COMMITTEE MEMBERS
Ronald E. Leone, Chair
Carlyn S. Obringer

Civic Center
1950 Parkside Drive
Concord, CA 94519
www.cityofconcord.org

Regular Meeting of the Housing & Economic Development Committee

Monday, July 24, 2017 | 5:30 p.m. | Permit Center Conference Room, 1950 Parkside Drive

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AGENDIZED ITEMS – The public is entitled to address the Committee on items appearing on the agenda before or during the Committee's consideration of that item. Each speaker will be limited to approximately three minutes.

1. ROLL CALL

2. PUBLIC COMMENT PERIOD

3. REPORTS

a. **Considering** – the City's role in the sale for development purposes of the 58 acre US Coast Guard Property on Olivera Road. **Report by John Montagh, Economic Development Manager.**

b. **Overview** – of the City's Affordable Housing resources and housing programs. **Report by Laura Simpson, Planning and Housing Manager.**

4. ADJOURNMENT

Next Meeting: Regular Meeting
Date: 9/25/2017 - 5:30 PM

ADA NOTICE AND HEARING IMPAIRED PROVISIONS

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Distribution: City Council
Valerie Barone, City Manager
Susanne Brown, City Attorney
Kathleen Salguera Trepa, Assistant City Manager
Joelle Fockler, City Clerk

3.a

Staff Report

Date: July 24, 2017

To: Council Committee on Housing and Economic Development

From: Valerie J. Barone, City Manager

Reviewed by: Victoria Walker, Community and Economic Development Director

Prepared by: John Montagh, Economic Development Manager
John.montagh@cityofconcord.org
(925) 671-3082

Subject: **Consideration of the City role in the sale for development purposes of the 58 acre US Coast Guard Property on Olivera Road.**

Report in Brief

The US Coast Guard (USCG) owns 58 acres of property along Olivera Road containing approximately 328 multi-family units that were formerly used to house enlisted personnel. In Summer 2014, the USCG contacted City staff to discuss disposition of this property in an expedited manner. In response, the City notified the USCG of its interest to negotiate a sale of the property to the City as opposed to having the property disposed of through a public auction conducted by the General Services Administration (GSA). The City expressed this interest due to a desire to ensure that the site was developed in a manner supportive of the development of the Concord Naval Weapons Station.

In late 2014, City staff held informal conversations with four development firm teams with interest in working with the City to complete a negotiated sale and to structure a development plan that would be a mix of market rate housing and affordable multi-family housing. In September of 2015, City staff was informed that the USCG was reconsidering the decision to dispose of the property. In mid-May of 2017 City staff were informed that the USCG had made a final determination to dispose of the property and they were willing to enter into a negotiated sale with the City so long as there is a clear public benefit outcome and that the City pays the full “fair market value” of the site.

The purpose of this report is to seek direction from the Committee on how to move the sale and development of the property forward.

Recommendation
Provide feedback to staff on how best to move the sale and development of the property forward and/or request additional information.

Background
In 2007, as part of federal to federal agency transfers under the Base Realignment and Closure Act (BRAC), the U.S. Navy transferred 58 acres of the former Concord Naval Weapons Station to the U.S. Coast Guard. The property is located contiguous to and south of the North Concord/ Martinez BART station and immediately east of Olivera Road. The USCG used the existing 328 units of military housing on the site for enlisted personnel who work on Coast Guard Island in Alameda. The existing housing was constructed in two parts: Quinault Village and Victory Village. (See Attachment 1)

Description of the Property: Quinault Village is made up of 41 duplexes, or 82 units, varying in size from 2-3 bedrooms. There is also a community center and tot-lot playground. These units were built in the early 1950's. They are not built to existing code (probably were not even built to the building codes at the time) and have issues with asbestos and lead based paint.

Victory Village consists of approximately 82 triplexes, or a total of 246 3-4 bedroom units, small playground, basketball court and a horseshoe pit. Victory Village was built in the 1980's. There is an approximate 2 acre site that is used for recreational vehicle (RV) storage for USCG personnel in the Bay Area. While the triplexes are newer, they were also not built to code.

Internal utilities for the entire site are owned and maintained by the USCG. Pacific Gas & Electric (PG&E) and the Contra Costa Water District (CCWD) provide services to the curb line along Olivera Road. The City receives storm water and waste water at the curb for disposal and treatment. The status of the USCG-owned utilities is unknown but can be assumed to be at, or beyond, their design life and most likely not built to current code. It is believed that the utilities do not follow the streets but in fact run under the housing units.

USCG Property Disposal Process: Disposal of the property will follow guidance issued to the USCG by the General Services Administration (GSA), who is assisting the USCG with the property disposition process. The normal course of action would be for GSA to conduct an appraisal to set property value and then dispose of the property to the highest bidder in a public auction. The USCG would have to complete some minimal studies under the National Environmental Protection Act. Given the large size of the USCG area, its location in direct proximity to the Concord Reuse Area, development of this site by the successful bidder would most likely require preparation of a Specific Plan, including zoning and other entitlement requirements, and an Environmental Impact Report prior to consideration of actual housing development entitlements.

However, there is another course of disposal available to the USCG that is called a 'negotiated sale' that may be used. There are three requirements for such a course of action: 1) the receiving entity must be a public agency, 2) there must be a clear outcome of public benefit, and 3) property value must be returned to the Federal agency. A negotiated sale must be approved by the U.S. Congress and cannot be approved unless all of these conditions are met. In 2014, City staff had indicated to the USCG that public benefit would be achieved by requiring at least 25% of the housing developed on the site to be affordable. This is the same affordable housing development standard that will govern new development on the adjacent Concord Reuse Site.

History of City Involvement with the Property: In late 2013, the USCG determined that the property was too expensive to maintain, and the housing demand within the USCG did not warrant retention of the property. In Summer 2014, City staff was contacted by the USCG to discuss the disposition of the surplus property in an expedited manner.

In response, the City notified the USCG of its interest to negotiate a sale of the property to the City as opposed to having the property disposed of through a public auction conducted by the General Services Administration (GSA). The USCG, through the GSA, formally notified the City of their willingness to negotiate a sale.

In late 2014, City staff began informal conversations with four development firm teams who expressed interest in working with the City to complete a negotiated sale and to structure a development plan that would be a mix of market rate housing and affordable multi-family housing. In September of 2015, City staff was informed that the USCG was reconsidering the decision to dispose of the property, and indicated they did not wish to continue discussions until the USCG command made a final determination. In mid-May of 2017 City staff were informed that a final determination had been made to dispose of the property. In addition, the USCG indicated a willingness to enter into a negotiated sale with the City so long as there is a clear public benefit outcome and that the City pays the full "fair market value" of the site.

On May 19, 2017, the City provided a letter to the GSA as agent for the USCG stating that the City retains an interest in participating in the negotiated sale process, requesting information related to any environmental studies or other analysis available on the site, and requesting City access to the site in the future, particularly to assist with appraisal efforts.

Discussion
The USCG is willing to work with the City on a negotiated sale process, but there are pros and cons to this approach, which are discussed below.

Negotiated Sale Process: Although the negotiated sale process requires that the entity receiving the property must be the public agency (City), the very high cost of purchasing 58 acres of developable land is beyond the ability of the City to afford. The City would need to select a development partner and enter into an agreement to loan the City the land payment fee. The City would have to negotiate when and how the land changed hands, from the City to the development partner, and when and how the loan would be forgiven and become the purchase price of the property.

A negotiated sale with unentitled land has the benefit of ensuring that the City and its development partner are in agreement on the ultimate use and value of the property. If the City enters into a Disposition and Development Agreement (DDA) with a development partner, the developer and the City will agree on the development potential for the property and it will be documented in the DDA.

In addition, the City may hope that paying “fair market value” through the negotiated sale will ensure that the property will not be sold at an excessive price on the open market, inflating the purchaser’s expectations for the ultimate development of the property beyond a reasonable level.

One drawback is that the negotiated sale process can involve significant cost to the City although some of these costs may be recovered from the development partner. There are typically substantial consultant costs for the work needed to (1) review and select the City’s development partner, including a comprehensive analysis of the proposals they bring forward, (2) the legal and other costs to develop and negotiate agreements with the development partner, and (3) the costs to negotiate with the USCG and establish the “fair market value” price and sales agreement for the land. Additionally, there is always legal and financial risk when negotiating loan agreements, as would be necessary in this approach.

Public Auction Method: The alternate method, which is sale of the property at a public auction to the highest bidder, would avoid legal and financial risks to the City that are associated with developing a DDA and entering into a loan with a developer partner. The City would still control future uses and development intensity because it has oversight over all land use entitlements, which in the case of this property includes the need to both General Plan and create zoning for the property; this would most likely be done in association with the development of a specific plan for the property. CEQA review would be required to adopt a General Plan, Specific Plan and zoning for the property. The costs of these efforts would be carried by the property owner/developer.

The Specific Plan/CEQA process will establish the land use entitlements, development standards, and mitigation measures that will govern the development of the site. Moving forward with this approach will eliminate the City's costs associated with the selection and preparation of agreements with a development partner, and for the negotiated sale process with the USCG.

One potential drawback to disposal of the land by public auction is the possibility that the property might be sold at an inflated price, either due to unrealistic development expectations or simply due to strong competition among interested bidders. Were this to occur the developer might have less flexibility to achieve the goals of the City for the property, which in turn could significantly delay development of the site.

If Negotiated Sale, More Input Needed: If the Committee determines that a negotiated sale process is preferred, the City will need to decide how to move forward.

City staff initially identified four development teams because the understanding at the time was that the City needed to move quickly.

The four development teams that staff invited to submit qualifications were as follows:

- Bridge Housing
- DeNova Homes/ROEM
- Integral Housing /EAH Housing
- USA Properties/Foundation for Affordable Housing/Eden Housing

Please note that because the project was put on hold shortly after the qualifications were received, they were never reviewed by staff or the Council.

As noted earlier, providing affordable housing or some other substantial public benefit in the future development of the property is necessary to receive approvals from the federal government for a negotiated sale. Three of the four firms are teamed with not-for-profit affordable housing developers that would continue to own, operate and maintain the affordable housing. The DeNova team has a for-profit affordable housing partner (ROEM) and it is not known at this time if they would sell off the affordable housing once constructed or secure a third party operator and maintain the housing.

In general discussions with these firms and in their early submittals, it was assumed that residential density on the site would increase from the existing 328 units (5.5 units per acre) to around 500-600 units (8.6 to 10.3 units per acre) and at least 25% of those units (125 – 150) would be affordable. Early conversations with each development team asked that they assume 25% of the units at less than 80% of Area Median Income (AMI); in other words affordable at low and very low income levels.

Should the Committee and the Council desire to move forward with a negotiated sale, staff needs direction as to whether the City desires to move forward with the four firms previously contacted by staff or prefers to open up the competition to all interested and qualified developers.

Staff will take the Committee's recommendations to the full Council for consideration.

Public Contact
The Agenda was posted and sent to interested parties.

Attachments

1. Location Map of USCG property

ATTACHMENT 1

3.b

Staff Report

Date:	July 24, 2017
To:	Council Committee on Housing & Economic Development
From:	Valerie J. Barone, City Manager
Reviewed by:	Victoria Walker, Community and Economic Development Director
Prepared by:	Laura Simpson, Planning and Housing Manager Laura.simpson@cityofconcord.org (925) 671-3369
Subject:	**Discussion of the City's Affordable Housing Fund, the Availability of Money, and How the Money Can be Allocated to Aid the City in Meeting its Housing Goals.**

Report in Brief
This report is to provide the Housing and Economic Development Committee with an overview of the City's housing goals and the funds available to create affordable housing, and to request feedback on the allocation of these funds.

Recommended Action
Receive the report and provide feedback to staff on the method of allocating available affordable housing funds to meet City housing goals.

Background
Under State law, every jurisdiction must prepare and adopt a Housing Element as part of its General Plan. The Housing Element provides goals and policies, laying out a plan for how the City will zone for and facilitate the development of housing to serve households at all income levels. It specifically calls out policies to serve Moderate, Low, Very Low and Extremely Low Income households.

The Association of Bay Area Governments (ABAG), a regional government organization, allocates Regional Housing Needs Allocation (RHNA) goals to each jurisdiction within the 9 Bay Area Counties based on projected growth and local demographic information. The City is not required to produce housing directly; however, the City must have sufficient land available that is zoned appropriately to accommodate housing development that would assist with meeting the City's RHNA goals.

Concord has been allocated housing goals for each of the above mentioned income categories, and must show good faith progress in facilitating the achievement of these goals to the State Department of Housing and Community Development (HCD) on an annual basis. The table sets forth the City's goals that were established for the Housing Element Cycle for 2014-2022.

Concord Regional Housing Needs Allocation Goals 2014-2022

Income Category	Projected Need	Percent of Total
Extremely Low (0-30% AMI)	399	11.5%
Very Low (31-50% AMI)	399	11.5%
Low (51-80% AMI)	444	12.8%
Moderate (81-120% of AMI)	559	16.1%
Above Moderate (over 120% of AMI)	1,677	48.2%
Total Units	**3,478**	**100.0%**

Sources: ABAG, 2013; BAE, 2013.

The City must have adequately zoned land to support approximately 3,500 affordable units as noted above. The City is not obligated to construct these units; however, it must identify parcels which can support the development of those units. The City must also implement policies and programs within the 2014-2022 Housing Element Cycle that support and facilitate the development of affordable housing.

The City of Concord's most recent Housing Element was adopted January 6, 2015. The Housing Element sets forth the following broad goals:

H-1: Promote a balanced supply of housing types, densities, and prices to meet the needs of all income groups residing or who wish to reside in Concord.

H-2: Preserve and enhance Concord's residential neighborhoods and improve the quality of life for all residents.

H-3: Promote the expansion of housing opportunities for all special needs groups, including seniors, female-headed households, persons with disabilities, first-time homebuyers, large families, and homeless individuals and families.

H-4: Strive for equal housing opportunity and access for all people regardless of race, religion, gender, marital status, age, ancestry, national origin, color, sexual orientation, familial status, source of income, or disability.

H-5: Protect the environment and lower the cost of energy through energy conservation policies.

Under each broad goal, the Housing Element includes numerous specific programs to implement these goals. For example, under Goal H-3, one program is to actively seek and encourage emergency, transitional, and long-term affordable housing to reduce the problem of homelessness in the City of Concord.

Affordable Housing Income Limits

Housing costs are defined as affordable for Low Income or Very Low Income residents when those costs do not exceed 30% of the gross monthly income for a household. For Moderate Income residents housing is considered affordable when housing costs do not exceed 35% of gross monthly household income. For renters, housing costs include monthly rent and utilities; for owners it includes, principle, interest, taxes and insurance and, in some cases Homeowner Association fees.

Federal, State and local affordable housing programs set income limits targeted to certain household income levels, which are adjusted based on household size. The table below indicates the Extremely Low, Very Low, Lower, Low and Moderate Income levels in Contra Costa County for 2017.

2017 Contra Costa County Area Median Income (AMI) Limits

No. of Persons/	120%AMI	80% AMI	60% AMI	50% AMI	30% AMI
No. of Bdrms	**Moderate**	**Low**	**Lower**	**Very Low**	**Ext. Low**
1 person/studio	$ 81,850	$ 56,300	$ 43,860	$ 36,550	$ 21,950
2 person/1 Bdrm	$ 93,500	$ 64,350	$ 50,100	$ 41,750	$ 25,050
3 person/2 Bdrm	$ 105,200	$ 72,400	$ 56,340	$ 46,950	$ 28,200
4 person/3 Bdrm	$ 116,900	$ 80,400	$ 62,580	$ 52,150	$ 31,300
5 person/4 Bdrm	$ 126,250	$ 86,850	$ 67,620	$ 56,350	$ 33,850
6 person/5 Bdrm	$ 135,600	$ 93,300	$ 72,600	$ 60,500	$ 36,350
7 person/6 Bdrm	$ 144,950	$ 99,700	$ 77,640	$ 64,700	$ 38,850
8 person/7 Bdrm	$ 154,300	$ 106,150	$ 82,620	$ 68,850	$ 41,350

Each of the City’s affordable housing programs targets a different affordability level, depending upon whether it is local, state or federally funded. Federally funded programs allow up to 80% AMI for Low Income households. State and local rental housing programs allow up to 60% AMI for Low Income.

Analysis

Current Housing Market

The need for affordable housing in California has grown dramatically, with rents at an all-time high and home ownership rates at their lowest since the 1940’s. Statewide, there is a serious housing shortage caused by low housing production combined with the State’s economic recovery and high job growth. The San Francisco Bay Area in particular has experienced a robust economic recovery, with the largest job growth in the information sector and service industries. However, despite a significant decline in unemployment, the high cost of housing combined with limited growth in median income, is causing many Bay Area residents to either relocate or spend a high percentage of their income on housing costs.

Like other cities in the Bay Area, Concord has experienced rapid increases in rents since 2011. The average monthly rent for a Concord apartment rose from $1,172 in 2011 to $1,760 in 2016, an increase of 50 percent in five years. The current average rent of $1,760 is affordable, as defined above, to a household earning an annual income of $70,400. This is higher than the 60% AMI limit for a family of four, which is the target for affordable rental housing programs.

Of 44,000 total households in Concord, approximately 18,000, or 41%, are renter households. About half of these reside in market-rate rental apartments, and half rent market rate single family homes, condominiums, and mobile homes. About 10 percent of renters live in subsidized affordable housing based on lower incomes, where rent is capped by various local, state and federal programs. There are 1,859 units that have some affordability restrictions (about 4% of housing stock) for Low and Very Low Income households, including 1,280 units for families, and 579 for seniors or the disabled.

Approximately 59% of Concord households are homeowners. As of March 2017, the median sales price in Concord for a single family home was $573,000. This price is affordable to a family of four with an income of $160,000 paying 35% of its income on housing, which means that the median house price in Concord is not affordable to households in the Moderate Income category or below; therefore they are not considerd affordable. Similarly, the median townhome price in Concord was $295,000, which is affordable to a family earning $90,000 per year, or those in the Moderate Income category.

Affordable Housing Funds

The City's affordable housing programs are funded through several sources. Beginning in the mid-seventies, Redevelopment Agency funds were the primary source of affordable housing funds in the City, because, by law, the Agency was required to set aside a minimum of 20% of the tax increment in Redevelopment Areas for the creation and preservation of affordable housing. The City also used Redevelopment Agency owned land to create new mixed-income developments, where 20% of the units were affordable. In 2011, California Redevelopment Agencies were eliminated statewide. Therefore, currently, the Affordable Housing Fund's primary source is from Successor Agency (formerly Redevelopment Agency) funds. Because in the 1980's the former Redevelopment Agency delayed the payment of its full annual 20% of revenue contribution to the affordable housing fund, the Successor Agency is in the process of making these contributions. Payments are made every six months and vary from year to year. Staff anticipates full repayment by March of 2023. After 2023, there will be no significant source of local revenue to support affordable housing. Although, there will be more minor funding available through CDBG, First Time Homeowner Loan repayments, inclusionary housing in-lieu fees, and affordable housing impact fees (starting after 2018). These more minor funding sources may be used for the creation or preservation of affordable housing.

Creating New Affordable Rental Housing

A complete list of the City's Housing Programs is included in Attachment 1. The focus of this report is on the funding that is available to invest in creating or preserving affordable rental housing and how it might be invested. Typically City funds are loaned with a 55-year term to nonprofit housing developers who leverage other State and Federal resources, such as low income housing tax credits, to create new long-term affordable developments. These City loans are subsidies that remain in the project to ensure long-term affordability. Loans are structured to allow repayment to the City if there is sufficient surplus cash flow above operating expenses. However, while structured as loans for legal reasons, they function more like grants because they are rarely repaid; rather affordability is extended. The City is not typically providing the loan to get a cash return on investment, as might happen with private loans, but rather to ensure affordable rental stock is affordable within the community.

During the past thirty years or more, the City has made long term loans to private, nonprofit developers to create affordable rental housing by acquiring and rehabilitating existing, deteriorated housing stock in exchange for deed restrictions requiring affordability for 55 years or more. (Again, these loans are structured in such a way to preserve affordability and are rarely paid back.) These projects tended to create affordable housing by preserving and restricting units that were already in the affordable range by default given their condition, but did not create new housing units. Consistent with State law, the City may only count 25% of rehabilitated units toward meeting its RHNA goals, and only if the rehabilitation is substantial - meaning over $75,000 is spent per rehabilitated unit. The benefit of this program is that deteriorated units are significantly improved at less cost than new construction and affordability is guaranteed, which is an important goal of the City. Recently the City provided $1 million each to rehabilitate two existing affordable housing developments, at Virginia Lane and Camara Circle, to extend and preserve the affordability of these rental units for 55 years. This investment does not help the City meet its RHNA goals as the units were already controlled for affordability.

New construction of affordable rental housing is typically built by nonprofit housing developers who receive long-term loans from multiple sources to help fund projects in exchange for deed restrictions that require 55 year affordability covenants. (Note this type of private affordable housing development is not "public housing" which is affordable housing built and operated by a government.) The City makes loans to nonprofits to build new housing affordable to primarily Very Low Income residents. These units are counted toward the City's RHNA goals. These projects may be entirely affordable, meaning all units are affordable within the project, or a certain percentage of the units, may be affordable. Projects that receive a City subsidy leverage the City's investment with State resources (such as the 9% or 4% tax credit programs or cap and trade funds) and with lenders to complete the funding of development costs. Non-profit housing development requires multiple sources of funding to occur.

Currently the City has approximately **$9 million** in unallocated Affordable Housing funds, which must be used to create or preserve affordable housing, available to subsidize the new construction or rehabilitation of affordable housing. An additional $5 million will become available over the next five years. **By 2023 a total of $14 million** is anticipated to be available.

A typical subsidy from the City to aid in the creation of a newly constructed affordable rental unit ranges from $75,000 to $100,000; and a typical project requires $6 to $7 million in local subsidy. Given, the $14 million available within the next five years, staff estimates two new projects could be funded to create an estimated 140 to 160 newly constructed rental units for Low, Very Low and Extremely Low Income households. Newly constructed units can be fully counted toward meeting the City's RHNA goals. This is in contrast to the ability to count only 25% of the units in an existing complex that is rehabilitated and then income restricted towards the City's RHNA goals, and then only if there was more than $75,000 invested per unit in the complex.

Requested Policy Direction
Staff has received interest from affordable housing developers for support in developing new affordable rental units. In addition, BART owns a nine-acre site near Monument Boulevard near the Downtown Concord BART Station, and BART has expressed interest in working with the City to create affordable housing on the site.

Consequently, staff is looking for policy direction from the Committee.

With $14 million available in the near term the City may be able to support two affordable housing developments. The developments could be mixed income.

How a City chooses where to invest its affordable housing dollars varies. Sometimes Cities react to proposals that are brought to them by non-profit organizations or developers for projects that are already in development. At other times a City identifies a specific site it wants to see developed with either mixed-income or all affordable units, and looks for a developer or a non-profit organization to make the project happen. Still other times, a City issues a Notice of Funding Availability (NOFA) to solicit proposals from a variety of developers, and then selects a project from those submitted.

Staff requests feedback on the policy of investing available affordable housing funds in new affordable housing construction, rather than pursuing additional acquisition/rehabilitation projects. While both activities have significant benefits to the community, the City can make more progress towards its RHNA goals by investing its limited resources in new affordable housing development.

Staff also requests feedback on the method for identifying a preferred project or projects for investment.

The Committee’s recommendations will go before the full Council for direction to staff.

Alternatives
The Committee could recommend holding on to the affordable housing money until a point of time in the future. Or, the Committee could recommend spending the money on acquisition and rehabilitation of existing units or of doing one of each type of project (i.e., one rehab and one new construction project).

In the meantime, if a developer or non-profit approaches the City with a proposal, requesting investment of affordable housing funds from the City for either rehabilitation of existing units or new construction, the proposal would be brought before the Committee and Council for consideration.

Financial Impact
There is no financial impact as a result of this report.

Public Contact
The Agenda was posted.

Attachments
1. A Listing of the City’s Various Affordable Housing Programs

ATTACHMENT 1

City Affordable Housing Programs

1. **Acquisition/Rehabilitation of Affordable Rental Housing.**

   City makes long term loans to private nonprofits to create affordable rental housing for Very Low Income households by acquiring and rehabilitating existing, deteriorated housing stock in exchange for deed restrictions requiring affordability for 55 years or more.

   New construction of affordable rental housing (not public housing) is typically built by nonprofit housing developers who receive long-term loans to help fund projects in exchange for deed restrictions that require 55 year affordability covenants. The City makes loans to nonprofits to build new housing affordable to primarily Very Low Income residents. These units are counted toward the City's RHNA goals. These projects may be entirely affordable, meaning all units are affordable within the project, or a certain percentage of the units, such as 40% are affordable. Typically the per unit City subsidy needed to create a permanent affordable housing unit is from $75,000 to $100,000.

2. **Home Rehabilitation Loans and Grants.** The City also has a goal to facilitate the rehabilitation of existing housing. Given the age of the community, many older single family homes are in need of repair or rehabilitation. The City offers a Single Family Home Rehabilitation Loan of up to $55,000 at a 1% interest rate to income qualified home owners. The City also offers a Grant Program of up to $10,000 for emergency repairs to assist lower income households rehabilitate their properties. For seniors aged 60 and over or disabled persons, the City offers a Weatherization Program that can help defray the costs of weatherization repair such as adding insulation for attic and walls and installing more energy-efficient windows. These programs are funded with CDBG funds received annually from HUD, and through a revolving loan fund that includes proceeds from loan repayments.

3. **First Time Homebuyer Program.** The City provides up to $40,000 in a deferred, zero interest, 15-year term loan to Low and Moderate Income first time homebuyers. These units are not counted toward RHNA goals because the unit does not remain affordable, the subsidy goes directly to the buyer.

4. **Density Bonus Provisions.** Consistent with State law for new construction, Concord's Density Bonus provisions grant the appropriate density bonuses in each of the cases noted below, which allows developers to increase the number of units permitted by zoning in exchange for a percentage of units restricted as affordable. These units are counted toward RHNA goals:

- Lower Income Units**.** A density bonus of 20 percent if 10 percent of the total units of a housing development are affordable to lower income households, as defined in Section 50079.5 of the Health and Safety Code. For each additional one percent increase above 10 percent units, the density bonus is increased by 1.5 percent up to a maximum density bonus of 35 percent of the maximum allowable residential density for the site.

- Very Low Income Units**.** A density bonus of 20 percent if five percent of the total units of a housing development are affordable to very low income households, as defined in Section 50105 of the Health and Safety Code. For each additional one percent increase above five percent in the proportion of units affordable to very low income households, the density bonus shall be increased by 2.5 percent, up to a maximum of 35 percent of the maximum allowable residential density for the site.

- Senior Citizen Housing Development. A density bonus of 20 percent if 100 percent of the units are designated for senior citizens, as defined in Section 51.3 of the Civil Code.

- Moderate Income Units in Condominium and Planned Developments. A density bonus of five percent if 10 percent of the total dwelling units in a condominium project, as defined in Subdivision (f) of, or in a Planned Development, as defined in Subdivision (k) of Section 1351 of the Civil Code, are affordable to persons and families of moderate income. For each additional one percent increase above the 10 percent units affordable to moderate income households, the density bonus shall be increased by one percent, up to a maximum of 35 percent of the maximum allowable residential density for the site.

Consistent with State law, additional bonuses are granted to projects that include childcare facilities. The Code also provides for concessions and incentives to facilitate the achievement of the density bonus. The number of incentives varies based on the level of affordability, as defined by State law. Concessions could include reduced setbacks, increased height, reduced lot sizes, increased lot coverage, reduced street widths, reduced parking, expedited permitting, reduced fees, and similar provisions.

5. **Affordable Housing Incentive Program.** The 2012 Development Code includes an Affordable Housing Incentive Program. The AHIP applies universally to all sites in zoning districts where multifamily housing is allowed. The AHIP is essentially a modified version of the state density bonus program, with two important additions: (a) the density bonuses are higher; and (b) rather than giving the city the discretion to identify which concessions

are appropriate, the AHIP specifies relaxed standards for height, setbacks, lot size, parking, and other provisions for projects which include 40 percent or more affordable units, 20% of which affordable to Very Low, and 20% to Low.

One of the most important incentives available through the AHIP program is the waiver of the use permit requirement. Projects that would otherwise require a use permit in the Commercial Mixed Use, Downtown Mixed Use, and Downtown Pedestrian Zoning districts can be approved with a zoning clearance only (i.e., ministerially) if they are AHIP eligible. Design Review would still be required. Given the current market, only a project receiving affordable housing subsidy from the City would be able to provide 40% affordability and take advantage of the AHIP. But if a new project for a mixed-income housing development or 100% affordable housing were funded by the City, the developer could take advantage of this program for a streamlined review process, and development concessions.

6. **Accessory and Junior Accessory Dwelling Units.** Accessory Dwelling units – mostly one-bedroom attached apartments or detached cottages – are allowed in Concord in a manner that is consistent with the State Government Code. Units meeting specified criteria (discussed below) are allowed, subject only to ministerial approval in all residential zoning districts, including multi-family as well as single family zones. The regulations support accessory dwelling unit construction and create opportunities for these units throughout the city. Parking requirements are reduced for ADUs near public transit, and fees have been reduced for ADUs throughout the city. These are considered affordable by design to moderate income households and they can be counted toward RHNA goals. This program became effective in January 2017, so we are just beginning to see an increase in applicatins.

7. **Inclusionary Housing Ordinance**
   The Inclusionary Housing Program is a significant implementation measure in the City's Housing Element. The goal of the program is to have a minimum percentage of Very Low, Low and/or Moderate Income ownership housing units included in new residential developments, or to require developers to pay housing in-lieu fees so that affordable housing can be provided elsewhere in the City. The City's First Time Homebuyer Program can be used to assist buyers with their purchase.

   In 2016, the City performed a nexus study and the City Council established new in-lieu fees for Ownership housing, as well as enacted a new Affordable Housing Impact fee for Rental housing.

   <u>Ownership Projects - In-Lieu fee</u>
   The Nexus Analysis determined that there is significant difference between the current fee level of $5,043 per unit and the amount that it requires to

make a unit affordable, the affordability gap. So Council approved the following:

- A phase-in schedule whereby planning applications for projects that have not been deemed complete by July 1, 2018, would be subject to new fees as follows:
  - July 1, 2018 - $8/sq. ft.
  - January 2019 - $9/sq. ft.
  - January 2021 - $10/sq. ft.
- Placing a cap of $36,000 on ownership in-lieu fees, meaning a larger unit, of 5,000 square feet would not be charged more than $36,000 as the cap..
- 5-9 unit projects are based on sliding scale, for example, 6 units at $6/sf, 7 at $7/sf
- Condominiums would be charged the same as the rental fee, see below.

<u>Rental Affordable Housing Impact fee</u>

- Fee would apply to 5-unit projects or greater where applications have not been deemed complete by July 1, 2018.
- Rental In-Lieu fee would start out very small on <u>July 1, 2018</u> with incremental increases, as shown below, but the initiation of the fee would be postponed if <u>at least 600 units</u> were not yet under construction by April 2018.
  - July 1, 2018 - $3/sq. ft.
  - July 1, 2020 - $4/sq. ft.
  - July 1, 2022 - $5/sq. ft.