

FOSTER'S LANDING – EXPIRING AFFORDABLE HOUSING COVENANTS

The Fosters Landing apartment development in Foster City includes 74 below market rate (BMR) rental units in the 490-unit development. The BMR restrictions are due to expire beginning with 50 units expiring on December 31, 2020. The remaining 24 units will expire at various times up to December 31, 2023. Of the 50 units expiring by the end of this year, some of the units are vacant.

A unique feature of the Fosters Landing affordable housing program resulting from its implementation under earlier state regulations is that the rent is calculated to not exceed 30% of each household's income, rather than being a set amount for each type of unit or a percentage of the County Average Median Income (AMI). A combination of factors, including the rent calculation methodology, as well as the fact that this is the oldest of the City's affordable housing developments with many long-term tenants, has resulted in the tenant income levels including a higher proportion of extremely low- and very low-income households. There is also a high proportion of senior and/or disabled tenants.

The City of Foster City has taken several steps to assist the tenants:

- Amended the City's "Preference Categories" for BMR units to put households living in units due to expire in the highest category in BMR waiting lists;
- Encouraged other BMR properties in Foster City to open their waiting lists;
- Adopted a Commercial Linkage Fee to provide funding for affordable housing programs;
- Engaged with the property owner, Essex Property Trust, to: 1) allow units vacated prior to the expiration of the covenants to be rented at market rates with the differential revenue placed in a fund for tenant relocation assistance; and 2) to match the City's contribution to a one-year extension of the BMR rents for the first 50 units;
- Provided informational materials and affordable housing resources to the tenants to assist them in relocating;
- Held the first of a series of Town Hall meetings with the tenants to hear their concerns;
- Engaged with San Mateo County Department of Housing, Senator Hill's Office and Assemblymember Mullin's Office and others to locate potential sources of funds.

The shortage of available BMR units in the area makes it very difficult for the tenants in the Foster's Landing BMR units to find other housing. Even if they do find other affordable housing, they may not be able to afford the BMR rent given that some of them pay extremely low rents and are on a limited fixed income. Some of the tenants will likely be facing homelessness without additional assistance.

The City has evaluated the costs of acquiring an extension of the affordability covenants or purchasing replacement units (\$33 to \$48 million) but has not been able to locate a source of funding.

The City is developing program parameters for a relocation assistance program and possibly a rent subsidy program. The cost of a rent subsidy program to provide the difference between current rents and market rents for the 50 tenants is approximately \$1.1 million per year.