City Council Agenda
November 16, 2016

To: Mayor and City Council

From: Jim Reese, Interim Planning Director

Subject: Response to Grand Jury Report No. 1614 “Where Will We Live?”

Date: November 8, 2016

Recommendation
Motion authorizing the response to the Contra Costa Grand Jury Report No. 1614, outlining specific findings and recommendations on "Where Will We Live?"

Background
Each year the Contra Costa County Grand Jury selects issues to research and analyze on behalf of the citizen's of the County. Their reports typically include research, analysis, findings, and recommendations on government related issues. The reports created identify public agencies that are required to respond to the findings and recommendations in the report.

Discussion
The topic of the Grand Jury Report and the recommended responses, on behalf of the City of Martinez, are attached to this staff report. The responses are specific to the City as the City does not have any direct knowledge of the responses from other organizations listed in the report.

The format of the response to the findings and recommendations are prescribed in the cover letter of the Report; the Grand Jury Report No. 1614 has been attached. The response to the findings in the report must be one of the following:

- The respondent agrees with the finding.
- The respondent disagrees with the finding.
- The respondent partially disagrees with the finding.

In regard to the recommendations, the Grand Jury requires a response with any of the following actions:

- The recommendation has been implemented, with a summary describing the implemented actions.
- The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

- The recommendation requires further analysis. This response should explain the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion. This time frame shall not exceed six months from the date of the publication of the Grand Jury Report.

- The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

Grand Jury Report No. 1614, "Where Will We Live?"

The 2015-2016 Contra Costa County Civil Grand Jury issued a report in June 2016 entitled "Where Will We Live?" (Report No. 1614). City staff has prepared a letter to the Civil Grand Jury containing the City's responses to each of the report's findings and recommendations applicable to Martinez, and staff recommends that the City Council approve the letter's transmittal to the Civil Grand Jury by City staff.

Fiscal Impact
There is no fiscal impact incurred by responding to Grand Jury Reports other than staff time.

Attachment(s)
1. Grand Jury Report No. 1614, "Where Will We Live?"
2. Response letter to the findings and recommendations

APPROVED BY:
Brad Kilger, City Manager

A REPORT BY
THE 2015-2016 CONTRA COSTA COUNTY GRAND JURY

725 Court Street
Martinez, California 94553

Report 1614

Where Will We Live? The Affordable Housing Waiting List is Closed.

APPROVED BY THE GRAND JURY:

Date: 6/14/16

Michael Simmons
MICHAEL SIMMONS
GRAND JURY FOREPERSON

ACCEPTED FOR FILING:

Date: 6/15/16

John T. Laettner
JOHN T. LAETTNER
JUDGE OF THE SUPERIOR COURT

Contact: Michael Simmons
Foreperson
925-957-5638

Contra Costa County Grand Jury Report 1614

Where Will We Live?
The Affordable Housing Waiting List is Closed.

TO: City Councils of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pleasant Hill, Pittsburg, Richmond, San Pablo, San Ramon, Walnut Creek and the Contra Costa County Board of Supervisors

SUMMARY:

The Bay Area is one of the most expensive regions in the world to live and work. Our County has a housing crisis that demands our immediate attention. Lack of affordable housing in Contra Costa County negatively affects our citizens and economy. Government lawmakers and fair shelter advocates call housing "affordable" when a household pays no more than 30 percent of its total income for housing costs. Income levels determine who qualifies for Affordable Housing (AH). Those qualifying include a range of households from formerly homeless individuals to first-time homebuyers. AH can include rental and homeownership; single-family and multi-family; and new or rehabilitated units. The Bay Area has an extensive network of for-profit and non-profit housing developers that create well designed, well managed AH. Despite their efforts, the demand far outstrips the supply.

California housing element law, California Government Code section 65580 et seq., mandates that every city provide its fair share of AH. Since 2007, the cities in the Bay Area, including in Contra Costa County, have failed to issue the requisite number of building permits to meet their share allocations.

President of the Bay Area Council, Jim Wunderman, warned that "water isn't the only thing that is in short supply in the Bay Area. Our region is growing, our economy is humming, but the housing shortage could be our Achilles heel." He called for California's housing problems to receive the same decisive action that is being undertaken to combat the drought. In a recent Bay Area Council housing poll, 67 percent of residents complain that it is harder to find a place to live in the Bay Area compared with a year ago.

The Grand Jury surveyed all nineteen cities in the County to learn about the resources implemented to address the shortage of AH. More than 70 percent of the County's cities have adopted ordinances that mandate developers build a certain percentage of new home projects at below-market prices for people with lower incomes. Financial

tools used by the cities include housing impact fees, linkage fees, in lieu fees, and density bonuses. Some cities have donated publicly owned land, vacant land for infill, and property for renovation to non-profit housing developers in an effort to alleviate their city's AH crises. Our investigation revealed however, that ordinances, builder incentives, housing fees, and donations are not enough to solve the shortage of AH and the County and cities can and should do more. What is missing we discuss in the four focus areas of this report:

1. Public awareness about AH;

2. Governmental resources available to communities, builders, and developers for AH;

3. Contra Costa cities' performance in meeting the need for AH; and

4. Improving and centralizing information regarding the availability of AH to ensure that those who may qualify can readily learn and keep informed of AH opportunities.

METHODOLOGY

In conducting its investigation and preparing this report, the Grand Jury performed the following tasks:

- Interviewed selected city and County staff and representatives of:
  - for-profit and non-profit builders and developers,
  - AH advocacy organizations, and
  - area-wide quasi-governmental agencies.

- Attended meetings of:
  - the County Board of Supervisors,
  - regional organizations,
  - city councils,
  - municipal planning commissions.

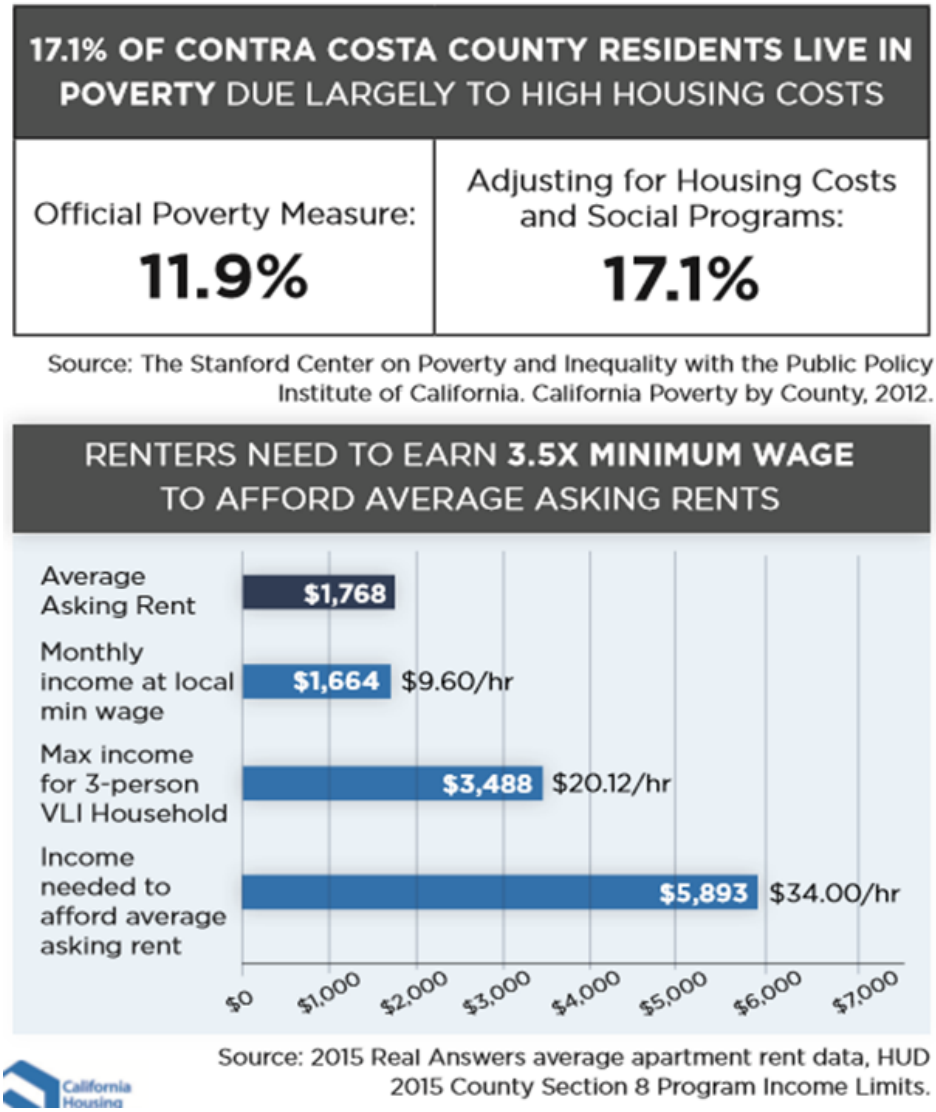
- Reviewed:
  - published court decisions,
  - public materials,
  - online documents,
  - Contra Costa County and city websites.

- Prepared and submitted to each city within the County a written survey pertaining to AH, and reviewed and analyzed the responses of each city (Appendix 1)

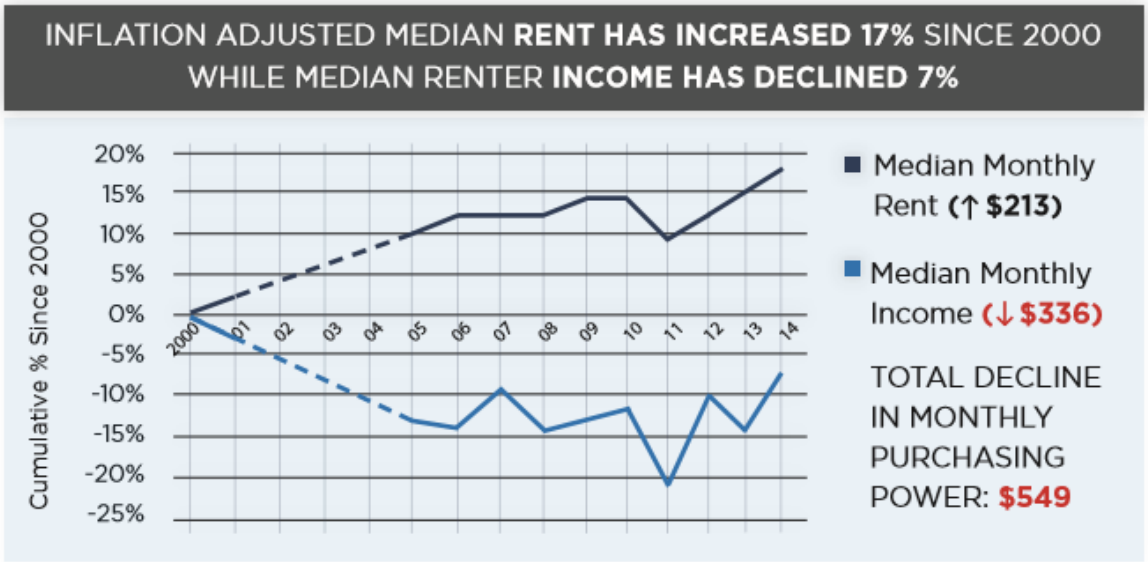
DISCUSSION

Why should AH matter to the residents of Contra Costa County?

A 2015 East Bay Housing Organization (EBHO) report states that:

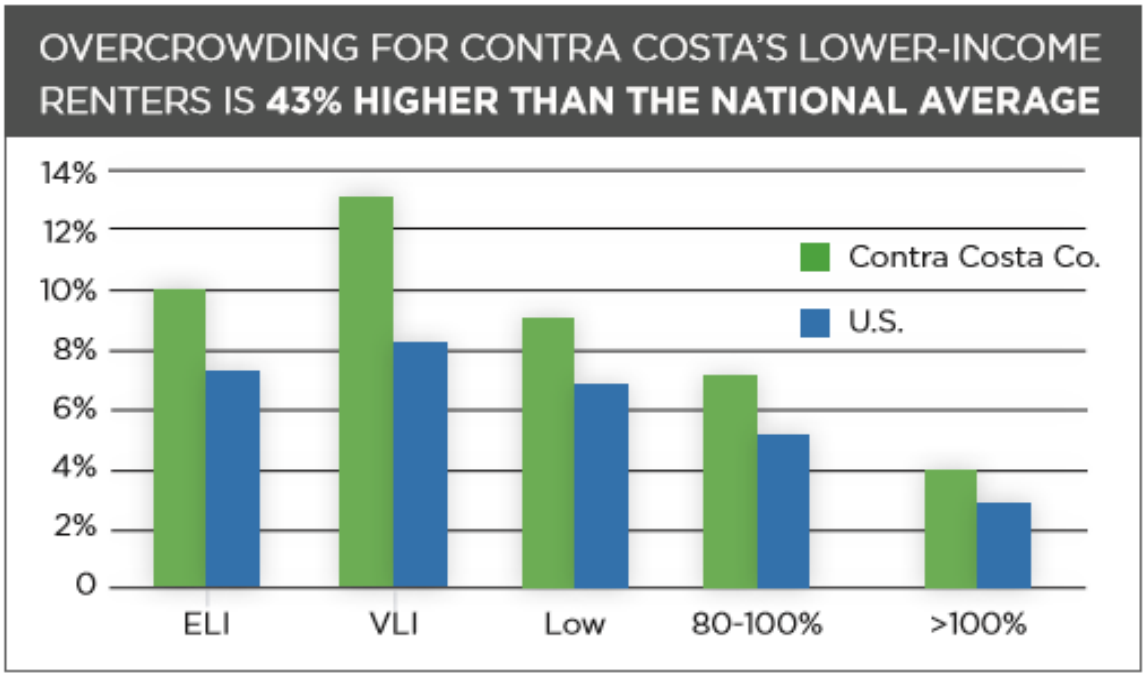


- Seventeen percent of County residents live in poverty, in which high housing costs play a significant role.
- Inflation adjusted median rent has increased seventeen percent since 2000 while the median renter income has declined seven percent.



Source: US Census 2000 and Annual ACS Data 2005-2014. Median rents and incomes from 2001-2004 are estimated trends.

- Renters need to earn three and one-half times the minimum wage to afford average-asking rents of $1,768 per month, reflecting upward pressure on rents in the Bay Area and the County, driven by a resurgent economy and increased demand.



SOURCE: CHPC analysis of 2007-2011 CHAS data.

The chart above shows the higher percentages in the County who fall within the lower income categories (low, very low [VLI], and extremely low [ELI]) as compared to the comparable percentages nationwide.

WHO IS BEING LEFT OUT OF THE CONTRA COSTA COUNTY RENTAL MARKET?

Average Asking Rent: $1,768		
Job Category	Mean Hourly Wage	Hours/week of work needed to afford average asking rent
Medical Assistants	$19.38	70
EMTs & Paramedics	$17.77	77
Preschool Teachers	$17.35	78
Janitors & Cleaners	$14.87	91
Retail Salespersons	$13.89	98
Waiters & Waitresses	$11.50	118

SOURCE: CHPC Analysis of 2014 Bureau of Labor statistics and 2015 Real Answers average rent data.

- Between 2010 and 2014, County real estate had the highest sales price increase (50 percent) in the Bay Area.

- From fiscal year 2008-2009 to fiscal year 2013-2014, the County lost seventy-one percent of state and federal funding for AH, a loss of $39,500,000.

Communities thrive when people have safe and stable housing; when they live near their jobs, schools, and places of worship; when families can build roots and meet diverse neighbors; and when we use resources wisely, greening our housing and preserving open space. AH residents are seniors and people with disabilities on a fixed income, as well as teachers, retired military personnel, car mechanics, childcare workers, and others who work in our communities.

In addition to the obvious benefits of helping residents, AH can benefit the wider community in significant ways:

- Providing housing for the local workforce, especially lower wage earners;
- Revitalizing distressed neighborhoods;
- Directing economic benefits to the local community, such as increased jobs and sales taxes; and
- Promoting economic and social integration while building community.

Government Efforts to Achieve AH

In June 2015, the *East Bay Times* ran an article entitled, *"Bay Area Housing Crisis May Cause NIMBY Attitudes to Wane"*. NIMBY is an acronym for "not in my backyard". Bay Area residents seem to be willing to challenge this attitude as two-thirds now believe it is tougher to find a place to live, and over half are ready to embrace higher density housing in their neighborhoods to tackle the problem. Seventy-six percent of Bay Area residents want policy makers and developers to direct their efforts toward the creation of certain types of housing. Specifically, respondents want the focus on housing for low and middle-income people.

In the County, population continues to increase, bringing constant pressure on state and local governments to focus on housing affordability. Various state and local laws and ordinances are available to cities in the County and the greater Bay Area to address the shortage of AH.

Housing Element

California Housing Element law (California Government Code section 65580 et seq.) is the State's primary market-based means to increase housing supply, affordability, and provide opportunities for private builders without unduly constraining housing development. The County and its nineteen cities each have a Housing Element plan certified by the California Department of Housing and Community Development (HCD), detailing their goals pertaining to AH.

Association of Bay Area Governments (ABAG)

ABAG is the comprehensive regional planning agency and Council of Governments (COG) for the nine counties and 101 cities and towns of the San Francisco Bay Region. The region encompasses Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties. As the COG for the Bay Area, ABAG is responsible for regional land use planning and coordination with local governments. The State sets the housing needs and ABAG allocates the housing goals for the nine Bay Area Counties by income levels set by the federal Housing and Urban Development agency (HUD). While land-use planning is fundamentally a local issue for city governments, the availability of housing is a matter of statewide importance. Housing element laws require local governments to be accommodating and accountable to meet projected housing needs. The cities maintain local control over where and what type of development should occur while providing the opportunity for the private sector to meet market demand.

The following is a summary of housing permits issued for all Bay Area jurisdictions for the period between 2007 and 2014. This data was compiled primarily from Annual Housing Element Progress Reports (APRs) filed by jurisdictions with the California Department of Housing and Community Development (HCD). In certain instances when APR data was not available but permitting information could be found through other sources ABAG made use of the data sources below:

- Adopted and certified housing elements for the period between 2007 and 2014
- Draft housing elements for the period between 2014-2022
- Permitting information sent to ABAG directly by local planning staff

Note: Given that calendar year 2014 is in-between the 2007-14 and the 2014-2022 RHNA cycles, HCD provides Bay Area jurisdictions with the option of counting the units they permitted in 2014 towards either the past (2007-2014) or the current (2014-2022) RHNA cycle. ABAG did not include 2014 permitting information in this report for jurisdictions that requested that their 2014 permits be counted towards their 2014-2022 allocation. Those jurisdictions are indicated by an asterisk (*).

Bay Area	Very Low (0-50% AMI)			Low (50-80% AMI)			Moderate (80-120% AMI)			Above Moderate (120%+ AMI)			Total		
	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met
Alameda	10,017	3,095	31%	7,616	1,699	22%	9,078	1,140	13%	18,226	13,681	75%	44,937	19,615	44%
Contra Costa	6,512	1,353	21%	4,325	1,035	24%	4,996	3,654	73%	11,239	10,758	96%	27,072	16,800	62%
Marin	1,095	250	23%	754	256	34%	977	219	22%	2,056	818	40%	4,882	1,543	32%
Napa	879	135	15%	574	71	12%	713	268	38%	1,539	960	62%	3,705	1,434	39%
San Francisco	6,589	3,920	59%	5,535	1,481	27%	6,754	1,234	18%	12,315	13,468	109%	31,193	20,103	64%
San Mateo	3,588	702	20%	2,581	641	25%	3,038	746	25%	6,531	6,080	93%	15,738	8,169	52%
Santa Clara	13,878	3,798	27%	9,567	2,692	28%	11,007	2,371	22%	25,886	35,962	139%	60,338	44,823	74%
Solano	3,038	283	9%	1,996	481	24%	2,308	1,067	46%	5,643	3,141	56%	12,985	4,972	38%
Sonoma	3,244	715	22%	2,154	826	38%	2,445	1,033	42%	5,807	3,065	53%	13,650	5,639	41%
Bay Area Totals	**48,840**	**14,251**	**29%**	**35,102**	**9,182**	**26%**	**41,316**	**11,732**	**28%**	**89,242**	**87,933**	**99%**	**214,500**	**123,098**	**57%**

Regional Housing Needs Allocation (RHNA)

Government Code sections 65580-65589.8, also known as the Regional Housing Needs Allocation (RHNA), set forth the state-mandated process for identifying the total number of housing units by affordability level that each jurisdiction should accommodate.

Income categories established by HUD for 2015 in the County are:

- **Extremely Low** – A subset of the very low-income regional housing need, defined as households earning less than thirty percent of the median household income: family of four earning $28,050 or less per year.
- **Very Low** – Defined as households earning less than fifty percent of the median household income: family of four earning $28,051 to $46,750 per year.
- **Low Income** – Defined as households earning fifty to eighty percent of the median household income: family of four earning $46,751 to $71,600 per year.
- **Moderate Income** – Defined as households earning eighty to one-hundred twenty percent of the median household income: a family of four earning $71,601 to $112,200 per year. The median income for the County falls within this category at $93,500 per year.
- **Above Moderate Income** – Defined as households earning over one-hundred twenty percent of the median household income: family of four earning more than $112,200 per year.

Between 2007 and 2014, municipalities in the Bay Area collectively issued permits for 57 percent of the RHNA. Housing permits were skewed toward units for higher income consumers, meeting 99 percent of the RHNA for above-moderate income housing, but only 28 percent for moderate-income housing, 26 percent for low-income housing, and 29 percent for very low income housing.

The next eight-year RHNA cycle, 2014-2022, for the County and cities, projects a lower allocation than the RHNA for 2007-2014. HCD made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures in parts of the Region.

ABAG Final Regional Housing Need Allocation for the County 2014-2022

FINAL REGIONAL HOUSING NEED ALLOCATION,2014-2022 Adopted by the ABAG Executive Board on July 18, 2013

Contra Costa County

	Very Low	Low	Moderate	Above Moderate	Total
Antioch	349	205	214	680	1,448
Brentwood	234	124	123	279	760
Clayton	51	25	31	34	141
Concord	798	444	559	1,677	3,478
Danville	196	111	124	126	557
El Cerrito	100	63	69	166	398
Hercules	220	118	100	244	682
Lafayette	138	78	85	99	400
Martinez	124	72	78	195	469
Moraga	75	44	50	60	229
Oakley	317	174	175	502	1,168
Orinda	84	47	54	42	227
Pinole	80	48	43	126	297
Pittsburg	392	254	316	1,063	2,025
Pleasant Hill	118	69	84	177	448
Richmond	438	305	410	1,282	2,435
San Pablo	56	53	75	265	449
San Ramon	516	279	282	340	1,417
Walnut Creek	604	355	381	895	2,235
Unincorporated	374	218	243	532	1,367
Contra Costa Total	5,264	3,086	3,496	8,784	20,630

Association of Bay Area Governments

For the County (including all 19 Cities and the unincorporated areas of the County), the proposed RHNA translates to 20,630 new units or just under 11 percent of the Bay Area's total units. The 2014-2022 RHNA allocation is more reflective of the planning environment in the County; more specifically, it reflects both the broader policy of channeling new growth to infill areas with existing transportation infrastructure as well as to discourage growth outside of the County's urban limit line.

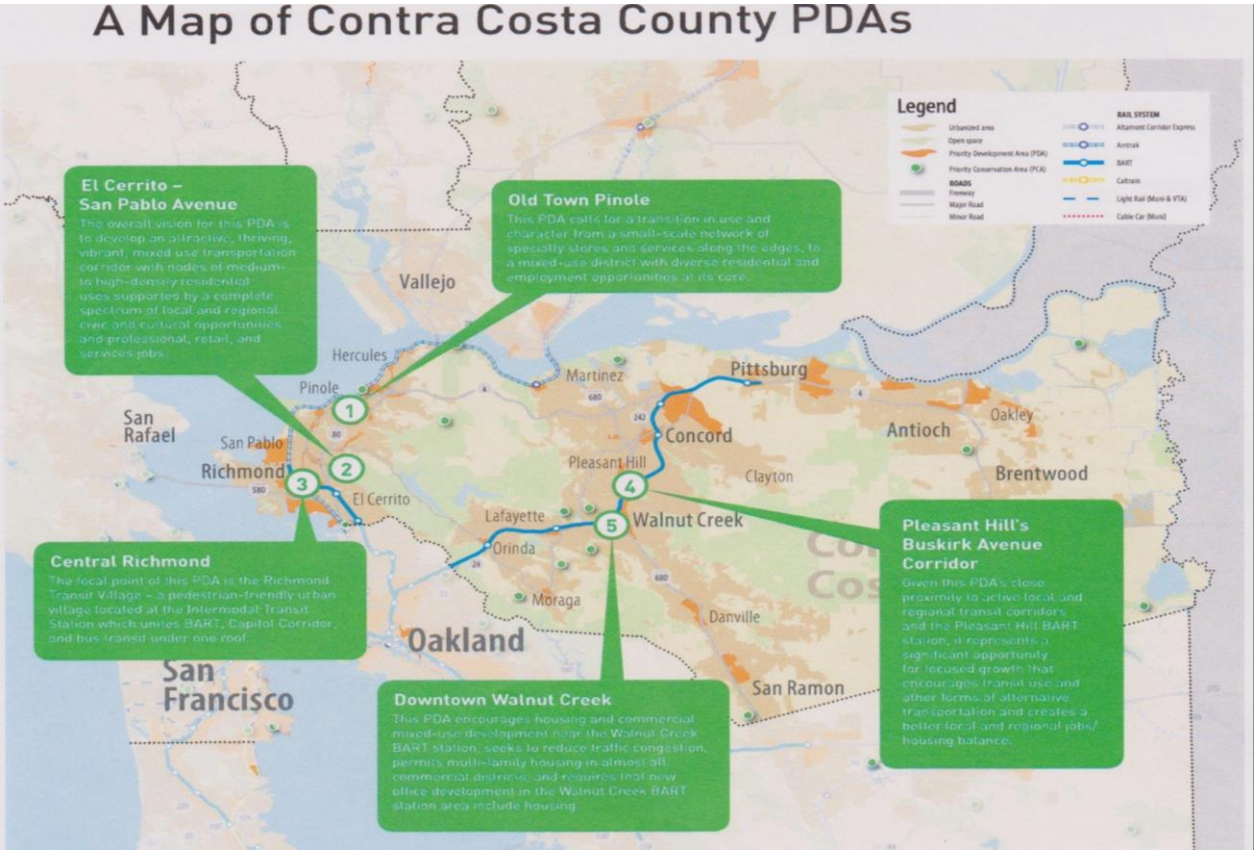
Senate Bill 375, "The California Sustainable Communities, and Climate Protection Act of 2008," established a new framework for the RHNA. SB 375 requires each of the state's

18 metropolitan areas, including the Bay Area, to develop a Sustainable Communities Strategy (SCS) with the goals of reducing greenhouse gas (GHG) emissions from cars and light trucks and accommodating all needed housing growth within the region. This law seeks to ensure that future land uses (through RHNA and other plans) are coordinated with long-term transportation investments.

Priority Development Areas (PDAs)

PDAs are local areas within each city that focus development on housing, employment, amenities, and services to meet the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. These are neighborhoods within walking distance of frequent transit service, offering a wide variety of housing options, and featuring amenities such as grocery stores, community centers, and restaurants. During 2013 and 2014, 48 percent of all allocated building permits were located in PDAs. During that same time, PDAs were home to 59 percent of the region's permitted multi-family housing units.

Plan Bay Area 2040 is a long-range integrated transportation and land-use/housing strategy that focuses housing growth in PDAs. This plan provides a strategy for meeting 80 percent of the region's future housing needs in PDAs. Identified by cities and towns across the region, the PDAs range from regional centers like Walnut Creek's West Downtown area, to smaller town centers such as Old Town Pinole.



Inclusionary Housing Ordinances (IH)

The most popular city response to AH has been incorporating "Inclusionary Housing" (IH) ordinances in the Housing Element. In California, between 1990 and 2003, the numbers of communities with IH more than tripled—from 29 to 107 communities—meaning about 20 percent of California communities now have IH ordinances. Also called Inclusionary Zoning, seventy-eight cities in the Bay Area, including fourteen cities in the County, have some type of IH policy in place.

The purpose of inclusionary zoning laws is to prevent people from being excluded from affordable housing in the communities where they live or work. IH ordinances require developers to sell a certain percentage of their new homes at below market prices. Most cities designate between 10-15 percent of new units as affordable, though some require as high as 20 percent, others as low as 4 percent. The cities' IH laws specify a threshold number of units before the ordinance takes effect.

The California building industry sued, claiming that the mandate to sell a certain percentage of homes at below market pricing was a "taking" of their property and violated the Takings Clause of the U.S. and state constitutions. Last year, in an important victory for AH advocates, in the case of *California Building Industry Association v. City of San Jose,* 61 Cal. 4th 435 (2015) the California Supreme Court upheld the City of San Jose's IH ordinance, stating:

> *"The proper constitutional inquiry is a far less exacting one: whether the requirements of San Jose's inclusionary housing ordinance are reasonably related to the city's legitimate interest in alleviating the municipality's chronic shortage of low-and moderate-income housing generally."*

The Court had no difficulty in concluding that there was no violation of the Takings Clause under the U.S. or state constitutions. The Court found that the city could regulate land use because it has a legitimate interest in easing the chronic shortage of AH even if it reduces builders' profits. The builders appealed this decision to the U.S. Supreme Court. In March 2016, the U.S. Supreme Court left intact the state court's ruling.

Bay Area cities started adopting inclusionary zoning in 1973, and were among the first cities in California to begin experimenting with this policy tool. However, 50 Bay Area cities with inclusionary zoning have produced fewer than 7,000 affordable units since 1973. Contrast this with ABAG's estimate that the region needs 24,217 AH units per year. At current rates, cities with inclusionary zoning will only produce four percent of the regions estimated AH needs for the next eight-year cycle, 2014-2022.

Opponents say that IH has had a negative impact on homebuyers, local governments, and builders. They argue that inclusionary zoning has failed to create more AH because price controls do not get to the root of the problem and the real causes of AH shortages are government restrictions. Supply has not kept up with demand due to artificial restrictions attributed to land-use regulation. One recent study found that 90

percent of the difference between physical construction costs and the market price of new homes is land use regulation.

A number of cities in the County add substantial fees to the cost of development to pay for additional public benefits or to mitigate inconvenience, traffic and other effects from new housing. Builders call these add-ons the "Christmas Tree List". These additional costs often act as a deterrent to the development of new AH. When selling a percentage of units at below market, someone must make up that difference. Taxpayers and market rate buyers bear the cost of the mandated affordable units.

One of the great advantages of inclusionary zoning programs is that there is not a significant dollar cost to the city for the creation of the affordable home. The corollary is that inclusionary housing works best where the housing market is strong; that is, where private builder/developers want to build because they believe there is strong market potential and that people will buy or rent the homes they build.

This June, San Franciscans voted to pass Proposition C, the affordable housing charter amendment. Prop C will double the amount of inclusionary housing that must be included in new, market-rate developments. Twenty-five percent of new apartments or condos would have to be deemed affordable. In addition, Prop C requires developers to include ten percent middle income housing so that San Franciscans such as teachers and nurses can afford to live in the communities they serve. This measure ensures that both low-income and middle-income housing will be built in the same development as luxury condos. Bay Area city and county residents are watching this proposition closely.

Density Bonus Law

Density bonuses allow more units to be built on a property than would otherwise be allowed under zoning ordinances. In exchange for the density bonus, more AH units must be built. Allowing developers to increase the total number of housing units in a development helps to offset the building costs that the developers incur but cannot recover from the sale of below market price units. Other incentives included under density bonus laws that help make the development of AH economically feasible are:

- Reduced parking requirements;
- Reduced setback and minimum square footage requirements; and
- Ability to donate land for the development of AH to earn a density bonus.

These other incentives often are even more helpful to a project than the density bonus itself.

Other Incentives Used By Cities

1. Accessory Dwelling Units

   Under the California Second Unit Law (AB) 866, cities may allow homeowners to build secondary units (known as "in-law" or "granny units"). The purpose is to

increase the inventory of very low- and low-income housing without increasing service needs or additional government investment.

2. Infill Housing

Infill housing on vacant or underutilized sites within already developed areas is included in many cities' Housing Element to increase AH. According to an article published by the Greenbelt Alliance, "*Strategies for Fiscally Sustainable Infill Housing":*

> *"A city's costs associated with building more housing are twofold. First, there are the initial costs of building or upgrading the infrastructure to serve the new housing; this may include building new roads, upgrading sewage and water capacity in the area, and building new facilities. Second, cities pay for many of the ongoing public services for the residents in the area, including police, fire, parks, and libraries. These ongoing costs also include operations and maintenance for the roads, sewage, and other infrastructure."*

Infill housing can lower both initial and ongoing costs to cities by taking advantage of excess capacities in existing infrastructure and locational efficiencies.

3. Fees Paid by Developers to Fund AH

The following fees paid by developers and builders to fund AH are detailed in the cities' Housing Element laws or Inclusionary Zoning ordinances:

a) <u>Housing Impact Fees</u>
Developers of market-rate commercial and residential units pay an impact fee based on the square footage or number of new units built in a development. These fees contribute to the development or preservation of AH for residents.

b) <u>In Lieu Fees</u>
Nearly seventy percent of IH ordinances include an in lieu fee provision for developers. This fee allows developers to pay to the city a dollar amount based on square footage, instead of actually building AH. These fees go into specially designated accounts, segregated from a city's general fund, and are used for the development of AH units and housing element mandates. These fees can fund programs compatible with AH goals such as rent relief, down payment assistance, or property renovation for sale. In lieu fees give developers a broader choice in implementing AH mandates. They can seal the deal when cities and developers are bargaining for new permits.

c) <u>Linkage Fees</u>
A portion of the jobs created by new commercial development–hotel, retail, office, etc.–are often low paying. The employees in these positions cannot

afford market-rate housing. Commercial linkage fees, also known as job-housing linkage fees, help ameliorate some of the housing impacts generated by such projects. A Job-Housing Nexus Analysis is required to measure the connection between the construction of new commercial buildings, employment, and the need for AH. The analysis ends with a cost per-square foot for that building to provide housing for employees who would live in the locality if they could afford to do so.

AH funding available to cities:

- Home Investment Partnerships Program (HOME): assists cities, counties, and nonprofit community housing development organizations (CHDOs) to create and retain AH, by for example, rehabilitation, new construction, and acquisition and rehabilitation, for both single-family and multifamily projects, and predevelopment loans by CHDOs. All activities must benefit lower-income renters or owners.
- Community Development Block Grant (CDBG): The primary purpose of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities principally for persons of low income. The County's goal is to develop and conserve viable communities in areas where blight and disinvestment threaten residents' safety, vitality, and productivity. These funds contribute to projects that benefit urban County residents.
- HOME Investment Partnerships Act (HIPA): The purpose of the HIPA program is to expand the supply of decent, safe, sanitary, and AH for very low and low-income households. The County, as the Urban County representative, and the Cities of Antioch, Concord, Pittsburg, and Walnut Creek, are a group for purposes of participation in the HIPA program. The City of Richmond operates an independent HIPA program. HIPA fund contributions acquire, rehabilitate, and construct housing for lower-income households in the group area.

Other programs used by Bay Area Cities to finance AH:

- Housing Trust Funds: These funds**,** sponsored by legislation, ordinance, or resolution, can be earmarked only for AH. The key characteristic of a housing trust fund is that it receives ongoing revenue from dedicated sources of public funding, such as local fees or loan repayments. The key benefit of this type of trust is that it provides an on-going and dedicated source to fund needed housing.
- Community Land Trusts: Non-profit community based organizations supported by the city or county whose mission is to provide AH in perpetuity by owning land and leasing it to those who live in houses built on that land.

IS THE COUNTY MEETING ITS FAIR SHARE ALLOCATION OF AH?

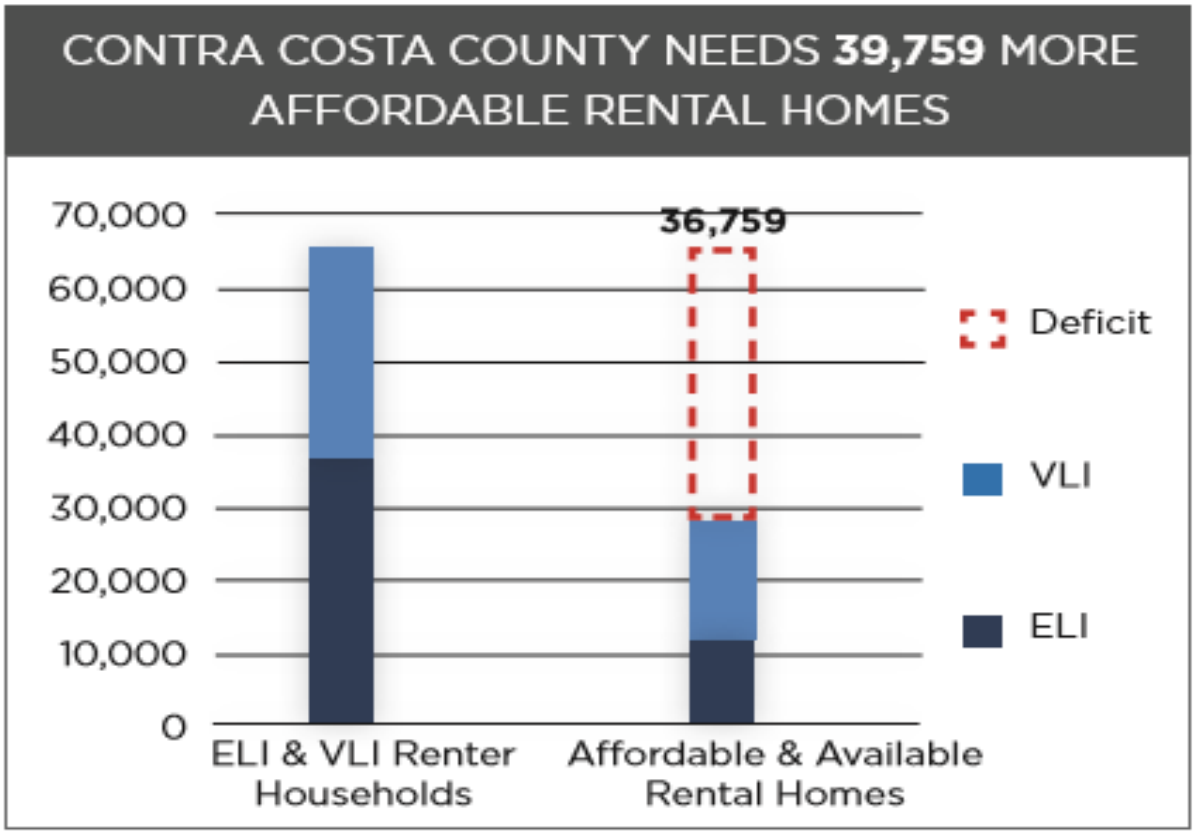
Bay Area Progress in Meeting 2007-2014 RHNA

CONTRA COSTA COUNTY	Very Low (0-50% AMI)			Low (50-80% AMI)			Moderate (80-120% AMI)			Above Moderate (120%+ AMI)			Total		
	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met	RHNA	Permits Issued	Percent of RHNA Met
Antioch	516	8	2%	339	20	6%	381	834	219%	1,046	381	36%	2,282	1,243	54%
Brentwood	717	192	27%	435	58	13%	480	175	36%	1,073	1,608	150%	2,705	2,033	75%
Clayton	49	-	0%	35	1	3%	33	2	6%	34	46	135%	151	49	32%
Concord*	639	2	0%	426	-	0%	498	8	2%	1,480	216	15%	3,043	226	7%
Danville[2]	196	2	1%	130	84	65%	146	101	69%	111	287	259%	583	474	81%
El Cerrito	93	142	153%	59	38	64%	80	13	16%	199	163	82%	431	356	83%
Hercules[3]	143	-	0%	74	-	0%	73	-	0%	163	153	94%	453	153	34%
Lafayette[2]	113	47	42%	77	8	10%	80	8	10%	91	170	187%	361	233	65%
Martinez	261	48	18%	166	-	0%	179	4	2%	454	148	33%	1,060	200	19%
Moraga	73	-	0%	47	-	0%	52	-	0%	62	9	15%	234	9	4%
Oakley*	219	242	111%	120	191	159%	88	874	993%	348	331	95%	775	1,638	211%
Orinda	70	72	103%	48	20	42%	55	22	40%	45	137	304%	218	251	115%
Pinole	83	2	2%	49	1	2%	48	10	21%	143	59	41%	323	72	22%
Pittsburg	322	79	25%	223	126	57%	296	666	225%	931	839	90%	1,772	1,710	97%
Pleasant Hill	160	9	6%	105	1	1%	106	8	8%	257	194	75%	628	212	34%
Richmond	391	74	19%	339	153	45%	540	243	45%	1,556	892	57%	2,826	1,362	48%
San Pablo	22	-	0%	38	1	3%	60	35	58%	178	-	0%	298	36	12%
San Ramon	1,174	196	17%	715	255	36%	740	302	41%	834	2,247	269%	3,463	3,000	87%
Walnut Creek	456	150	33%	302	25	8%	374	19	5%	826	1,206	146%	1,958	1,400	72%
Contra Costa County*	815	88	11%	598	53	9%	687	330	48%	1,408	1,672	119%	3,508	2,143	61%
County Totals	**6,512**	**1,353**	**21%**	**4,325**	**1,035**	**24%**	**4,996**	**3,654**	**73%**	**11,239**	**10,758**	**96%**	**27,072**	**16,800**	**62%**

Between 2010 and 2014, County real estate had the highest median price increase (50 percent) in the Bay Area. For the period 2007-2014 RHNA, the County had the best rate of success in the Bay Area in meeting its AH goals at 62 percent, but still fell far short. Of the 27,000 units assigned in the County, less than 16,800 building permits were issued. Most concerning is that in the County, permits issued for the very low and low-income RHNA units were less than 25 percent of allocated need or less than fourteen hundred units.

According to East Bay Housing Organizations (EBHO), the County needs 39,759 more affordable rentals to meet immediate demand in the Extremely Low Income (ELI) and

Very Low Income (VLI) categories. Please see chart below. Since 2010, the nine counties of the Bay Area have added less than 10,000 units of housing per year, 50 percent of the rate of construction from previous decades.



SOURCE: NLIHC Analysis of 2013 ACS PUMS.

Builders' key issues/problems with meeting AH goals

Builders are the producers of AH. They are key players in bringing the vision and solutions to the housing shortage. They are partners in helping cities achieve their fair share goal of AH. However, loss of government funding, as well as marketplace factors and the Great Recession created the perfect storm, presenting impediments to the construction of AH:

- From fiscal year 2008-2009 to fiscal year 2013-2014, the County lost 71 percent of state and federal funding, a loss of over $34 million in redevelopment funds. Redevelopment agencies facilitated the development of AH through land acquisition and transfer, and provision of predevelopment funding. The result is that many cities have closed housing programs and cut staff.

FROM FY 2008-09 TO FY 2013-14 CONTRA COSTA COUNTY **LOST 71% OF STATE AND FEDERAL FUNDING**			
FUNDING SOURCE	FY 2008/2009	FY 2013/2014	% CHANGE
HUD	$11,748,233	$9,149,237	-22%
HCD (Prop. 46 & Prop 1C)	$9,474,560	$7,312,544	-23%
MHSA	$0	$0	0%
Redevelopment	$34,784,527	$0	-100%
TOTAL	$56,007,320	$16,461,781	-71%

SOURCE: CHPC tabulations of Redevelopment Housing Activities Report and HUD's CPD program formula allocations. State housing bond funding from Propositions 46 and 1C provided by HCD. MHSA program funding provided by CalHFA.

- There is a lack of developable land and the land that can be developed is expensive.
- Local development standards for height limits, lot coverage maximums, and parking requirements that lead to reduction of the number of units that can be built on a given site impedes construct of AH.
- Cities often have a lengthy development application and permit process.
- Cities also often require the developers pay add-on fees for infrastructure.
- High local development impact fees can add fifty to one hundred thousand dollars in development costs per single-family unit according to the Contra Costa County Consortium's 2015-2020 Consolidated Plan.
- The County has an urban limit line to concentrate development and protect open space. This policy increases the cost of available land, which increases the cost of development.
- One of the biggest challenges for builders of price-controlled units is alerting qualified buyers to the availability of low income housing due to a lack of comprehensive and easily-accessible directories for potential renters to gain information about such housing. Some builders estimate that the administrative cost of selling price-controlled homes is about double that spent on market-rate homes. Builders front the direct administrative costs, and the financing costs of carrying unsold inventory while searching for qualified buyers.

Results of the Contra Costa Grand Jury 2015-2016 AH Survey of Cities

The 19 cities in the County have differing policies and practices pertaining to AH. (See Appendix 1, Survey re AH) Highlights of these policies and practices and the tools used to address their AH shortages include:

AH Laws in the County

- All cities have a 2015 certified “Housing Element”, which details their respective plans for reaching their RHNA allocation.
- All cities have a Density Bonus Ordinance, with the exception of Lafayette, which was considering adopting such an ordinance at the time of this report.
- Thirteen cities and the County have restrictions on condominium conversions.
- Three cities have ordinances for rent stabilization: Concord, Danville, and Hercules.
- None of the cities has a rent control ordinance.

Inclusionary Zoning

- Fourteen cities and the County have enacted an IH ordinance with a Below Market Rate Policy: Brentwood, Concord, Danville, El Cerrito, Hercules, Martinez, Oakley, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon, and Walnut Creek.
- Sixteen cities have enacted an IH ordinance with in lieu fees: Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Martinez, San Ramon, Walnut Creek, Moraga, Oakley, Pinole, Pittsburg, Pleasant Hill, Richmond, and San Pablo.
- The formula for calculating in lieu fees varies by city.
- Over one-half of the cities and the County allow builders to pay in lieu fees rather than build AH in new developments.
- Half of the cities allow developers of new housing to build AH elsewhere in the city, which is determined by the city.
- The threshold number of units above which the city required AH varied from a high of twenty-five (Brentwood) to a low of one (Walnut Creek) with an average of eight.

Builder Linkage Fees

- Nine cities have Housing Impact fees: Antioch, Brentwood, Hercules, Martinez, Pinole, Pleasant Hill, Richmond, San Pablo, and Walnut Creek.
- Seven cities have commercial linkage fees: Antioch, Brentwood, Martinez, Pinole, Richmond, San Ramon, and Walnut Creek.

Public Awareness of Availability of AH

- Only one city, Brentwood, maintains a list or directory of AH units for rent or sale within the community. All other cities delegate to the builder or developer of the AH property maintenance of the AH list.
- Only the city of Brentwood maintains a waiting lists or lists of interested potential candidates for AH in the community. All other cities direct interested residents to contact the AH developer, builder, or management company.

- Most affordable ownership housing is provided and managed by developers of for profit market rate housing who are responsible for locating and selling to qualified consumers.
- Pleasant Hill is the only city in the survey with no deed restricted housing. Maintaining the affordability of a property that is deed restricted for lower income households is an important element of affordable home program management. Reselling or re-renting deed-restricted units to another qualified household maintains an inventory of AH. (See Table Appendix 2)

Anyone looking for AH in the County has to be persistent and patient and access numerous sources of information, repeatedly and often. For example: *East Bay Housing Organization's (EBHO) 2015-2016 AH Guidebook* suggests the following for those seeking AH:

1. Frequently check the websites of non-profit developers.

2. Call them and ask for a list of properties, including those in development. If they have an interest list, have your name placed on the list for properties that meet your needs and income level.

3. Get on as many waitlists as you can. When a waitlist opens, call the property. Ask for an application, or go to the property to get an application. Submit it by the deadline.

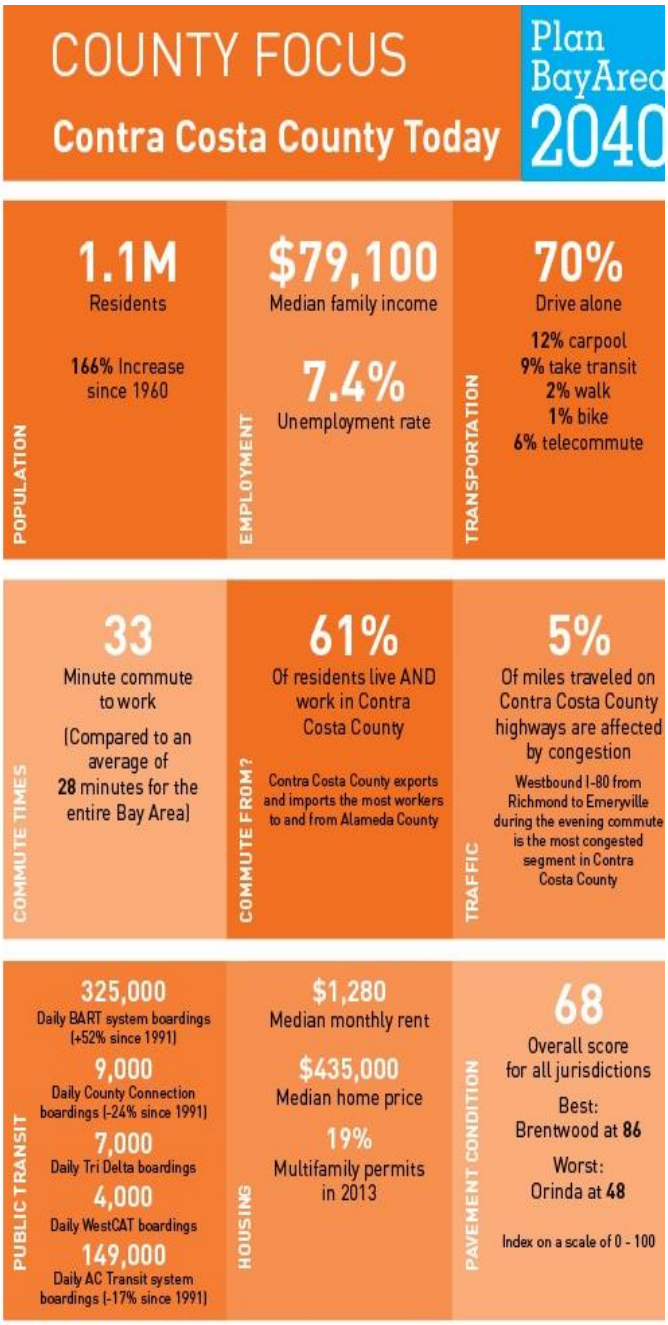
4. Once you have submitted your applications, let each property know if you move, or change your phone number. In order to remain on a waitlist, you must be in regular contact with the site manager of each property. Ask to find out the best way to do this.

5. Apply to as many AH properties as you can. Be persistent, do not get discouraged, and advocate for more AH in your community.

6. You can also call 211 for help and advice.

THE FUTURE: *PLAN BAY AREA 2040*

The 1.1 million residents of the County have a strong interest in protecting the wealth of features that make it a magnet for people and businesses. ABAG's *Plan Bay Area 2040* looks forward to a sustainable pattern of regional growth that will help preserve the Bay Area's unique quality of life. The Plan meets the requirements of California's climate law (Senate Bill 375, Steinberg) to decrease transportation-related greenhouse gas emissions and accommodate all needed housing growth within our region's borders.



From 2010 to 2040, Contra Costa County is projected to experience 11 percent of the regional housing growth, adding an estimated 93,390 homes. The County will also take 11 percent of the region's job growth, adding an estimated 70,300 jobs, the majority of which will be in PDAs. Both jobs and housing growth will cluster along San Pablo Avenue in the western part of the County, including Richmond, as well as in the suburbs of Antioch, Pittsburg, Walnut Creek, and San Ramon. The most transformative growth will occur at the former Concord Naval Weapons station, where a new Regional Center with over 17,000 jobs and 12,000 homes will rise near BART.

Contra Costa

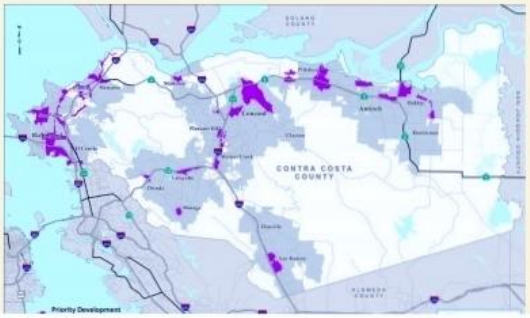
CONTRA COSTA transportation authority

- All but three of Contra Costa's jurisdictions have designated PDAs
- PDAs make up 7 percent of urbanized area in county
- Include seven of the PDA Place Types—only "urban neighborhood" is missing

Forecast 2010–2040 Growth in PDAs

2010–2040	% Growth	Share of County
Jobs	60%	59%
Households	115%	61%

Place Type	Number
City Center	1
Employment Center	1
Mixed-Use Corridor	7
Regional Center	1
Suburban Center	5
Transit Neighborhood	9



Plan Bay Area 2040 recommends mixed-income housing production and locally-led planning in PDAs. PDAs are locally identified, infill development opportunity areas within existing communities. They are generally areas of at least 100 acres where there is local commitment to developing more housing along with amenities and services to meet the day-to-day needs of residents in a pedestrian-friendly environment served by transit. To be eligible to become a PDA, an area has to be within an existing community, near existing or planned fixed transit or served by comparable bus service, and planned for more housing.

It is important to note that for purposes of compliance with state law, the requirement is simply that jurisdictions demonstrate that there is adequate zoned capacity by listing possible parcels on which an adequate number of housing units could be built. In other words, these sites are markers for where jurisdictions assure that housing development could go, but not necessarily, where future housing will go. Ultimately, actual development is driven by developer interest, the availability of financing or subsidy sources (in the case of deed-restricted AH), and where developers expect to maximize their investment.

PDAs will play a primary role in accommodating expected future growth. Overall, the existing households in the PDAs will increase 115 percent to over 100,000 households by 2040 while employment in Contra Costa PDAs will increase 60 percent to almost

188,000 jobs. About 60 percent of both new employment and new households will occur in PDAs. To view the PDA interactive website go to:

http://gis.abag.ca.gov/website/PDAShowcase/

Conclusion

We can no longer afford to ignore the housing crisis in the County. AH is imperative as we plan for the future. Middle class families and professionals cannot afford to enter the housing market in the communities in which they work. Evicted renters become homeless, because they cannot afford escalating housing cost increases. The Bay Area News Group reports almost daily about the shortage of AH. Cities and counties do not generally build the houses. However, we look to our city and County boards and planners to lead us into a future community where we can all afford to live and thrive.

FINDINGS

F1. PDAs recognize the importance of housing near transportation and jobs for developing prosperous communities.

F2. *Plan Bay Area 2040* seeks to combine transportation, jobs and housing as a solution to the needs of our growing population.

F3. While State law mandates that ABAG conduct the RHNA process, a city is not required to subsidize and/or build the units; it is only required to demonstrate that local zoning will not impede development.

F4. While State law mandates that ABAG conduct the RHNA process, the County is not required to subsidize and/or build the units. It is only required to demonstrate that local zoning will not impede development.

F5. Inclusionary zoning programs provide incentives and regulatory waivers to builders and developers who produce both affordable and market rate homes within the same project.

F6. The city's Inclusionary Housing ordinance helps to provide AH in that city.

F7. The County's Inclusionary Housing ordinance helps to provide AH in the County.

F8. Inclusionary Housing Ordinances sometimes include the option for the developer to pay in lieu fees instead of constructing AH units.

F9. The city supplements the shortage of funds for AH by requiring builders to pay impact fees, in lieu fees, or other construction and remodeling fees.

F10. Infill costs less to service than new development because it takes advantage of the existing infrastructure.

F11. The elimination of redevelopment agencies resulted in a reduction of the number of AH units constructed in the city by eliminating a major source of funding for affordable development projects.

F12. The city delegates to the builder, owner, or management company of AH properties the responsibility for gathering and validating AH clientele information, as well as maintaining lists of potentially interested buyers.

F13. There is no accessible centralized information source for available AH, which compounds the problems created by the AH shortage for those who are searching for affordable housing.

RECOMMENDATIONS

R1. The city should consider increasing AH in PDAs.

R2. The city should consider adopting an Inclusionary Housing Ordinance.

R3. The city should explore rehabilitating existing housing stock as AH for purchase or rental, and identify funding to do so.

R4. The County should explore rehabilitating existing housing stock as AH for purchase or rental, and identify funding to do so.

R5. The city should explore increasing existing “impact fees” or “linkage fees” or enacting such fees in order to generate revenue with which to assist funding of AH.

R6. The city should consider designating an employee within the city’s planning or housing department to coordinate with property management to maintain current waiting and interest lists of available AH and ensure information is posted on the city website, and identifying funding to do so.

R7. The city should consider seeking federal, state, and local funding sources for AH.

R8. The city should consider partnering with for-profit and not-for-profit builders to secure land suitable for AH, and identify funding to do so.

R9. The County should consider seeking federal, state, and local funding sources for AH.

R10. The County should consider partnering with for-profit and not-for-profit builders to secure land suitable for AH, and identify funding to do so.

R11. The city should consider undertaking an education initiative in the earliest phase of affordable planning projects in order to alleviate community concerns regarding AH, and identify funding to do so.

R12. The County should consider undertaking an education initiative in the earliest phase of affordable planning projects in order to alleviate community concerns regarding AH, and identify funding to do so.

R13. The city should consider identifying all infill and vacant land not in PDAs and encourage use of it for AH through tax incentives, density bonuses, etc.

R14. The County should consider identifying all infill and vacant land not in PDAs and encourage use of it for AH through tax incentives, density bonuses, etc.

R15. The city should consider creating an easily accessible, online central repository with all relevant information on deed-restricted housing units to assure that inventory of AH is maintained, and identify funding to do so.

R16. The County should consider creating an easily accessible, online central repository with all relevant information on deed-restricted housing units to assure that inventory of AH is maintained, and identify funding to do so.

REQUIRED RESPONSES

	Findings	**Recommendations**
Contra Costa County Board of Supervisors	F1, F2, F4, F5, F7, F10, F13	R4, R9, R10, R12, R14, R16
City Council of Antioch	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Brentwood	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Clayton	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Concord	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Danville	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City of Council El Cerrito	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City of Council Hercules	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City of Council Lafayette	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Martinez	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Moraga	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15

City Council of Oakley	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Orinda	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Pinole	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Pleasant Hill	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Pittsburg	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Richmond	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of San Pablo	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of San Ramon	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15
City Council of Walnut Creek	F1 – F3, F5, F6, F8 –F13	R1 – R3, R5 – R8, R11, R13, R15

These responses must be provided in the format and by the date set forth in the cover letter that accompanies this report. An electronic copy of these responses in the form of a Word document should be sent by e-mail to epant@contracosta.courts.ca.gov and a hard (paper) copy should be sent to:

Civil Grand Jury – Foreperson

725 Court Street

P.O. Box 431

Martinez, CA 94553-0091

Appendix 1

Contra Costa Civil Grand Jury 2015-2016
Survey re Affordable Housing
December 2015

City:
Person Responding:_____
Contact information:
(email)_____(phone)_____

What is the "threshold" number of residential units in a development project above which requires affordable housing?

Does (City) require a builder or developer of a new residential project or proposal greater than the "threshold" number of residential units to provide affordable housing within the project?

If not within the proposed project or proposal, is the builder or developer required to provide affordable housing elsewhere within (City)?

What steps, if any, does (City) take to confirm that a builder or developer is complying with its obligation to provide affordable housing as a component of its development in (City)?

What record does (City) maintain regarding compliance by a builder or developer with the obligation to provide affordable housing?

If a builder or developer is required to provide affordable housing elsewhere within (City), who determines and how is the alternate location for affordable housing determined?

Does the city permit payment of funds by the developer or builder "in lieu" of providing affordable housing? If yes, how and when does this occur?

How does (City) calculate the amount of an "in lieu" payment?

Does (City) deposit "in lieu" funds into a segregated or "trust account" specifically for "in lieu" funds? If yes, how are "in lieu" funds tracked or accounted for?

Has (City) received payment of "in lieu" funds within the period 2007-2014? If yes, what is the total $$ amount of "in lieu" funds received by the City within the period 2007-2014?

What is the current "in lieu" $$ balance held by (City)?

Does (City) have a plan or protocol for the expenditure of “in lieu” funds, including a time frame within which the funds must be spent and an amount of funds to be spent? If yes, and the plan or protocol is included in an ordinance, please cite or refer to the ordinance by number.

Is (City) required to spend those funds on affordable housing within (City) city limits?

What is the total $$ amount of “in lieu” funds spent by (City) on affordable housing within the period 2007-2014?

Has any affordable housing been constructed in (City) within the period 2007-2014.

How many units of affordable housing currently exist in (City) in each of the following income categories? Very Low_____ Low_____ Moderate_____ Above Moderate_____

How many units of affordable housing are deed restricted in (City)?

Does (City) maintain a record of inquiries to (City) from candidates for affordable housing? If yes, for how long is such a record maintained?

Does (City) maintain a record of responses to inquiries from candidates for affordable housing and referrals of such candidates to appropriate (City) or private resources? If yes, for how long is such a record maintained?

How does (City) inform candidates for affordable housing that such housing is or will become available within (City)?

Does (City) maintain a central list or waiting list of candidates for affordable housing? If not, is such a waiting list maintained elsewhere or by any entity other than (City)?

If a waiting list is maintained, how many people are currently on the waiting list or lists for affordable housing in (City)?

Has the number of people on the waiting list for affordable housing changed from 2007 to 2014? If the number has increased, by how much? If the number has decreased, by how much?

Does (City) select the management company to manage affordable rental housing within (City)? If yes, what are the criteria used in the selection of the management company? If not, who selects the management company and does (City) have input into the selection of the management company?

What is the name of the management company or companies managing affordable housing within (City)? Does (City) require reporting by the management company or

companies to (City)? If yes, please provide a copy of the most recent report from each management company.

What is the name and contact information of the (City) staff person or department administrator most knowledgeable about affordable housing within (City)?

What are the major obstacles to providing affordable housing within (City)?

How is (City) addressing these obstacles?

Appendix 2

CONTRA COSTA COUNTY AFFORDABLE HOUSING POLICIES

City	Commercial Linkage Impact	HOUSING IMPACT FEE	Inclusionary zoning/In-LieuFees	Density Bonus Ordinance	GENERAL TRUST FUND	Taxes or Fees Dedicated to Housing	Affordable Housing Complexes	2nd Dwelling	Acquisition/Rehabilitation/Conversion Program	Condo Conversion Ordinance
Antioch	Yes	YES	No	YES	YES	No	Yes	Yes	Yes	Yes
Brentwood	Yes	YES	YES	Yes	No	No	Yes	Yes	No	Yes
Clayton	No	NO	UC	Yes	No	No	Yes	Yes	No	Yes
Concord	No	NO	YES	YES	No	Yes	Yes	Yes	Yes	Yes
Danville	No	NO	YES	YES	No	No	N/A	N/A	Yes	Yes
El Cerrito	No	NO	YES	Yes	No	No	N/A	N/A	Yes	Yes
Hercules	No	YES	YES	YES	No	No	N/A	N/A	Yes	No
Lafayette	No	NO	No	UC	No	No	Yes	Yes	No	No
Martinez	YES	YES	No	YES	No	No	NO	Yes	Yes	Yes
Moraga	No	NO	No	YES	No	No	No	Yes	Yes	Yes
Oakley	No	NO	YES	YES	YES	Yes	Yes	Yes	No	No
Orinda	No	NO	No	YES	No	No	N/A	N/A	Yes	Yes
Pinole	YES	YES	YES	YES	No	No	N/A	N/A	Yes	No
Pittsburg	No	NO	YES	YES	No	No	Yes	Yes	No	No
Pleasant Hill	No	YES	YES	YES	No	No	N/A	N/A	Yes	Yes
Richmond	YES	YES	YES	YES	No	No	Yes	Yes	Yes	Yes
San Pablo	No	YES	YES	YES	YES	Yes	Yes	Yes	Yes	No
San Ramon	Yes	NO	YES	YES	No	No	Yes	Yes	Yes	Yes
Walnut Creek	YES	YES	YES	YES	No	No	Yes	Yes	Yes	Yes
Contra Costa County Unincorporated	No	NO	No	YES	No	No	Yes	Yes	Yes	Yes

UC= Under consideration
N/A=Info Unavailable

City of Martinez
525 Henrietta Street, Martinez, CA 94553-2394
(925) 372-3505
FAX (925) 229-5012

November 16, 2016

Michael Simmons, Foreperson
2015-2016 Contra Costa County Grand Jury
725 Court Street
P.O. Box 431
Martinez, CA 94553

RE: Grand Jury Report No. 1614, "Where Will We Live?"

Dear Mr. Simmons:

On behalf of the Martinez City Council, this letter responds to Contra Costa County Grand Jury Report "Where Will We Live?" (Report 1614). The City Council authorized this response at its meeting on

CITY'S RESPONSES TO GRAND JURY FINDINGS

GRAND JURY FINDING #1
Priority Development Areas (PDA) recognize the importance of housing near transportation and jobs for developing prosperous communities.

City Response: Agree with findings.

GRAND JURY FINDING #2
Plan Bay Area 2040 seeks to combine transportation, jobs and housing as a solution to the needs of our growing population.

City Response: Agree with findings.

GRAND JURY FINDING #3
While State law mandates that ABAG conduct the Regional Housing Needs Analysis (RHNA) process, a city is not required to subsidize and/or build the units; it is only required to demonstrate that local zoning will not impede development.

City Response: Agree with findings.

GRAND JURY FINDING #5
Inclusionary zoning programs provide incentives and regulatory waivers to builders and developers who produce both affordable and market rate homes within the same project.

City Response: Disagree. Inclusionary zoning/housing provisions do not necessarily include any incentives or regulatory waivers to builders or developers.

DRAFT

GRAND JURY FINDING #6
The city's Inclusionary Housing ordinance helps to provide Affordable Housing (AH) in that city.

City Response: Not applicable. The City does not have an inclusionary housing ordinance.

GRAND JURY FINDING #8
Inclusionary Housing Ordinances sometime include the option for the developer to pay in lieu fees instead of constructing AH units.

City Response: Agree with findings.

GRAND JURY FINDING #9
The city supplements the shortage of funds for AH by requiring builders to pay impact fees, in lieu fees, or other construction and remodeling fees.

City Response: Not applicable. The City does not have an inclusionary housing ordinance or a housing in lieu or impact fee. The finding may be true as to some Cities.

GRAND JURY FINDING #10
Infill costs less to service than new development because it takes advantage of the existing infrastructure.

City Response: Partially disagree. Depending on the specifics of a site, infill development might or might not cost less to construct and service compared to new development.

GRAND JURY FINDING #11
The elimination of redevelopment agencies resulted in a reduction of the number of AH units constructed in the city by eliminating a major source of funding for affordable development projects.

City Response: Not Applicable. Martinez did not have a redevelopment agency. The city agrees that in general the elimination of redevelopment monies eliminated a major source of funding for affordable housing.

GRAND JURY FINDING #12
The city delegates to the builder, owner, or management company of AH properties the responsibility for gathering and validating AH clientele information, as well as maintaining lists of potentially interested buyers.

City Response: Partially agree. While in general the City leaves tenanting and management duties to the owners of the affordable housing properties, the owner is obligated to provide reporting and monitoring information to the City. This information includes validating information regarding clientele, waiting lists, etc.

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GRAND JURY FINDING #13
There is no accessible centralized information source for available AH, which compounds the problems created by the AH shortage for those who are searching for affordable housing.

City Response: The city lacks sufficient information to agree or disagree with this finding. The Housing Authority of Contra Costa County does maintain a list of properties on its website. The City does not know if this listing is complete or how often it is updated.

CITY'S RESPONSES TO GRAND JURY RECOMMENDATIONS

RECOMMENDATION #1
The city should consider increasing AH in PDAs.

City Response: The recommendation has been implemented. The City has already identified affordable housing opportunities in its PDA. In 2015, a very low income 49-unit affordable housing project, Berrellesa Palms, was opened in the PDA.

RECOMMENDATION #2
The city should consider adopting an Inclusionary Housing Ordinance.

City Response: The City Council considered an inclusionary housing ordinance in 2008, but the ordinance was not adopted and the Council instead voted to return the item to staff and the Housing Element/Affordable Housing Subcommittee for development of alternatives to the ordinance as it was proposed. Staff has investigated alternatives and found that alternatives are difficult without a reliable funding source, such as redevelopment. The use of a development impact fee for affordable housing, zoning for inclusionary housing, setting up an Infrastructure Financing District and Housing Trust Funds, do appear to be viable methods for creating and promoting the development of affordable housing, however, the consequences and costs of these programs must be evaluated against their effectiveness. City staff will investigate alternative methods to create opportunities and funding for affordable housing.

RECOMMENDATION #3
The city should explore rehabilitating existing housing stock as AH for purchase or rental, and identify funding to do so.

City Response: This recommendation has been partially implemented. The City will continue to participate in the Contra Costa County Neighborhood Preservation Program and the County Rental Rehabilitation Program.

RECOMMENDATION #5
The city should explore increasing existing "impact fees" or "linkage fees" or enacting such fees in order to generate revenue with which to assist funding of AH.

City Response: This recommendation has not been implemented. The staff will evaluate the impact fee schedule during the next two year budget cycle.

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RECOMMENDATION #6
The city should consider designating an employee within the city's planning or housing department to coordinate with property management to maintain current waiting and interest lists of available AH and ensure information is posted on the city website, and identifying funding to do so.

City Response: This recommendation requires further analysis. It might be more efficient to create a single countywide interest and waiting list.

RECOMMENDATION #7
The city should consider seeking federal, state, and local funding sources for AH.

City Response: The recommendation has been implemented, as staffing has allowed. The City is continually looking for federal, state and local funding sources for affordable housing.

RECOMMENDATION #8
The city should consider partnering with for-profit and not-for-profit builders to secure land suitable for AH, and identify funding to do so.

City Response: The recommendation has been implemented, as staffing has allowed. The City is continually open to partnership opportunities with nonprofits and other organizations to create additional affordable housing.

RECOMMENDATION #11
The city should consider undertaking an education initiative in the earliest phase of affordable planning projects in order to alleviate community concerns regarding AH, and identify funding to do so.

City Response: This recommendation has not yet been implemented. The City believes that it would be more efficient for the County or a collaboration of cities to develop boilerplate affordable housing project education materials for cities to use with individual projects.

RECOMMENDATION #13
The city should consider identifying all infill and vacant land not in PDAs and encourage use of it for AH through tax incentives, density bonuses, etc.

City Response: The recommendation has been partially implemented. The City's Housing Element, adopted in 2015, identifies vacant and underutilized sites for housing. The density bonus provision of the Martinez Municipal Code provides incentives for development of AH.

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RECOMMENDATION #15
The city should consider creating an easily accessible, on line central repository with all relevant information on deed-restricted housing units to assure that inventory of AH is maintained, and identify funding to do so.

City Response: The recommendation has been partially implemented. The City will continue to provide linkages to the County and State websites that provide detailed information on affordable housing opportunities.

Respectfully,

Rob Schroder
Mayor

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