



Midpeninsula Regional
Open Space District

LEGISLATIVE, FUNDING, AND PUBLIC AFFAIRS COMMITTEE

R-16-152
November 15, 2016

AGENDA ITEM 2

AGENDA ITEM

New Board Policy Titled Housing Policy

GENERAL MANAGER'S RECOMMENDATION

A handwritten signature in dark ink, appearing to be "JLQ", written over the printed text of the General Manager's Recommendation section.

Review and discuss the new draft Board Housing Policy which is intended to supersede the Board's 1982 Employee Residence Policies, and recommend approval to the Board of Directors with any amendments requested by the Committee.

SUMMARY

The Board adopted its existing Employee Residence Policies in 1982. It was last revised in 1994. The existing policy provides guidelines for renting District residences to District employees, primarily uniformed field staff. The new policy has been broadened to cover all the types of rental tenants, including all employees that provide services, agricultural tenants, employees of other public agencies, and the general public. In addition, a new category of District employees was added: employees who rent District housing but do not provide any services as tenants. The new policy provides rental discount guidelines for each type of rental tenant, and sets forth an order of priority for selection of tenants based on the location of the housing.

MEASURE AA

This is not a Measure AA project.

DISCUSSION

The current regional housing market, especially the rental housing market, has experienced significant increases in rental rates over the last three to four years. This trend presents a current (and increasingly in the future) challenge for recruitment and retention of public-sector employees in the region, including for the District. This challenge was noted in the Board's 2015 District Environmental Scan (Scan). The Scan recommended the District Housing Policy be revisited for tenant residences and this work item was approved by the Board in the FY2016-17 Action Plan. Additionally, the Memorandum of Understanding (MOU) between the District and the Field Employees Association (FEA) noted in Section 2.8 "During 2015, the District and the FEA will discuss updates to the District's policy governing employee use of District-owned housing." To address this Action Plan item, a cross-departmental team was formed to make recommendations to the Board on a new District Housing Policy to supersede the 1982 Employee Residence Policy.

Staff's research and development of the new policy was guided by the following objectives:

- 1) Understand the policies and types of housing offered by agencies similar to the District;
- 2) Broaden the types of District tenants to include all employees, agricultural tenants, employees of other agencies, and the general public;
- 3) Provide guidelines for potential rental discounts for each tenant classification; and
- 4) Provide criteria for what type of tenant classification will have priority for District residences.

The draft policies were discussed with the FEA, reviewed by pertinent department managers, and by the General Manager's office. The primary additions and changes, and the rationale for each change, are summarized below:

The existing policy only covers employees who provide after-hours services. The proposed policy includes expanded tenant classifications to cover the types of tenants currently in or anticipated to be in District housing. The proposed categories and associated rental rates, in order of priority, are:

- Employees who provide services - Discount commensurate with services rendered up to 50% discount from market rate, or an affordable housing rate. The affordable housing rate will be based on federal guidelines, generally no more than 30% of gross household income. The lower of the discounted rates would be used. This category is only used when there is an operational need for onsite employees. (Adds affordable housing rate to ensure employees assigned to housing can afford to live there.)
- Agricultural tenants, both lease holders and laborers - Rental rates set in lease agreement, market rate, or affordable housing rate. Agricultural tenant housing can become first priority if the need for agricultural housing is identified for a particular property. (Adds category of tenants that needs to be recognized, since the District has begun to acquire and manage grazing and other agricultural properties. Allows flexibility in setting rental rate to include setting rates within the lease, using in conjunction with a local affordable housing program, or setting it at market rate.)
- Employees who don't provide services - Up to 25% off market rate. (Affirms change in practice to allow District employees to live in District housing even if they don't provide services and adds a discount to help attract and retain employees.)
- Employees of other public agencies - Market Rate (Adds category of tenant that has been used for employees of partner agencies such as Dept. of Fish and Wildlife. The onsite presence of such tenants assists the District and benefits the agency, which often needs strategically placed employees for call outs.)
- General Public - Market Rate (Continues existing practice of providing market rate housing to the public.)

In addition to the above employee categories, the proposed new policy would allow the General Manager flexibility to provide housing (if available), or to provide a housing stipend, to facilitate the recruitment and retention of employees.

Historic and caretaker lease agreements were not included in this new policy because they are generally special circumstances requiring a long-term lease, which is approved by the Board.

Occupancy term limits were discussed in the development of this policy. The FEA has requested that there are no term limits for FEA members. However, the General Manager's recommendation is to have some level of term limits to allow opportunities for new staff to have access to District

housing. The General Manager recommends this provision be set forth in the housing-related administrative policy to be approved by the General Manager in order to implement the Board-adopted policy.

FISCAL IMPACT

Next year approximately \$354,000 will be generated from 15 houses rented to the general public. The primary fiscal impact of the proposed change is the 25% off market rate policy for employees who don't provide services. Discounted residences may be more attractive to District employees than the general housing market. Over time as the general public vacates District housing stock, general public houses may transition to 25% off market employee houses. Under the current situation, that impact would be a loss of \$88,500 per year if all general public houses were transitioned to employee housing. That transition could take place over a period of 10 years or longer and given the remote locations of District housing, some houses may stay as general public rentals due to a lack of employee interest.

Greatest Possible Revenue Loss if all General Public Market Rate Houses Were Converted to Discounted Employee Housing:

Tenant	Annual Revenue
General Public Market Rate (Actual)	\$354,000
Employee No Services 25% Discount from Market Rate (Projected)	\$265,500
Projected Loss of Revenue	(\$88,500)

As the District expands, more employees who provide direct services, generally uniformed field employees, will be placed in District housing. While that will have a fiscal impact due to moving more of the District's housing stock into a 50% discount from market rate, that trend would occur under existing policy regardless of the proposed new policy changes.

It is not anticipated that affordable housing rates will have a significant impact on revenue; no current tenants would qualify for an affordable housing rental rate reduction. However, there is a potential minor future fiscal impact if rental rates continue to rise faster than income and a few tenants become eligible for affordable housing rates. There are also potential minor administrative costs to manage the program.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

If approved by the Legislative, Funding, and Public Affairs Committee, the Board policy "District Housing Policy" would be forwarded to the full Board for review and approval.

An administrative policy will be developed by the General Manger after the Board adoption of this policy.

Attachment

1. Draft Board Policy “District Housing Policy”
2. Board Policy “Employee Residence Policies”

Responsible Department Head:

Brian Malone, Land and Facilities Services Manager

Prepared by:

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Midpeninsula Regional Open Space District

Board Policy Manual

Housing Policy	Policy # Chapter # - Chapter Name
Effective Date: XX/XX/XXXX	Revised Date: XX/XX/XXXX
Prior Versions: Employee Residence Policies 3/23/94	

Purpose:

Open space acquired by the District often includes structures. Some of these structures may be suitable for residential rentals. Residential structures may also be constructed if there is a District need to provide housing. District residential housing shall be used to support the District's mission. Such uses may include housing for District employees, housing for agricultural tenants and tenants' employees in support of resource management grazing and agriculture. Rentals may also be used to recoup the costs of structural maintenance and repair and provide financial support to the District. This policy defines tenant classifications for District Housing, guidelines for potential rental discounts and site selection criteria. Included in this policy is the process for the Board to approve filing an unlawful detainer action if the District is required to regain possession of a residential rental.

A set of administrative policies developed by the General Manager will cover occupancy criteria, required agreements, tenant rights and responsibilities, term limits and the determination of monthly rent.

Definitions:

Market Rate: Rental costs based on current market prices. The market rate will be reassessed periodically.

Affordable Housing: Housing which costs 30% or less of gross household income.

Agricultural Lands: District lands under lease for grazing, row crops or other agricultural operations.

Tenant Classifications:

1. Employee. Employed by the District
Employees who live in District housing fall into two categories:
 - a. Employees who provide direct services- generally field employees but can be any employee assigned to housing based on a District need for services.
 - b. Employees who provide no direct services- No requirements other than typical tenant responsibilities.
2. Agricultural.
Tenants who live District housing that is required to support an agricultural use on District lands.
 - a. Agricultural Lease Holder-District residential tenant who also leases District agricultural land.
 - b. Agricultural Laborer- employee of agricultural lease holder who is assigned to work on District lands as part of their responsibilities.

3. Other Agency Employees.
Tenants who are employees of another agency or non-profit who live in District housing and whose site presence assists in land stewardship of District lands. An example is a government employee in the law enforcement services.
4. General Public. Any person not in any of the above categories.

Guidelines for Potential Rental Discounts:

1. Employees.
 - a. Employees that provide direct services: The administrative policies developed by the General Manager, may provide rental discounts to an employee commensurate with the direct services they provide to the District up to 50% off market rate. The administrative policies will also include provisions for employees to apply for an affordable housing rate, if that rate is lower than 50% off the market rate.
 - b. Employees that provide no direct services: The administrative policies developed by the General Manager, may provide rental discounts to an employee up to 25% off market rate. This discount is based on the value of recruitment and retention of employees in the Bay Area housing market.
 - c. The Board of Directors authorizes the General Manager to develop policies for the recruitment and retention of employees that include housing benefits. For example, the General Manager may offer housing benefits in order to facilitate the recruitment and retention of management-level employees. Such benefits could include, but are not necessarily limited to a rental discount equivalent to the 25% discount mentioned above in paragraph 1b, or an equivalent housing stipend.
2. Agricultural.
 - a. Agricultural Lease Holder. District housing offered for agricultural lease holder will either be negotiated in conjunction with an agricultural lease or be market rate.
 - b. Agricultural Labor. District housing offered for agricultural labor is generally governed by a District lease or license. Agricultural housing rents and associated discounts are negotiated on a case-by-case basis and brought to the Board consistent with the policy regarding Improvements on District Lands (Policy 4.02). If District housing is made available to agricultural labor outside of a District Lease or License, the agricultural labor tenant is required to work for a District agricultural tenant on District Lands. Rent will either be negotiated in the agricultural lease, market rate, or an affordable housing rate.
3. Affordable Housing. The General Manager may develop affordable housing administrative policies for District employees and agricultural labor housing that provides for setting rent at an affordable housing rate. This discounted rate shall generally be 30% of gross household income. This rate is based on the federal definition of affordable housing but may not comply with all the requirements of particular federal programs. Affordable Housing rates may also conform to local applicable guidelines.
4. Other Agency Employees and the General Public. Both of these tenant classifications are not eligible for any rental discounts. Other agency employees whose site presence provides a benefit to the District may be given priority over the general public.

Site Selection Criteria:

1. Employees that Provide Services. The highest priority will generally be given to providing housing to employees when there is an operational need to have staff living on site. Typically, this will be ranger and maintenance field staff who are available for emergency response, but may include other classes of employees that provide important on-site direct services. The selection of employee housing sites shall be based on geographic location and specific needs of the District. Strategic locations for easy surveillance and access to roads and trails, public accessibility, need for increased security, and proximity to field offices will be primary considerations.
2. Agricultural. The selection of agricultural residential sites shall be based on their proximity to the District agricultural leases on District Lands. Due to the need for an on-site presence for some agricultural lands, this use may take priority over employees that provide direct services in some cases.
3. Employees that Don't Provide Services. Housing for District employees who do not perform direct services will be considered after operational and agricultural needs are met and before other agencies and the general public.
4. Other Agency/Non Profit Employees. The selection of a site for this type of housing shall be based on District need.
5. General Public. No site selection criteria. Sites for general public housing are superseded by the above noted tenant classifications.

Unlawful Detainer

If an Unlawful Detainer action is required for the District to regain possession of rental premises, initial action and any required pre-litigation procedures will be initiated by the Property Management Program in the Land and Facilities Services Department in consultation with the General Manager, and in conjunction with and under the guidance of District General Counsel. The Board of Directors will approve the filing of a required Unlawful Detainer lawsuit. If necessary to regain possession of District property in a timely manner under the procedures set out in State law, or in the event of an imminent threat to health, safety or welfare, the General Manager, with approval of the District's General Counsel, may approve the initial filing of an Unlawful Detainer action and report the filing to the Board at the earliest possible time to obtain the Board's approval and direction as to the action.

Employee Residence Policies

Adopted By
Board of Directors
November 10, 1982

Revised March 23, 1994

Definition

For the purpose of these policies, an employee residence is defined as a District-owned or rented structure occupied by a District employee as his or her primary residence.

1. **General Policy.** The Board of Directors has determined that employee residences on District lands provide an important public service. The District will maintain a planned geographic distribution of employee residences in specified open space preserves. Employee residents shall assist in protecting or maintaining open space resources during those hours when regular staff is not on duty or needs additional assistance.
2. **Specific Goals.** The District shall implement an employee residence program designed to provide: a) additional security for specific preserve areas, buildings, and facilities, b) quick response to after-hours emergencies and problems encountered by District tenants, neighbors, and the general public on or adjacent to District lands, and c) opportunities for additional contact with preserve visitors.
3. **Rental Value.** Monthly rent for employee residences shall be market value less 50%. This discount is in recognition of the improved site security and neighborhood relations, and the resident employee's limited privacy, increased availability to quickly respond to emergencies, and responsibility to perform minor maintenance and repairs.
4. **Administrative Guidelines.** The general manager shall develop administrative guidelines to implement these policies. Such guidelines will outline occupancy criteria, required agreements, resident rights and responsibilities, and the determination of monthly rental rates.
5. **Site Selection Criteria.** The selection of employee residence sites shall be based on geographic location and specific needs of the District. Strategic locations for easy surveillance and access to roads and trails, public accessibility, need for increased security, and proximity to other preserves and ranger offices will be primary considerations.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

R-94-37
Meeting 94-09
March 23, 1994

AGENDA ITEM

Adoption of Revised Employee (Ranger) Residence Policies

GENERAL MANAGER'S RECOMMENDATION

Adopt the attached Employee Residence Policies.

DISCUSSION

The Board first adopted Ranger Residence Policies on November 10, 1982 (Report R-82-41) to provide for site security and after-hours emergency response needs on District lands. Since 1982, the ranger residence program has more than adequately served the needs of the District. However, during our first union negotiations in 1990, Local 715, which represents the District's rangers, open space technicians, and equipment mechanic-operator, expressed concern about several elements of the program. Subsequent review and research by staff and our labor relations attorney resulted in additional recommendations to improve compliance with State of California fair housing laws and the Fair Labor and Standards Act. Staff developed the attached administrative guidelines and rental agreement to address the concerns about the existing program. Given the field staff interest and involvement, the administrative guidelines were developed before recommending policy revisions to the Board. Staff delivered the initial draft of the new administrative guidelines to the bargaining unit and supervisory field staff members on July 1, 1993.

Following completion of contract negotiations in November, 1993, staff began meeting with supervisory field staff and the bargaining unit. Through the meet-and-confer process, staff addressed concerns and made modifications to the initial draft. The final draft of the administrative guidelines is attached to this report for your information. To implement this new employee residence program, the Board must first adopt the revised Employee Residence Policies, which will replace the current Ranger Residence Policies. Following your adoption of the revised policies, the General Manager will approve the attached administrative guidelines to fulfill the requirement of policy statement #4. The new program would be implemented on July 1, 1994, to coincide with the annual review of other District rental residences.

Prepared by:
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