County of Santa Clara
Office of the County Executive

75526

DATE: March 24, 2015

TO: Board of Supervisors

FROM: Gary A. Graves, Chief Operating Officer

SUBJECT: Micro Housing, Transitional Housing and Emergency Shelters

RECOMMENDED ACTION

Consider recommendations relating to options for housing the homeless including micro-housing, transitional housing, and emergency shelter. (Office of the County Executive)

Possible action:

a. Receive report relating to the feasibility of building or purchasing pre-built micro-housing units to provide transitional housing, the possibility of increasing funding for emergency shelters to add beds and services year-round, and cost/benefit analysis comparing the two approaches of shelter and transitional micro-housing.

b. Provide feedback relating to increased funding for emergency shelters to fill unused shelter beds in existing facilities year-round.

c. Provide feedback relating to partnering with the City of San Jose by providing case management services to accompany pilot programs for safe parking and motel leases.

d. Provide feedback relating to supporting nonprofit providers in developing micro-housing communities for people who are homeless by providing access to predevelopment loans by allowing non-profit organizations to apply to the Predevelopment Loan Program for development of permanent supportive micro-housing projects and setting aside funding for predevelopment loans for transitional micro-housing projects.

FISCAL IMPLICATIONS

There are no fiscal implications related to receiving the Administration's report; however, implementing any of the other actions would require significant resources.

If the County were to fund all unused emergency shelter and transitional housing beds/units, the total annual cost would be approximately $1,726,000. This amount would support about 75 homeless individuals and 12 families daily during the non-Cold Weather Season months (April through November) and an additional 35 single adults and seven families daily year-

round. The final amount would be subject to negotiations with shelter and transitional housing providers.

The shelter and transitional housing system could be further augmented by motel vouchers that are coupled with supportive services. Estimates for a motel voucher program for single adults range from $100 to $160 per person per day. Estimates for a motel voucher program for families range from about $150 to $200 per family per day.

If the County were to partner with the City of San Jose or other jurisdictions to provide supportive services for Safe Parking programs, the estimated cost for services for 100 vehicles ranges from $225,000 to $450,000 annually depending upon the intensity of services that would be provided.

Finally, non-profit agencies that want to begin exploring or developing micro housing communities in Santa Clara County would likely request between $100,000 and $300,000 in predevelopment funding. While these funds could be converted to permanent financing once a project has been developed, it is entirely possible that the predevelopment loan would have to be forgiven if the non-profit agency was unable to fully develop a project. This scenario is a possibility given the land use, building code and siting obstacles. The recently approved predevelopment loan program could be a source for implementing permanent supportive micro housing communities; however, a new funding source would be necessary to support the predevelopment activities associated with temporary or transitional micro housing communities.

REASONS FOR RECOMMENDATION

On December 16, 2014, the Board of Supervisors, directed the County staff to research the feasibility of micro housing to provide transitional housing, examine the possibility of increasing funding for emergency shelters, and assess the cost effectiveness of both approaches. Based on this research, County staff recommend a combination of strategies that would allow Santa Clara County to address the need immediately, while also working towards more innovative and longer term solutions.

Support Nonprofit Partners in Exploring the Development of Micro Housing: Micro housing presents an intriguing possibility for expanding both temporary and permanent housing for people experiencing homelessness. However, there are significant barriers to developing micro housing. Most structural options do not comply with the building code and feasible sites that would conform to zoning ordinances and general plans are scarce. The low cost structures used in many project designs, such as wood sheds or tiny houses lacking heat, electricity, or plumbing, do not comply with building code and would require changes to the State building code for people to legally occupy them. Code compliant houses are more expensive to build and may require creative design and the use of donated materials and volunteer labor to make them cost effective. Using travel trailers to house people avoids building codes altogether, but might require changes to zoning ordinances for them to be

used as permanent or semi-permanent structures to house people. Finding suitable and affordable land that complies with zoning ordinances and general plans would be a challenge for any micro housing development in Santa Clara County.

Overcoming these barriers would be challenging and would require creativity, community support, and time. While the concept of micro housing has potential as a cost effective alternative to traditional shelters, it cannot be implemented as quickly or easily as some other options. Given the complexity and diversity of types of projects that fall under the category of micro housing, it is difficult to make blanket statements about the feasibility and cost effectiveness of building transitional micro housing communities. However, individual development proposals could be assessed for code compliance, conformance with the General Plan, and expected effectiveness at addressing homelessness. Santa Clara County could support nonprofit partners in pursuing micro housing options by providing access to predevelopment loans.

Provide funding to fill unused beds in existing shelters: Increasing funding for existing facilities could provide an immediate response to quickly increase emergency shelter capacity while longer-term, more innovative solutions – such as micro housing – are under development**.** Some existing shelter facilities are underutilized because the organizations that run them lack funding to pay for staffing and operating costs. County staff estimate that approximately 75 single adult beds and 12 family units utilized for cold weather shelter in 2014-15 could be converted into year-round beds if they were funded. In addition, approximately 35 year-round single adult beds and 7 year-round family units are currently underutilized due to lack of funds. The approximate cost of funding these beds is $36 per bed per day for single adults and $110 per unit per day for families. While not the most effective response to homelessness, expanding shelter capacity would enable more people to leave the streets and this option could be implemented immediately at a cost of $1,725,850/year for 110 emergency shelter beds for adults and 19 emergency and transitional units for families.

Partner with the City of San Jose to implement Safe Parking and Motel Programs: The City of San Jose has already begun implementation of two other options for expanding shelter and transitional housing capacity. Safe Parking programs provide a safe and legal place for people living in vehicles to stay overnight. Motel leases are another option for expanding temporary housing. While motels are typically not a cost effective response to homelessness, they do provide flexibility for quickly increasing capacity, and the City of San Jose is working on a program that would enable them to negotiate lower rates. Rather than duplicate these efforts, the County could partner with the City to provide case management services to participants in both programs. Supportive services are critical to helping people move on from temporary programs to permanent housing.

CHILD IMPACT

The recommended actions may increase permanent housing, transitional housing and emergency shelter resources for homeless families with children and unaccompanied youth.

SENIOR IMPACT

The recommended actions may increase permanent housing, transitional housing and emergency shelter resources for homeless seniors.

SUSTAINABILITY IMPLICATIONS

The recommended actions will have no/neutral sustainability implications.

BACKGROUND

The 2013 Homeless Census and Survey found 7,631 homeless individuals at a point in time in Santa Clara County, of which 5,674 were unsheltered. 19% of the homeless population was found to be living in encampments. The challenge of homelessness is significant, and in Santa Clara County it is exacerbated by one of the most expensive housing markets in the country. Ultimately, the solution to homelessness is housing. Santa Clara County needs affordable housing, including permanent supportive housing options; however, it will take years to develop the thousands of units that are needed. In the interim, expanding shelters and/or transitional housing could enable the thousands of people living on the streets to move to safer, more stable conditions until permanent housing is available.

CONSEQUENCES OF NEGATIVE ACTION

The Board of Supervisors would not receive the requested report.

ATTACHMENTS:

- Report on Micro Housing, Transitional Housing and Emergency Shelters (PDF)

Report on the Feasibility of Micro Housing and Other Options for Expanding Shelter and Transitional Housing Capacity in Santa Clara County

Introduction

The 2013 Homeless Census and Survey found 7,631 homeless individuals at a point in time in Santa Clara County, of which 5,674 were unsheltered. 19% of the homeless population was found to be living in encampments. The challenge of homelessness is significant, and in Santa Clara County it is exacerbated by one of the most expensive housing markets in the country. According to the National Low Income Housing Coalition's Out of Reach 2014 report, Santa Clara County is the sixth most expensive county in the United States, requiring a wage of $30.71/hour to afford fair market housing. Rental vacancy rates are low and there is not nearly enough affordable housing to meet the need.

Ultimately, the solution to homelessness is housing. Santa Clara County needs affordable housing, including permanent supportive housing options; however, it will take years to develop the thousands of units that are needed. In the short term, expanding shelters and/or transitional housing could enable the thousands of people living on the streets to move to safer, more stable conditions until permanent housing is available. Interim housing is also needed for individuals who have housing subsidies, but have not yet secured a unit. This report summarizes options for expanding shelter and transitional housing, including increasing funding for existing facilities, utilizing alternative models such as motel stays, safe parking and sanctioned encampments, and developing transitional micro housing communities.

Program Models for Addressing Homelessness

There are a number of program models for responding to homelessness, some of which are more effective than others at helping families and individuals return to permanent housing (see Table 1). Shelter or housing based responses to homelessness can be divided into two main types: *temporary housing* (including emergency shelter and transitional housing programs) and *permanent housing* (including rapid rehousing, permanent supportive housing, and homelessness prevention programs).

Emergency shelter programs respond to the crisis of homelessness, providing immediate shelter from the elements, access to meals, and connections to services and resources. Most shelters for adults offer bunks or cots in shared rooms with strict rules regarding behavior and alcohol and drug use. Shelter guests are usually required to leave the shelter during the day, and when demand is higher than the available beds, might not be guaranteed access to a bed the following night. Both nationally and in Santa Clara County, emergency shelter has been found to be ineffective in moving people out of homelessness. In FY 2013-14, only 15% of people exiting emergency shelters moved into permanent housing in Santa Clara County. Emergency shelter serves a purpose of providing a safe place off the streets for a temporary period, but it does not effectively help people move to permanent housing.

Transitional housing programs provide temporary housing (usually no more than 2 years) with attached services focused on helping people prepare to obtain housing upon program exit. Units can be anything from an enclosed cubicle with reserved bed at a shelter facility to an apartment in the community. Transitional housing programs are intended to provide time and resources for individuals and families to gain education, employment, and income so that they are able to obtain housing upon exiting the program. Transitional housing can be effective for people who need and desire a temporary structured program environment and who have the potential to increase their income to the point that they can

afford housing in the local market. However, those with fixed incomes and other barriers to obtaining and maintaining housing face the same challenges upon exiting a transitional program that they did when they entered it. In FY 2013-14, only 34% of people exiting transitional housing programs in Santa Clara County exited to permanent housing.

Rapid rehousing is a permanent housing program that provides short-term financial assistance and support (4 to 6 months, on average) to quickly re-house homeless households in their own independent housing. The goal is to quickly move households out of homelessness and back into permanent housing, providing the lightest level of service necessary to assist the household. Supportive services typically include housing search, landlord mediation, and case management. Rapid rehousing is effective for families and individuals who are episodically homeless and have the ability to generate sufficient income to afford housing long-term. According to the United States Interagency Council on Homelessness, "data from some experienced programs indicate that 90 percent of households served by rapid rehousing are successfully housed and do not return to shelter." Under the federal stimulus funded Homelessness Prevention and Rapid Rehousing Program (HPRP) in San Jose, 75% of homeless households receiving rapid rehousing assistance from 2009-2012 successfully maintained their housing at program exit.

Permanent supportive housing is designed for chronically homeless and other highly vulnerable individuals and families who need long-term support to stay housed. Residents typically face significant barriers to housing, such as serious mental illness, substance abuse, chronic health conditions, and other disabilities. Programs move people directly into housing and provide housing subsidies, case management, and other supportive services. Permanent supportive housing has no time limitation, providing support for as long as needed and desired by the resident. Nationally, permanent supportive housing is considered a highly successful strategy for ending chronic homelessness. The national 100,000 Homes campaign, which supported local communities in housing 100,000 chronically homeless individuals through permanent supportive housing, found that 84% of people housed remained housed for at least one year. In FY 2013-14, 98% of people in permanent supportive housing programs in Santa Clara County maintained their housing for at least 12 months.

Homelessness prevention programs stop homelessness before it starts by providing financial assistance and services to prevent families and individuals from losing their housing. Assistance may be one-time or for a short period. Supportive services may be provided in addition to financial assistance, or households might be connected to other resources in the community. In Santa Clara County the Emergency Assistance Network provides one-time financial assistance to households facing eviction. Prevention services are also provided by Supportive Services for Veteran Families grantees. The effectiveness of prevention programs is difficult to prove because it is unknown if the household would have become homeless without assistance or if they would have found another way to stay housed. Under the federal stimulus funded HPRP Program in San Jose, 83% of homeless households receiving prevention assistance from 2009-2012 successfully maintained their housing at program exit.

While emergency shelter serves a purpose in keeping people off the streets and transitional housing can be successful for some populations, national research and local experience show that permanent housing solutions are the most effective response to homelessness. *The Community Plan to End Homelessness in Santa Clara County 2015-2020*, endorsed by the County Board of Supervisors in January 2015, proposes three program models: permanent supportive housing for those who are chronically homeless, rapid rehousing for those experiencing episodic homelessness, and prevention programs for those at risk. As the statistics cited above demonstrate, emergency shelter and transitional housing are not effective for many people, especially in communities like Santa Clara County where there is limited

affordable housing to move to upon completing a program. However, temporary solutions may be needed until permanent housing is available.

Options for Expanding Shelter and Transitional Housing Capacity in Santa Clara County

1) Maximize use of existing facilities

Santa Clara County's current inventory includes 859 emergency shelter beds (270 of which are seasonal) and 1,340 transitional housing beds. Some of these facilities have the capacity to shelter more people, but the organizations running them cannot afford the staffing and operating costs to keep all beds open. One possible option for expanding capacity is to fund local providers to open unused beds, including by making seasonal shelter beds available year-round. County staff estimate that approximately 75 single adult beds and 12 family units utilized for cold weather shelter in 2014-15 could be converted into year-round beds if they were funded. However, this list does not include beds in the southern part of the county where the cold weather shelter is at the National Guard Armory.

Extending Cold Weather Shelter Beds Year-Round			
Capacity	**Cost per Day**	**Additional Days**	**Annual cost**
75 single adult beds	$36/bed	245 days	$661,500
12 family units	$110/unit	245 days	$323,400

In addition, some year-round shelter and transitional housing facilities are underutilized due to limited funding. Providing additional funding could enable these facilities to once again operate at full capacity:

Underutilized Beds in Existing Facilities			
Capacity	**Cost per Day**	**# of Days**	**Annual cost**
35 emergency shelter beds – single adults	$36/bed	365 days	$459,900
7 transitional housing units – families w/children	$110/unit	365 days	$281,050

Also, some shelter and housing programs are at-risk of closing or reducing beds due to insufficient funds. The County could ensure existing capacity is not lost by making additional funding available for shelter and transitional housing operations.

2) Build new shelters and transitional housing facilities

Developing new shelter and transitional housing facilities is another option for expanding capacity in Santa Clara County. This option is costly and time consuming. Additionally, as described above, emergency shelter is not an effective solution to homelessness and transitional housing only works for some populations. Thus, investing significant resources in developing new facilities based on these models would not be cost effective. At the same time, any long-term solution to the homelessness and affordable housing crisis will take time to execute. For this reason, some investment to increase shelter and/or transitional housing capacity is necessary to make progress in reducing the number of homeless people in our community at this time.

3) *Motels*

Another common strategy for sheltering homeless households is to pay for short-term stays at hotels or motels. Due to the high cost, many communities consider motel stays to be a last resort when no other shelter is available. In Santa Clara County, some nonprofit providers utilize motel stays for short term emergency shelter, including as a safe option for families fleeing domestic violence. In addition, the County is currently using this strategy to replace seasonal cold weather emergency shelter in the northern part of the county following the loss of the Sunnyvale National Guard Armory as a site for shelter. This program provides motel rooms to individuals and families through the cold weather season (December – March) and pairs the motel room with services including case management to help people find permanent housing. The County could expand temporary housing options by creating a year-round motel program.

Sample Motel Programs					
Capacity	**Motel Cost per day**	**Annual Motel Cost**	**Services & Program Management Costs**	**Total Annual Cost**	**Total Cost Per day**
20 single adults (single occupancy)	$100/motel room	$735,000	$417,700	$1,147,700	$157/Person
20 single adults (double occupancy)	$100/motel room	$365,000	$417,700	$782,700	$107/Person
10 Families with Children	$100/motel room	$365,000	$174,896	$539,896	$148/Family

Renting motel rooms is an expensive method for providing temporary shelter or housing. However, it does provide flexibility for rapidly increasing or decreasing capacity based on funding and demand. The City of San Jose is working on an innovative plan to utilize vacant motel rooms to house people who are homeless for longer periods of time. This strategy would take advantage of vacancies in low-cost motels to expand the availability of shelter and housing and nonprofit providers contracted by the City would negotiate lower rates. The City is working with local nonprofit organizations to move forward with this proposal, but facing challenges with conditional use permits and concerns about neighborhood opposition. City staff anticipate housing people in this program starting in January 2016.

4) Safe Parking

Safe parking programs provide secure overnight parking spaces to people living in cars or recreational vehicles (RVs). In Santa Clara County, this includes over 1,200 people, according to the 2013 Homeless Census. Safe parking programs are typically run by nonprofit organizations and require staffing, security, and administration. Safe parking programs can be permanent or mobile, operating on rotating sites. They can face barriers, including city ordinances banning sleeping in vehicles and neighborhood opposition. For example, in Sonoma County, the Board of Supervisors removed a ban on the “use of vehicles for human habitation” from the county’s anti-camping ordinance in order to allow the creation of a safe parking program.

In general, safe parking programs operate as extensions of emergency shelter and would not be expected to have greater effectiveness at moving people into permanent housing, but they do provide a temporary method for improving the safety and stability of people who are already living in their vehicles. The City of San Jose is piloting a mobile services response unit that may incorporate safe parking, with anticipated implementation in July 2015. City staff estimate the expense for a safe parking program as follows:

Sample Safe Parking Program[1]				
Capacity	**Annual Operating Cost**	**Annual Services Cost**	**Total Annual Cost**	**Cost per Day**
100 vehicles	$153,650	$216,250	$369,900	$10/vehicle

5) Sanctioned Encampments

Some communities across the country have taken the approach of formalizing camping options to improve safety and limit negative impacts on the environment and neighbors. Sanctioned encampments can be located on permanent sites or mobile, rotating sites. Depending on the site, restroom facilities may be provided in a host building (for example, if the encampment is located at a church) or through the use of portable restrooms. Meals may be donated or a simple cooking area provided. Similar to safe parking, sanctioned encampments require oversight and staffing and are typically run or supported by nonprofit organizations. They are similar to emergency shelters, providing some temporary respite from the streets and offering some services to help people move out of homelessness. Campgrounds can provide slightly more privacy and independence to occupants, who stay in their own tent rather than on a communal shelter floor, which can have an added benefit of attracting people who have avoided contact with the homeless services system in the past. However, campgrounds managed by professional organizations in methods similar to shelters can still be off-putting to campers who prefer the independence of unsanctioned encampments.

There are many challenges with sanctioned encampments. The structures involved – usually tents and portable restrooms – are not designed for extended habitation and, without significant investment in infrastructure, the living environment degrades quickly. Large numbers of people camping in high density groups for extended periods of time can lead to significant health and safety issues. Sanctioned encampments in other areas have been shut down due to health and safety concerns, including issues with waste disposal and pest infestation.

Locally, some advocates in Santa Clara County urge the use of County parks to provide safe and legal camping for homeless individuals and families. However, rules limit camping to no more than 14 days within a 45 day period (and only 14 days total between Memorial Day and Labor Day). The 14 day limit is intended to maintain the recreational nature of campgrounds and prevent them from becoming residential. It is likely not possible to permit homeless individuals to stay beyond the 14 day limit without letting anyone who is interested do the same. Opening campgrounds to sanctioned encampments would limit availability for other campers during popular times of the year and conflict with the intended purpose of County park lands for outdoor recreation. Also, there would be additional costs associated with mitigating environmental impacts of year-round heavy use of campgrounds that are intended for short-term recreational use.

[1] City of San Jose Housing Department, 2014.

6) Micro Housing

In the past several years a number of micro housing or "tiny house" projects have appeared across the country as potential solutions to homelessness. There is no formal, legal definition of micro housing, but the term loosely refers to very small dwelling units, typically under 250 square feet, but sometimes up to 500 square feet. "Tiny houses" are a type of micro housing that include very small single family homes sized to fit on a travel trailer, meaning they have a maximum width of 8½ feet. Some are mobile and built on travel trailers without a foundation, but "tiny house" can also refer to a very small house built on a foundation. Micro-apartments or micro units refer to very small units in multi-unit buildings, similar to single room occupancy or efficiency apartments.

Micro housing projects can be built with a wide range of structures, configurations, and community models. Some micro housing units provide a full, yet miniature, home including sleeping and living quarters, kitchen, and full bathroom facilities, while others provide no kitchen or bathroom facilities and do not have water, electricity, or heat. Similar to the range in amenities, the quality and cost of micro housing can vary tremendously. Opportunity Village in Eugene, Oregon built an entire village of 30 micro housing units (without electricity, heat, or water) for approximately $100,000. In contrast, individual high quality units can cost upwards of $100,000 each. Examples of existing projects designed for people who are homeless include emergency shelter type developments that use tents or wooden sheds to provide temporary shelter, transitional housing projects with communal facilities for bathrooms, meals, and supportive services, and permanent housing communities with higher quality tiny houses with more amenities.

Micro housing offers greater privacy, independence, and dignity for residents than shelters. However, there are significant barriers to building micro housing communities in Santa Clara County, including limited suitable sites, zoning and general plan conformance issues, and building code requirements. Micro housing is a broad term, and the cost, effectiveness, and feasibility of a project depends on several variables, including the land, type of structures, and program model.

Land:

Finding suitable, affordable land may be challenging in Santa Clara County and is critical for keeping down the cost of micro housing. It is helpful to locate micro housing developments in areas with easy access to public transportation and in areas that are not isolated from community, resources, and employment. Many micro housing developments have faced significant neighborhood opposition even with more appealing design, which can make it challenging to locate them in residential areas. In addition, compliance with zoning ordinances and general plans presents a significant barrier to finding suitable land in Santa Clara County, whether within city jurisdictions or in unincorporated areas.

According to County planning staff, feasible properties on unincorporated county land are scarce to nonexistent due to type of use and allowable density restrictions. In rural unincorporated areas, where the County's role is to maintain rural character and permit only non-urban, low density residential uses, micro housing developments are not an allowable use under the County's General Plan or Zoning Ordinance. Furthermore, necessary urban services such as municipal sewer and water are not available to support such density of development.

In unincorporated Urban Service Areas, multi-unit micro housing projects would only be consistent with areas designated under the County General Plan and Zoning Ordinance for multi-family densities,

whether the micro housing units are attached or unattached. Within city Urban Service Areas, locations for proposed multi-family residential uses may be allowed only if found in conformance with the applicable city general plan with respect to type of use (multi-family residential) and maximum allowed density. Such determinations are made by means of case-by-case referrals to the affected city, most often San Jose. The location would also require appropriate R3 Multi-Family zoning within an urban unincorporated island. According to County planning staff, there is no remaining undeveloped land zoned for multi-family residential use in unincorporated Urban Service Areas.

County owned properties within city jurisdictions may present a somewhat more promising option for micro housing. A micro housing development project on County-owned property within a city jurisdiction *could* be immune from the city's zoning ordinance and general plan, although the application of the intergovernmental immunity would depend on the structure and organization of the micro housing development project.

Assuming a feasible site can be identified, the process for permitting and approval would likely be lengthy. Existing micro housing projects across the United States have undergone lengthy and costly public processes because they are not a simple fit under most jurisdictions' zoning ordinances and general plans.

Structures:

Micro housing can be built in a wide range of styles and materials. Options include prefabricated pods, domes, sheds, mobile trailers, canvas-sided cottages, shipping containers, and wood frame construction. When intended for temporary housing, the units provide each household with private accommodation, but typically do not contain full kitchen or bathroom facilities, and may not even be hooked up to electricity or water. Units are typically clustered in communities around shared kitchens, bathrooms, living areas, and spaces for counseling and other services.

There are significant challenges to complying with building code requirements while still maintaining the affordability of micro housing. The California Department of Housing and Community Development (HCD) develops the State code requirements for dwellings, mobile homes, and mobile home parks. The enforcement authority for dwelling construction is delegated to local jurisdictions by HCD, but local jurisdictions have limited authority to make local amendments to the California Building Standards Code. Local authorities can make stricter requirements, but may not amend the code in any way that lessens State requirements. HCD is also limited, since they are charged with developing regulations which implement State legislation.

Under current requirements, County staff have identified several California Building Standards Code issues that could affect the design of tiny homes. Code requires minimum room sizes and minimum clearances for appliances that make it difficult to keep unit size "tiny" while still complying with code. If individual units are classified as dwelling units, each unit must also have its own bathroom and kitchen area, with hot and cold water and sewer connections and must be heated and have sufficient light, ventilation, and emergency exits. Additional plumbing, mechanical, electrical, lighting and structural requirements would also affect the design and cost of a micro house.

If the units are used for sleeping only and are accessory to a main building that contains living, cooking, and bathroom facilities, then the sleeping units may only have to meet the size and applicable code requirements for sleeping rooms, which are less stringent, but still require connection to electricity. In

addition, the main structure must meet all applicable building code requirements and accessibility and ADA compliance are still significant issues that must be addressed. The specific implications of building code requirements depend on the type and design of the individual units and the project as a whole and would need to be analyzed on a case-by-case basis for each proposed project.

As a result, while it is possible to build very micro houses in full compliance with building codes, a compliant unit may be more expensive to build than the structures used at Opportunity Village Eugene and other similar projects. Building codes are different in different states and some projects built by private groups have not been built to code. In addition, it is important to remember that building codes were developed for a reason and micro housing should not be built at substandard levels, just because it is small.

Micro Housing Structures			
Structure	**Cost[2]**	**Code Issues**	**Notes**
Pre-fabricated wood frame shed	$3,000/unit	Does not meet building code.	No insulation, water, power, or heat.
Portable cabin – wood frame structure on towable trailer	$27,500/unit	May meet state vehicle code.	Cost includes $5,000 shipping cost and $2,500 for piers and earthquake bracing.
Conventional wood frame cottage	Unknown (much higher than other options)	May be code compliant if built to meet all criteria.	Significantly more expensive to develop than other micro housing options.
Shipping container	$3,000/unit for new, uncontaminated container	Does not meet building code.	Would require upgrades, minimally adding windows, door, and insulation at an unknown cost.
Travel Trailer	$9,500/unit	May meet state vehicle code.	Cost includes $2,500 for piers and earthquake bracing. Providing electricity, water, and sewage hookups to each unit would require significant additional investment, at least $350,000.

Trailers and Recreational Vehicles

Some tiny home advocates try to get around building code requirements by building their houses on wheels, placing them outside the regulatory scope of County building inspection. Trailers fall under state requirements for recreational vehicles and are registered by the California Department of Motor Vehicles. The California Health and Safety Code requires recreational vehicles to be constructed in accordance with the American National Standards Institute (ANSI) standard no. 119.2 or 119.5 or the National Fire Prevention Association (NFPA) standard No. 1192 depending on the type of unit and the year of manufacture.

Travel trailers and recreational vehicles are not designed for permanent residence and County Zoning Ordinance limits the length of stay in RV Parks. Santa Clara County Zoning Ordinance limits the duration of stay in RV Parks such that at least 65% of all spaces within an RV park are for short-term occupancy (fewer than 30 days), with not more than 25% of spaces allowing stays up to 180 days, and not more

[2] City of San Jose Housing Department, 2014.

than 10% of spaces allowing stays up to 360 days (Santa Clara County Zoning Ordinance Chapter 4.10, Section 4.10.280).

Program Model:

Micro housing projects can be operated as emergency shelter, transitional housing, or permanent housing. In general, emergency shelter and transitional housing programs have been found to have limited effectiveness in moving people out of homelessness. Currently there is no evidence to suggest that providing shelter or transitional housing in micro housing units would make the outcomes any different. The provision of high quality supportive services, including case management, housing search, employment assistance, and connections to other resources in the community, is critical to a project's success in helping occupants move on to permanent housing. Most micro housing projects are overseen or supported by a nonprofit service provider that provides supportive services. Many successful communities incorporate some element of self-government into the design, creating resident councils that contribute to community oversight in a variety of ways, including determining resident eligibility, supervising implementation of codes of conduct, and making decisions about community life. The provision of services requires ongoing financial investment to pay for staff and other operating costs.

Like any emergency or transitional housing program, micro housing would only be successful if there is permanent affordable housing to move to, including permanent supportive housing for those that need it. One of the reasons that emergency and transitional housing outcomes in Santa Clara County are even lower than national averages is that there is so little affordable housing. However, micro housing could present another option for expanding permanent supportive housing in Santa Clara County. The small house movement was built by people seeking more sustainable and affordable housing options and many people with a wide range of incomes live in tiny houses and trailers. In addition, some micro housing communities designed for people who are homeless operate with the intention of being a transitional stop, but without time limits on stays, allowing people to stay as long as they want. This reduces the number of people becoming homeless again because they have timed out of their stay in micro housing. Micro housing used as permanent housing is generally higher quality and sometimes, but not always, a little larger. There is still a wide variety of possible structures, but units typically have better amenities, including heat, electricity, bathrooms, and kitchens.

Cost:

Development costs for a micro housing project vary significantly depending on the land, type of structures, and site improvements. In a September 2014 Memorandum, the City of San Jose estimated site development costs for a 50 unit travel trailer park at $1,183,000 (excluding electricity hookups to individual trailer spaces) with the majority of development costs going to construction of permanent communal facilities for kitchens, bathrooms, and laundry rooms. This estimate assumes land is donated or leased at very low cost by a government or private owner. Depending on the site, expensive site improvements may be necessary, including running electricity, water, and sewage lines, adding security lighting, and paving road ways. Thus, the numbers in the table below may represent the lower end of the cost range for such a project. However, these estimates also do not include the use of in-kind donations or volunteer labor, which could lower costs.

Sample Micro Housing Development Costs (50 units)				
Structure Type	**Unit Cost**	**Land Cost**	**Site Improvement & Common Buildings Cost**	**Total Development Cost**
Pre-fabricated wood frame shed	$3,000	$0	$1,183,000	$1,333,000
Portable cabin – wood frame on towable trailer	$27,500	$0	$1,183,000	$2,558,000
Conventional wood frame cottage	$50,000[3]	$0	$1,533,000 (includes $350,000 to connect electricity to units)	$4,033,000
Shipping container	$3,000 (does not include any upgrades)	$0	$1,183,000	$1,333,000
Travel Trailer	$9,500	$0	$1,533,000 (includes $350,000 to connect electricity to spaces)	$2,008,000

The least expensive options in the table above are structures that are not code compliant and could not legally be used as dwellings under current law conditions. Code compliant options, such as wood frame cottages built to code, are significantly more expensive.

In addition, ongoing operating costs would be required to cover site and unit maintenance, insurance, staffing, and the provision of supportive services. Supportive service costs for an emergency, transitional, or permanent supportive model would likely be similar to those in programs located in traditional facilities. A sample budget from the City of San Jose for a 50 unit travel trailer project comes to $333,900/year.

Sample Micro Housing Operating Costs[4]				
Capacity	**Annual Operating Cost**	**Annual Services Cost**	**Total Annual Cost**	**Cost per Day**
50 Travel Trailers	$112,615	$221,285	$333,900	$18/unit

This budget does not include maintenance costs for the units, shared facilities, or site, which would vary depending on the type and quality of structures and the site improvements made during project development. Thus, this estimate is likely on the low end of the possible range of costs.

Micro Housing Outlook in Santa Clara County

Micro housing presents an intriguing possibility for expanding temporary housing for people experiencing homelessness. Tiny house communities provide greater independence, privacy, and dignity, and with high quality supportive services they could be expected to provide housing outcomes that are at least equivalent to traditional transitional housing programs. However, under current law conditions, there are significant barriers to developing micro housing as a solution to homelessness.

[3] $50,000 is an estimate for illustrative purposes. The actual cost would depend on several factors, including type and quality of construction and materials.
[4] City of San Jose Housing Department, 2014.

The low cost structures popularly associated with micro housing projects for people who are homeless, such as sheds or tiny houses lacking heat, electricity, or plumbing, do not comply with building code and would require changes to the State building code for people to legally occupy them. It is possible to build code compliant tiny houses, but they would be significantly more expensive. Using travel trailers to house people avoids building codes altogether, but might require changes to zoning ordinances for them to be used as permanent or semi-permanent dwellings. Finding suitable and affordable land that complies with zoning ordinances and general plans would be a challenge for all types of micro housing development in Santa Clara County. Thus, while the concept of micro housing has potential as a cost effective alternative to traditional shelters and transitional housing programs, it would take significant time and investment to implement.

Conclusion

With over 7,000 people homeless on a given night in Santa Clara County – and over 5,000 of those living on the street or in other places not meant for human habitation – there is a significant need to expand shelter and housing capacity in Santa Clara County. Options for expansion include increasing funding for existing facilities, utilizing alternative models such as motel stays, safe parking and sanctioned encampments, and developing transitional micro housing communities (See Table 2). Most likely, some combination of these strategies is needed, given the scope and urgency of the situation.

Micro Housing communities are an attractive and potentially cost effective alternative to shelters, providing greater independence, privacy, dignity, and a sense of community. However, there are significant barriers to developing micro housing. Most structural options do not comply with building code and feasible sites that would conform to zoning ordinances and general plans are scarce. Building relatively inexpensive code compliant houses may be possible, but would likely require creative design and the use of donated materials and volunteer labor, and securing a suitable site and moving through permitting and approval processes is costly and time consuming. Thus, while micro housing has the potential to be a cost effective option for temporary housing, it would take significant time and investment to implement. Combining this strategy with more immediate solutions, such as funding unused beds in existing facilities, could be an effective short term solution.

Another possibility to explore is the use of **micro housing communities as permanent housing.** Most chronically homeless individuals and families are able to successfully live in dense environments, however, some require more space and privacy in order to advance their recovery from serious health conditions such as schizophrenia. Detached, small dwellings that are arrayed around communal facilities could be an interesting and potentially cost effective alternative to high-density multi-family rental developments. While a **permanent supportive micro housing community** would encounter the same land-use and building code barriers that temporary micro housing communities would face, a permanent program could be an opportunity to advance or test out several client-centered principles such as peer-based services and community-reinforced standards of behavior and interaction.

Increasing funding for existing shelter and transitional housing facilities could provide an immediate boost in capacity by enabling organizations to fill underutilized beds. County staff estimate that 75 single adult beds and 12 family units utilized for cold weather shelter could be converted into year-round beds and 35 single adult shelter beds and 7 transitional family units could be utilized with additional funding, at an approximate cost of $36 per bed per day for single adults and $110 per unit per day for families.

While not the most effective response to homelessness, expanding shelter capacity would enable more people to leave the streets and this option could be implemented immediately.

Motel stays are an expensive, yet flexible option for expanding emergency shelter capacity. A motel program similar to the one currently used for cold weather shelter in the northern part of the county would cost $100 - $200 per household per day, significantly more expensive than other options. However, it does provide an option for rapidly increasing or decreasing capacity based on funding and demand and could be used temporarily while micro housing communities and permanent housing capacity are being developed.

Safe Parking: Safe parking programs are usually not an effective programmatic method for helping people obtain permanent housing, but they are a cost effective way to improve the safety and security of people already living in their vehicles (approximate cost of just $6 - $12 per vehicle per day) and could be part of a strategy to temporarily improve living situations for people who are unsheltered.

Sanctioned Encampments: Authorizing legal campgrounds for people who are homeless is not an effective response to homelessness. In addition to the limited effectiveness of all emergency shelter type programs, there are significant health and safety concerns from bringing together a high density of people in a setting not intended for long term habitation. In addition, County parks that could be used for this purpose are intended and restricted for temporary recreational use. Therefore, creating sanctioned encampments is not recommended as an option for expanding shelter and transitional housing capacity in Santa Clara County.

Table 1: Program Models for Addressing Homelessness

Temporary Housing Models				
Model	**Key Characteristics**	**Cost[5]**	**Effectiveness[5]**	**Santa Clara County Inventory[6]**
Emergency Shelter	• Temporary overnight sleeping accommodations • Available nightly or for temporary limited period up to 6 months • Cots, bunks, rooms, or motel vouchers • Meals and access to some other services	National average cost for a successful exit to permanent housing: • $8,283 for adults • $10,067 for families with children 2012 cost in SCC: $5,356/year per bed	Nationally, 16% of single adults and 32% of families with children exit to permanent housing. In FY13-14, 15% of people exited to permanent housing in Santa Clara County.	859 beds • 270 cold weather season only • 65 family units (209 beds) • 354 beds for adults without children • 22 youth • 4 overflow beds
Transitional Housing	• Temporary housing up to 2 years • Individual (often shared) units • Requires tenancy – rental or lodging agreements • Pay portion of income towards rent • Case management and other services	National average cost for a successful exit to permanent housing: • $18,776 for adults • $22,214 for families with children 2012 cost in SCC: $16,525/year per unit	Nationally, 42% of single adults and 55% of families with children exit to permanent housing. In FY13-14, 34% of people exited to permanent housing in Santa Clara County.	1,340 beds • 320 units (746 beds) for families with children • 594 beds for adults without children
Permanent Housing Models				

[5] National average costs and effectiveness rates for emergency shelter, transitional housing, and rapid rehousing come from data from 14 continuums in 7 states. Data compiled by Focus Strategies for the National Alliance to End Homelessness (2011-2012).

[6] 2015 Santa Clara County Housing Inventory Count – may not include some programs that do not participate in the Continuum of Care.

Model	Key Characteristics	Cost[7] [8]	Effectiveness[8]	Santa Clara County Inventory[9]
Rapid Rehousing	• Rapidly moves households into permanent housing • Provides time limited financial assistance • Light touch services, including case management • Households stay in their housing upon program exit	National average cost for a successful exit to permanent housing: • $5,775 for adults • $4,111 for families with children Average cost per household in San Jose's HPRP (2009-2012): $6,343	Nationally, 75% of single adults and 85% of families with children exit to permanent housing. In San Jose's HPRP program (2009-2012) 75% of participants were housed at program exit.	Projected to assist 389 households in 2015 through Supportive Services for Veteran Families programs.
Permanent Supportive Housing	• Permanent housing with rent subsidy • Case management and other services • Targets households that need support to remain housed	National cost ranges from $9,870 to $17,139/year per person 2012 cost in SCC: $20,915/year per unit	In FY13-14, 98% of residents in Santa Clara County maintained their housing for 12 months.	2,306 beds • 290 units (950 beds) for families with children • 1,356 beds for adults without children
Homelessness Prevention	• Targets households who would be homeless but for the assistance • Provides time limited financial assistance to keep people housed • Light touch services, including case management	Average cost per household in San Jose's HPRP (2009-2012): $6,944	In San Jose's HPRP program (2009-2012) 83% of participants were housed at program exit.	Projected to assist 192 households in 2015 through Supportive Services for Veteran Families programs.

Table 2: Cost Comparison of Options for Expanding Emergency Shelter and Transitional Housing

[7] National average costs and effectiveness rates for emergency shelter, transitional housing, and rapid rehousing come from data from 14 continuums in 7 states. Data compiled by Focus Strategies for the National Alliance to End Homelessness (2011-2012).

[8] National costs for permanent supportive housing come from the Corporation for Supportive Housing.

[9] 2015 Santa Clara County Housing Inventory Count – may not include some programs that do not participate in the Continuum of Care.

Type	Program Model	Capacity	Development Cost	Annual Operating Cost	Cost Per Day	Expected Effectiveness[10]
Extend Cold Weather Shelter	Emergency Shelter – single adults	75 beds	$0	$661,500 *(245 days)*	$36/person	16% exit to permanent housing.
Extend Cold Weather Shelter	Emergency Shelter – families w/children	12 family units	$0	$323,400 *(245 days)*	$110/family	32% exit to permanent housing.
Fund Underutilized Beds	Emergency Shelter – single adults	35 beds	$0	$459,900	$36/person	16% exit to permanent housing.
Fund Underutilized Beds	Transitional Housing – families w/children	7 family units	$0	$281,050	$110/family	55% exit to permanent housing.
Motel Vouchers	Emergency Shelter – single adults	20 beds	$0	$730,000 - $1,170,000	$100 - $160 per person	16% exit to permanent housing.
Motel Vouchers	Emergency Shelter – families w/children	10 family units	$0	$547,000 - $730,000	$150 - $200 per family	32% exit to permanent housing.
Safe Parking	Emergency Shelter – adults or families	100 vehicles	$0[11]	$225,000 - $450,000	$6 - $12 per vehicle	16% of single adults and 32% of families exit to permanent housing.
Micro Housing – Sheds[12]	Emergency Shelter[13] – adults or families	50 units	$1,333,000	$185,000 - $410,000[14]	$10 - $22 per unit	16% of single adults and 32% of families exit to permanent housing.
Micro Housing – Trailers[15]	Transitional Housing – adults or families	50 units	$2,008,000	$185,000 - $410,000[16]	$10 - $22 per unit	42% of single adults and 55% of families exit to permanent housing.
Micro Housing - Cottages	Transitional Housing – adults or families	50 units	$4,033,000	$185,000 - $410,000[17]	$10 - $22 per unit	42% of single adults and 55% of families exit to permanent housing.

[10] National average effectiveness rates from data from 14 continuums in 7 states. Data compiled by Focus Strategies for the National Alliance to End Homelessness (2011-2012).
[11] Assumes no site improvements needed.
[12] Currently, this type of structure is not code compliant and therefore could not legally be used for habitation.
[13] Unimproved wooden sheds are not suitable for a length of stay beyond emergency shelter.
[14] Excludes maintenance costs for units, land, and common buildings.
[15] Currently, Santa Clara County Zoning Ordinance limits the duration of stay in RV parks, with the majority of spaces limited to stays of fewer than 30 days, significantly less time than a traditional transitional housing program.
[16] Excludes maintenance costs for units, land, and common buildings.
[17] Excludes maintenance costs for units, land, and common buildings.