\$139,450</b>
	Bank Teller (38K)*	Library Assist I (63K)	HS Teacher (104K)	School Social Worker (109K)	Rec Superintendent (135K)
	Medical Reception (38K)*	Office Assist I (62K)	Librarian II (91K)	Bldg Inspector I (105K)	Finance Service Mgr. (136K)
	Hotel Housekeeper (30K)*	Rec Coordinator I (62K)	Accountant II (94K)	Police Officer (107K)	Library Services Mgr. (135K)
<b>2 Person HH</b>	<b>\$44,750</b>	<b>\$74,600</b>	<b>\$119,300</b>	<b>\$132,800</b>	<b>\$159,350</b>
	Janitorial Supervisor (42K)*	Acct Assist II (71K)	School Occup Therapist (115K)	Police Sergeant (130K)	Chief Bldg Official (158K)
	Hotel Clerk (40K)*	Parking Enforce Officer (70K)	HR Analyst II (110K)	Water Div Mgr. (128K)	Planing Mgr. (153K)
	Phlebotomist (44K)*	Police Clerk II (71K)	City Arborist (118K)	Fleet Mgr. (125K)	Elementary Principal (159K)
<b>3 Person HH</b>	<b>\$50,350</b>	<b>\$83,900</b>	<b>\$134,200</b>	<b>\$149,400</b>	<b>\$179,300</b>
	Bookkeeper (50K)*	Elem Teacher (80K)	Middle School Dean (133K)	Deputy Finance Dir. (149K)	City Engineer (169K)
	Retail Mgr. (50K)*	Admin Assist (79K)	Police Services Mgr. (134K)	Transport Program Mgr. (136K)	Assist City Attorney (166K)
	Case Worker (49K)*	Street Maint Work (75K)	Assoc Engineer (122K)	Vice Prin Elem School (149K)	HS Assist Principal (174K)

\* Zip Recruiter - Averages for Burlingame

All other: Mid range salaries from City of Burlingame, BSD or SMUHSD