

El Cerrito Affordable Housing Strategy

August 31, 2017

prepared for:
City of El Cerrito



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I. INTRODUCTION

Providing quality housing that is within the reach of extremely low-, very low-, low-, and moderate-income households is a high priority for the City of El Cerrito. This Affordable Housing Strategy (AH Strategy) builds on the City's 2015 Housing Element Update and other previous planning efforts to lay out specific objectives related to the provision and preservation of affordable housing in El Cerrito, and provide a plan for implementation over the next five years. The AH Strategy is intended to address affordability concerns citywide as well as in the San Pablo Avenue Priority Development Area (PDA),¹ where most of the City's existing multifamily housing stock and potential for new development is concentrated.

The remainder of this introduction describes the relationship of the AH Strategy to the City's previous planning efforts, the process for developing the AH Strategy, and the organization of the document.

Relationship to Previous Planning Efforts

Over the last several years, the City of El Cerrito has completed several planning initiatives related to addressing the housing challenge and expanding housing development of all types. These include:

- **San Pablo Avenue Specific Plan and Form Based Code** (adopted in 2014): Promotes the development of new housing units within the City's PDA. In part due to the San Pablo Avenue Specific Plan, the City is attracting significant new interest in residential development in the PDA. This new development activity has created an opportunity to consider new policies and programs with the goal of continuing to expand the housing supply for all income levels.
- **MTC PDA Planning Grant** (awarded in 2014): The City of El Cerrito applied for and received a \$301,500 grant to assist with implementation of the San Pablo Avenue Specific Plan. This AH Strategy is funded in part by \$60,000 from the grant.
- **Housing Element Update** (adopted in 2015): Identifies goals, objectives, policies, and action programs for the 2015-2023 planning period that directly address the housing needs of El Cerrito. The Housing Element articulates five major goals, including:
 - **Goal 1:** Conserve and improve El Cerrito's existing housing supply.
 - **Goal 2:** Facilitate and encourage the development of housing to meet regional housing needs allocations.
 - **Goal 3:** Expand housing opportunities for the elderly, the disabled, households with very-low to moderate income, and for persons with special housing needs.
 - **Goal 4:** Promote housing opportunities for all persons regardless of race, age, marital status, ancestry, national origin, or color.
 - **Goal 5:** Promote energy efficiency in the location, construction, renovation and maintenance of housing units.

This AH Strategy is primarily focused on meeting Goals 1, 2, and 3 of the Housing Element.

¹ Priority Development Areas (PDAs) are places identified by Bay Area communities as areas for investment, new homes and job growth.

In addition to the City planning efforts described above, this AH Strategy also includes actions for implementing the recommendations of the 2016-17 Contra Costa Civil Grand Jury. The Grand Jury conducted a study of affordable housing needs in the County, culminating in 15 recommendations for the County and cities. The City of El Cerrito had already implemented a number of these recommendations, and committed to additional study or implementation of several others. Appendix B shows all fifteen Grand Jury Recommendations and the related implementation actions in this Strategy.

Process for Developing the Strategy

In late 2016, the City of El Cerrito retained Strategic Economics to assist with development of the AH Strategy. Beginning in the spring of 2017, the City and Strategic Economics convened a series of meetings and community workshops to inform the development of the AH Strategy, including:

- **Community workshops:** The project included two community workshops. At the first workshop, held in April 2017, the public was invited to learn from a panel of housing experts about important affordable housing issues. Following the panelist presentations, there was a full group discussion in which members of the public asked questions and provided feedback on issues they would like to see addressed as part of the AH Strategy. At the second workshop, held in May 2017, City staff and Strategic Economics presented potential implementation strategies to address the City's affordable housing goals. The workshop included a presentation, an open house where members of the public were invited to ask questions and provide comments, and a full group discussion period. Each workshop was attended by approximately 25-30 members of the public.
- **Technical Advisory Group (TAG) Meetings:** The City convened two TAG meetings. The TAG included representatives from Contra Costa County, an affordable housing developer, representatives from regional planning and transit agencies, and other subject area experts. The TAG meetings were designed to collect input from housing experts on best practices related to affordable housing, and recommendations on the strategies that are most applicable to El Cerrito.
- **Planning Commission and City Council meetings:** City staff and Strategic Economics presented the draft AH Strategy to the Planning Commission and City Council in July and August of 2017. Direction from the Commission and Council was incorporated into the final version of the AH Strategy.

In preparation for the community workshops and TAG meetings, Strategic Economics analyzed El Cerrito's affordable housing needs existing programs, policies, and financial resources; real estate market conditions in the PDA; and regional and national best practices related to affordable housing. Findings from these analyses are incorporated into this document.

Figure 1: April 2017 Community Workshop



Image source: Strategic Economics, 2017.

Organization of the Strategy

Following this introduction, the AH Strategy includes the following chapters:

- **Chapter II** reviews El Cerrito's existing affordable housing needs and resources.
- **Chapter III** describes proposed objectives and strategies for the City to undertake over the next five years, as well as specific implementation actions for each strategy.
- **Chapter IV** provides an implementation plan, including the lead agency, potential partners, timeline for implementation, and staff and financial resources required for each implementation action.
- **Appendix A** provides an assessment of current housing market conditions, focusing on the PDA.
- **Appendix B** shows the recommendations of the 2016-2017 Contra Costa Civil Grand Jury report *Where Will We Live? The Affordable Housing Waiting List is Closed* and how the action items in this AH Strategy relate.
- **Appendix C** summarizes the input provided by the public at the two community workshops and includes the PowerPoint presentation from the first workshop.

II. AFFORDABLE HOUSING NEEDS AND EXISTING RESOURCES

This chapter describes the supply of existing housing in El Cerrito, recent and planned development of affordable housing, and the projected unmet demand for affordable housing citywide. The chapter also outlines existing City policies and programs to meet affordable housing needs, and the funding resources that are currently available.

Appendix A provides a more detailed analysis of El Cerrito’s existing housing stock and residential real estate market. This chapter summarizes some of the key findings from the market analysis, and incorporates analysis from the City’s 2015 Housing Element.

DEFINING “AFFORDABLE” HOUSING

Housing is generally considered “affordable” if the monthly expenses (rent or mortgage payments, plus utilities) account for 30 percent or less of a household’s gross (pre-tax) income. For households that cannot afford market-rate housing, federal, state, and local governments typically provide assistance in one of two ways:

- **Government Subsidies:** Several federal and state funding sources provide funding to cover the gap between what extremely low-, very low-, and low-income households can pay, and the cost of providing affordable housing. Depending on the program, subsidies may be provided to assist with an individual household’s housing costs (as in the Housing Choice Vouchers program, also known as Section 8 vouchers) or to assist developers in building new affordable housing (either by subsidizing upfront construction costs or ongoing operations). In general, new affordable housing development requires a contribution from a local government source in addition to state and/or federal funding. Federal and state subsidies are only available for certain income categories (typically, for extremely low-, very low-, and low-income households – i.e., households earning no more than 80 percent of area median income, or AMI – but not for moderate-income households).
- **Requirements or incentives for private sector contributions:** Local governments can create requirements or provide incentives for private development to contribute towards affordable housing. For example, local governments may require private development to pay a fee towards the provision of affordable housing (an impact fee), require a set percentage of new units to remain affordable to low- or moderate-income households (an inclusionary zoning requirement), or allow development at an increased height or density in exchange for the provision of affordable units (incentive zoning). Although these incentives and requirements are subject to legal and financial constraint (discussed in more detail below), local governments can often structure these types of policies to achieve local goals such as building more moderate-income housing.

Units that are produced through either of these two methods are typically subject to a deed restriction or covenant under which the property owner agrees to restrict the units to households in certain income categories for a given amount of time, and to limit monthly rents or purchase prices.

EXISTING HOUSING STOCK

Some of the key characteristics of El Cerrito's housing stock include:

- **Predominantly single-family detached homes.** Three-quarters of households in El Cerrito reside in single-family detached units. Single-family housing is particularly dominant in the hilly eastern neighborhoods. In the San Pablo Avenue Priority Development Area (PDA) and surrounding flatland neighborhoods, the single-family homes tend to be smaller units, such as two-bedroom, one-bathroom cottages. Homes in the hills are often larger.
- **Most of the housing was built before 1960.** Nearly two thirds of all housing in El Cerrito was built before 1960, including a majority of single-family homes.
- **Greater percentage of renters than the County.** A greater share of households in El Cerrito (40 percent) are renters than in the County as a whole (35 percent).
- **Low vacancies for both renters and ownership properties, reflecting high demand for housing in El Cerrito.** Rental properties in the City had a very low vacancy rate of four percent in mid- 2017, slightly lower than the countywide vacancy rate of 4.4 percent. Ownership properties also had a relatively low vacancy rate (one percent as of 2012, according to the Housing Element).
- **Relatively small multifamily housing stock, concentrated in the PDA and surrounding flatland neighborhoods.** El Cerrito has approximately 2,600 multifamily units. Most of the multifamily housing units (89 percent) are in small buildings with fewer than 50 units. The multifamily properties are largely concentrated in the flatland neighborhoods, and most of the City's larger and newer multifamily buildings are in the PDA.

El Cerrito has 226 units of deed-restricted affordable rental housing, concentrated in the PDA. Figure 2 shows the existing deed-restricted buildings. With the exception of El Cerrito Royale Assisted Living, which is just a few blocks outside of the PDA, all of the existing affordable rental units in El Cerrito are located within the PDA.

Many affordable units constructed with the help of public subsidies or assistance have deed restrictions or covenants that restrict the conversion of affordable units for a specified period of time. Over time, these covenants and deed restrictions expire, allowing property owners to convert these units to market-rate. There are 58 units with deed restrictions that are at risk of expiring within the next few years in El Cerrito, including El Cerrito Royale Assisted Living (31 senior housing units potentially expiring in 2019) and Del Norte Place (27 affordable units potentially expiring in 2020).

Figure 2: Existing and Under Construction Affordable Housing in El Cerrito.

Name	Location	Total Units	Income-Restricted Units	Populations Assisted	Types of Subsidy	Earliest Expiration of Affordability
El Cerrito Royale Assisted Living	6510 Gladys	102	31	Senior	RDA, CDBG, County Tax-Exempt Bonds	2019
Del Norte Place	Del Norte Place	135	27	Family/Seniors	LIHTC, County Tax-Exempt Bonds	2020
Hazel Shirley Manor	11025 San Pablo	63	63	Low and Moderate Senior, Mobility Impaired	HUD 202 and Project Based Section 8	2031
Idaho Apartments	10203 San Pablo	29	28	HIV/AIDs/ Homeless/Mental Illness	RDA, County HOPWA, Richmond, Tax Exempt Bonds, MHP-SH, AHP	2072 (1)
Village at Town Center Apartments	10810 San Pablo	158	24	Low- and Moderate-Income Family	RDA Inclusionary Agreement	2036
Ohlone Gardens	6431 - 6495 Portola Dr	57	56	HIV/AIDs/Mental Health and Very Low Income	RDA, County, AHP, Tax Credits, HOPWA, MHSA	2069 (2)
Creekside Walk (Metro 510)	3080 El Cerrito Plaza North; 3080 El Cerrito Plaza South	128	19	Low- and Moderate-Income Family	RDA Inclusionary Agreement	2072 (2)
Hana Gardens <i>Under Construction</i>	10680 San Pablo Avenue	63	63	Extremely- and Very Low-Income Seniors	RDA, AHSC, IIG, County HOME & CDBG, 4% LIHTC, Tax-Exempt Bonds, County PBV & RAD	2071
Total		735	311			

(1) Subject to refinancing expected to close by the end of 2017.

(2) Approximate dates.

Acronyms and Abbreviations:

HUD 202: U.S. Department of Housing and Urban Development Section 202 Supportive Housing for the Elderly Program

RDA: El Cerrito Redevelopment Agency (now dissolved)

CDBG: Community Development Block Grants

AHP: Affordable Housing Program

HOPWA: Housing Opportunities for Persons with AIDS

MHSA: Mental Health Services Act Housing Program

MHSA-SH: Mental Health Services Act Housing Program Supportive Housing

LIHTC: Low Income Housing Tax Credits

AHSC: Affordable Housing and Sustainable Communities

IIG: Infill Incentive Grant Program

HOME: HOME Investment Partnerships Program

PBV: Project-Based Vouchers

RAD: Rental Assistance Demonstration Program

Source: City of El Cerrito, 2017.

HOUSING AFFORDABILITY

Income Levels and Cost Burden

Approximately 10 percent of El Cerrito residents are extremely low income, earning less than 30 percent of area median income (AMI). Another 11 percent are very low income (30 to 50 percent of AMI), 12 percent are low income (51 to 80 percent of AMI), and 18 percent are moderate income (81 to 120 percent of AMI). El Cerrito's income distribution is similar to that of Contra Costa County as a whole (Figure 3).

The Housing Element notes that many market-rate housing units in El Cerrito are unaffordable to extremely low-, very low-, low- and moderate-income households. As of 2010, more than one-third all El Cerrito households were cost burdened, or spent more than 30 percent of their income for housing, and 17 percent spent more than 50 percent of their income on housing. Renters are more likely to be cost burdened than homeowners (Figure 3).

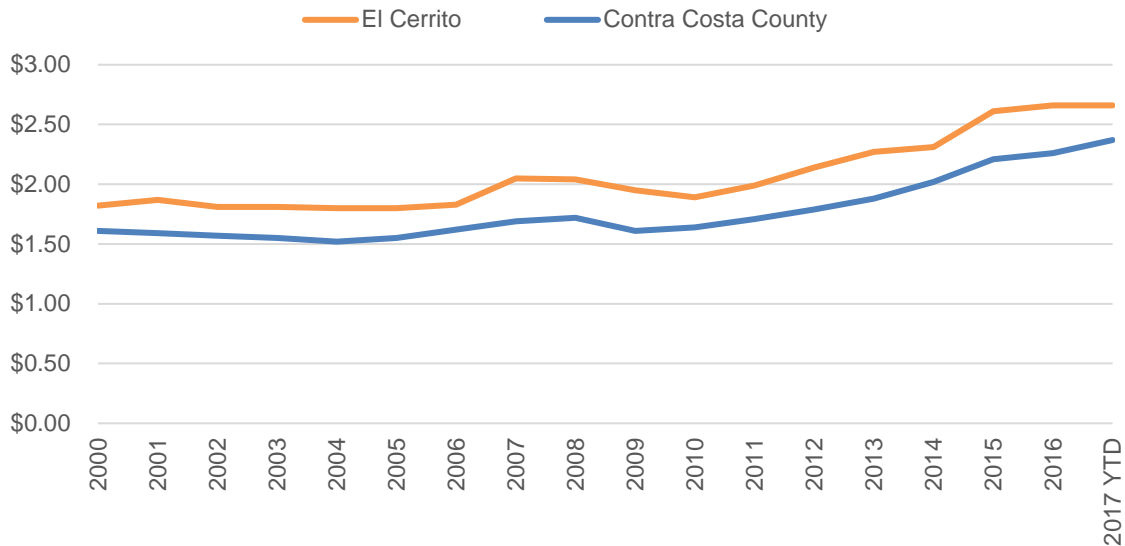
This dynamic is likely to have worsened given recent housing price increases. The average asking rent for an apartment in El Cerrito increased by 39 percent between 2010 and 2017, to an average of \$2,151 in June 2017, although no new units came onto the market during this time period (Figure 4). In comparison, Contra Costa County's average rent has increased slightly more (by 44 percent since 2010), but remains slightly lower at \$1,909 in June 2017.

Figure 3: Household Income Levels and Housing Cost Burden

	El Cerrito		Contra Costa County	
	Households	% of Total	Households	% of Total
Households by Income Category, 2010 (% of AMI)				
Extremely Low Income (<30%)	1,030	10%	41,650	11%
Very Low Income (30-50%)	1,050	11%	37,410	10%
Low Income (51-80%)	1,135	12%	48,360	13%
Moderate Income (81-120%)	1,770	18%	66,452	18%
Above Moderate Income (>120%)	4,880	50%	171,796	47%
Total Households	9,865	100%	365,668	100%
Median Household Income (2015)	\$88,737		\$80,185	
Households Spending 30% or More of Income On Housing (Cost Burdened)				
Renters	1,843	46%	56,013	45%
Owners	1,800	29%	107,673	43%
Total	3,643	36%	163,686	44%
Households Spending 50% or More of Income On Housing (Severely Burdened)				
Renters	1,045	26%	28,575	23%
Owners	705	11%	44,870	18%
Total	1,750	17%	73,445	20%

Source: City of El Cerrito, 2015-2023 Housing Element Update, April 2015; American Community Survey 5-Year Estimates, 2011-2015; Strategic Economics, 2017.

Figure 4: Average Effective Rents for Multifamily Properties: El Cerrito and Contra Costa County, 2010 through June 2017



Sources: CoStar, June 2017; Strategic Economics, 2017.

Regional Housing Needs Allocation

The Association of Bay Area Governments (ABAG) is responsible for allocating the region’s projected new housing demand in each jurisdiction in the Bay Area. This allocation, known as the Regional Housing Needs Allocation (RHNA), represents the number of additional units needed over a defined planning horizon to accommodate anticipated household growth and replace expected demolitions or conversions of housing units to non-housing uses. The RHNA for each city is broken into four income categories: very low, low, moderate, and above moderate. The 2015-2022 RHNA assigned 398 housing units to El Cerrito.

Figures 5 and 6 provide a snapshot of El Cerrito’s RHNA status as of June 30, 2017. Figure 5 illustrates the remaining gap by RHNA category, including only permitted and/or built units. Figure 6 illustrates the gap if currently proposed and/or entitled projects are permitted and built. According to City staff, there are also several projects in the pre-planning pipeline that are not included in Figure 6.

The City of El Cerrito is on track to meet most of its RHNA targets, with 212 units permitted, built, or currently under construction. The remaining unmet need for meeting the City’s RHNA targets totals 122 units, including 87 units affordable to very low, low, and moderate-income households (Figure 5). However, another 57 units have been entitled and 660 more are proposed. If all of these units were built, the City will have far exceeded its above moderate income and total housing allocations. However, there will still be a need for 8 very low-, 10 low-, and 56 moderate-income units (Figure 6).

Figure 5: Regional Housing Needs Allocation for 2015-2022, and Remaining Need as of June 30, 2017

	Very Low (0-50% AMI)	Low (51-80% AMI)	Moderate (81-120% AMI)	Above Moderate (>120% AMI)	Total
2015 - 2022 RHNA (Units)	100	63	69	166	398
Permitted and/or Built Units	62	6	13	131	212
Percent of Need Achieved	62.00%	9.50%	18.80%	78.90%	53.30%
Remaining Need (Units)	38	57	56	35	122

Only permitted, under construction, or built units are counted towards achieved need.
Source: City of El Cerrito, July 2017.

Figure 6: Regional Housing Needs Allocation for 2015-2022, Anticipated Housing Development as of June 30, 2017

	Very Low (0-50% AMI)	Low (51-80% AMI)	Moderate (81-120% AMI)	Above Moderate (>120% AMI)	Total
Housing Development					
Proposed	30	47	0	583	660
Entitled	0	0	0	57	57
Remaining Need if Permitted/Built	8	10	56	-548	-538

Does not include projects in pre-planning phases.
Source: City of El Cerrito, July 2017.

Populations with Special Housing Needs

The Housing Element identifies several potential populations with special housing needs including the elderly, persons with disabilities, homeless, and extremely low-income households. These special needs are summarized below:

- **Elderly.** Compared to the County, a higher percentage of the population in El Cerrito is elderly. Forty-one percent of seniors in El Cerrito were also identified as extremely low and very low income.²
- **Persons with disabilities.** Almost nine percent of the population in El Cerrito has a disability, compared to less than one percent in the County. Eleven percent of persons with disabilities report requiring assistance to live independently. The majority of persons requiring assistance are also seniors (73 percent).³
- **Homeless.** In 2013, El Cerrito was estimated to have about seven percent of the unsheltered homeless persons in western Contra Costa County, according to the Contra Costa Council on Homelessness.⁴ There are no homeless or transitional shelters in El Cerrito to serve this population.

² The City of El Cerrito, “2015-2023 Housing Element,” 2015, Table II-17.

³ The City of El Cerrito, “2015-2023 Housing Element,” 2015, Table II-19.

⁴ Contra Costa County Council on Homelessness, “2013 Point in Time Count”, Contra Costa Health Services, 2013.

- **Extremely low-income households.** Approximately ten percent of total households in the City of El Cerrito were extremely low income in 2011. Many of these households are also senior households.⁵

EXISTING RESOURCES, POLICIES, AND PROGRAMS

This section summarizes the City of El Cerrito’s existing policies, programs and funding available to preserve existing affordable housing, limit displacement of existing residents and assist in the production of new affordable housing.

Until 2012, the El Cerrito funded many of its programs through the Redevelopment Agency’s Low-and Moderate- Income Housing Fund (LMIHF), which received a 20 percent set aside of tax increment earned in the Redevelopment area. This source of funding provided significant loans to both Ohlone Gardens and Hana Gardens, and was also the source utilized to purchase the property where Hana Gardens is being constructed. With the dissolution of all redevelopment agencies in the state in 2012, the City no longer has a source of funding for low- and moderate-income housing.

Policies and Programs

Affordable Housing Bonus Program (State Density Bonus Program). Consistent with the requirements of the State Density Bonus Law, the affordable housing bonus program provides density bonuses to developments that include housing units that serve extremely low-, very low-, and low-income households, as well as seniors, disabled, and other special housing needs. Density bonuses are provided on a sliding scale – units for large families, special needs tenants, and lower income households receive a greater density bonus. The maximum bonus is 35 percent of the maximum allowable as-of-right residential density. The density bonus may also include increased building heights, reduced setbacks and parking requirements, and other incentives. Units built under the affordable housing bonus program are required to maintain affordability for 55 years. The requirements vary by location within the City. Specifically, within the San Pablo Avenue Specific Plan Area there are no maximum residential densities, so the Affordable Housing Bonus Program allows an increase in building height or other concessions, rather than increased density.

San Pablo Avenue Specific Plan-Tier IV Design Review Process and Zoning Ordinance Incentives Program. The recently adopted San Pablo Specific Plan adopts a form-based code for the parcels within the Plan Area. The form-based code, which is intended to facilitate increased intensity of residential development in proximity to transit, operates under four administrative tiers for project review. Tier IV Site Plan and Design Review Process offers more flexible development standards for proposed projects that do not meet the requirements of as-of-right development, but that are in line with the intent of the Specific Plan or provide public benefit.

Outside the San Pablo Specific Plan Area, developers may apply for flexible development standards under the Incentives Program, as outlined in the Zoning Ordinance. Projects within the Incentives Program and Tier IV must undergo greater project review (e.g., Planning Commission review within the Specific Plan area) than other, as-of-right projects.

⁵ The City of El Cerrito, “2015-2023 Housing Element,” 2015, Table II-25.

Accessory Dwelling Units(ADUs). Consistent with State law, the City of El Cerrito recently enacted new development standards for ADUs that make it easier for single-family homeowners to construct a second unit on their properties. Among other changes, the new ordinance increased the maximum floor area for ADUs and exempted homeowners from providing parking for ADUs.⁶

Provision of funding for affordable housing development. Historically, the City has provided limited grant or loan funds, and in some cases, city-owned lands for affordable housing development. Local funding is important for leveraging other federal and state resources. However, since the dissolution of the Redevelopment Agency in 2012, the City does not currently have a dedicated or ongoing funding source nor any additional land resources at this time.

Participating in County housing programs. Because El Cerrito is a relatively small city with limited resources, the City does not receive direct allocations of federal funding for housing and many housing programs are operated in collaboration with Contra Costa County.⁷ The County operates renter and homeowner assistance programs and conducts countywide planning efforts, such as regular Five-Year Consolidated Plans, the Community Development Block Group Consortium, and the County’s Task Force on Homelessness annual survey. More information on funding programs that are available through the County is provided below in the Funding Resources section.

In addition to the existing policies detailed above, the City’s Housing Element has identified several new potential programs and policies for implementation, including:

- **Good Cause for Eviction Ordinance.** Vet and adopt a Good Cause for Eviction Ordinance that would limit landlords’ ability to evict tenants without cause.
- **Inclusionary Zoning Ordinance.** Study the feasibility of an inclusionary zoning ordinance. The inclusionary program will define terms under which new development will be required to provide a percentage of affordable housing, or pay an in-lieu fee.
- **Create a local or regional affordable housing financing source.** Create a local financing source for affordable housing. While the exact financing source has not been settled, through this AH Strategy the City is considering impact fees, a tax on business licenses for multifamily rental properties, and other revenue generating instruments such as supporting a countywide bond program.
- **Seismic Retrofit Program.** Consider additional incentive programs and requirements to encourage the retrofit of seismically unsafe buildings. Potential programs include funding or programs to reduce financial impacts to low- and moderate- income residents. State or federal grants may be available to assist with seismic retrofits.

Chapter III of this document provides an analysis of these and other potential strategies, and specific recommendations for implementation.

⁶ El Cerrito Municipal Code, Section 19.20.190.

⁷ Cities may receive CDBG and HOME funding allocations directly if they meet certain size thresholds. For CDBG, the minimum population threshold is 50,000. For HOME, cities may qualify for direct funding if they receive a minimum allocation of at least \$500,000 under the formula used to allocate the funding (or at least \$335,000 in years with Congress appropriates less than \$1.5 billion for the program).

Funding Resources

The following summarizes the types of funding resources that are available at the state, federal, and local level for affordable housing.

- **Federal funding.** The Low Income Housing Tax Credits program (LIHTC) is the most important federal funding source for affordable rental housing. Other important federal sources are the Section 8 Project-Based Housing Choice Vouchers, which are administered by Contra Costa County Housing Authority; and Affordable Housing Program (AHP) grants, awarded competitively by the Federal Home Loan Bank of San Francisco to lenders working with affordable housing developers. The HOME Investments Partnership Program (HOME) and Community Development Block Grants (CDBG) are smaller federal programs administered and allocated by Contra Costa County to fund affordable housing and community development. In general, federal funding is only available for extremely low-, very low-, and low-income housing. However, allocations for affordable housing at the federal level have been in decline for many years. HOME and CDBG funding across California decreased by 50-60 percent between 2003 and 2015.⁸ Furthermore, potential changes to federal policies under the new presidential administration, such as changes to tax codes or other budget cuts, could have tremendous implications for LIHTC and other federal programs. In this constrained environment, projects may be more competitive for federal funding if they meet certain criteria (for example, being located near transit, targeting extremely- or very low-income households, and leveraging local funding and/or other funding sources)
- **State funding.** California's most substantial funding source for affordable housing is currently the Affordable Housing and Sustainable Communities grant program (AHSC), which provides grants for affordable housing projects that reduce greenhouse gas emissions. The amount of funding available through AHSC fluctuates based on the state's "cap and trade" revenues. In the 2015/2016 fiscal year, the amount of total AHSC funds available totaled \$289 million statewide. About one in three applications received funding. The Hana Gardens Senior Housing Mixed-use Apartments, located in the PDA, received over \$5 million in funding from the AHSC program.⁹ In addition to AHSC, the state also offers subsidies for the development of permanent supportive housing to serve persons with serious mental illness and their families who are homeless or at risk of homelessness, through the Mental Health Services Act (MHSA) and No Place Like Home (NLPH) programs. As discussed below, these programs are administered in part through the County.
- **County funding.** In addition to administering HOME and CDBG funding, Contra Costa County assists affordable housing development by issuing tax-exempt revenue bonds to finance development projects. The County also represents all Contra Costa jurisdictions for purposes of administering the federal Housing Opportunities for Persons with AIDS (HOPWA) and state Mental Health Services Act (MHSA) programs, which provide housing assistance and services to people with special needs. Several affordable housing projects in El Cerrito have received funding through these programs, including Ohlone Gardens and Idaho Apartments (see Figure 2, above). Finally, the Contra Costa Housing Authority administers the Section 8 voucher program.

⁸ California Department of Housing and Community Development, "California's Housing Future: Challenges and Opportunities. Statewide Housing Assessment 2025."

⁹ California Tax Credit Allocation Committee, Project Staff Report for Hana Gardens (Revised), Tax-Exempt Bond Project, July 20, 2016, <http://www.treasurer.ca.gov/ctcac/meeting/staff/2016/20160720/4/890.pdf>.

- **Local funding.** As discussed above, with the dissolution of the Redevelopment Agency, the City no longer has a source of funding for low- and moderate-income housing.¹⁰ The City has identified the need to raise additional local revenues for affordable housing as a priority in the Housing Element.

CONCLUSION: FOUR POLICY PILLARS

Based on the existing needs and resources described above, as well as input from members of the community and Technical Advisory Group, the City has identified four pillars to guide the AH Strategy:

- A. **Leverage private development to address affordable housing needs.** As of June 30, 2017, El Cerrito has approximately 640 market-rate housing units that have been proposed or approved. The pipeline also includes 77 proposed affordable units, generated in part through the City’s Tier IV Design Review Process and the State Density Bonus.¹¹ However, at this time, none of the new market-rate residential projects are subject to an inclusionary zoning requirement or to an affordable housing impact fee. Given that the City has limited resources to create affordable housing, the City may wish to consider establishing policies that require market-rate housing developments to contribute funding for affordable housing development, or to provide affordable housing units as part of the development. There may also be opportunities to adjust the San Pablo Avenue Specific Plan’s Incentive Program to further catalyze new development and deliver additional affordable housing units.
- B. **Reduce the risk of displacement and stabilize at-risk populations.** Rental rates and housing prices in El Cerrito and the overall East Bay region have increased rapidly in recent years. As the housing market strengthens in El Cerrito, there is concern that tenants may be priced out and may be at risk of displacement. To reduce the risk of displacement and homelessness, the City could consider a wide range of strategies, including partnering with local affordable housing developers to preserve existing deed-restricted units, implementing policies to preserve low-cost housing units on the private market, implementing restrictions on short-term rentals, and exploring the potential for additional tenant protection policies such as rent stabilization, mediation, and/or eviction protections.
- C. **Encourage development of “missing middle” housing types.** “Missing middle” housing products (e.g., multi-unit or clustered housing types that are compatible in scale with single-family neighborhoods, such as accessory dwelling units (ADU), duplexes, small multiplexes, townhouses, and courtyard apartments), can be less expensive to build than higher density housing, and may serve low- and middle-income households. The City could undertake actions, including examining and updating the General Plan, to encourage more construction of ADUs and other “missing middle” housing types.

¹⁰ In 2014, a new Housing Trust Fund was created to appropriate the State of California Proposition 1C Housing Infill Grants, but the City does not expect to receive additional Proposition 1C Infill Grants. At the same time, the Successor Agency through the ROPS process is repaying the funds borrowed from the former Redevelopment Agency’s Low Income Housing Fund to make SERAF/ERAF payments. The current fund balance is \$119,000 and the remaining SERAF/ERAF payments owed is \$667,455.

¹¹ See Figure 18 in Appendix A for more information on the individual projects. Note that the Mayfair project, which includes 67 affordable units and is included in this figure, will be built on property formerly owned by the El Cerrito Redevelopment Agency, which selected the developer through an RFQ/RFP process that encouraged the inclusion of affordable units. The Mayfair project also takes advantage of the Tier IV program, and will rely on the non-RDA funding sources described above to help build the affordable units.

- D. **Increase local funding to continue support of affordable and special needs housing development.** The amount of funding that is available to the City of El Cerrito for affordable housing is limited, especially with the dissolution of redevelopment agencies. The implementation of many of the programs and policies discussed in this AH Strategy will require raising additional revenues. Potential sources include a (countywide) bond measure or new fees on developers or property owners. Additional funding will allow the City to continue playing a role in facilitating the development of low income and special needs housing, working closely with Contra Costa County, affordable housing developers and other stakeholders.

The following chapter describes the specific strategies and action items under each of the four pillars.

III. STRATEGIES AND IMPLEMENTATION ACTIONS

As discussed in Chapter II, the technical analysis and community engagement process identified in four policy pillars to guide the Affordable Housing Strategy. These pillars include:

- A. Leverage private development to address affordable housing needs.
- B. Reduce the risk of displacement and help stabilize at-risk populations.
- C. Encourage development of “missing middle” housing types.
- D. Increase local funding to continue support of affordable and special needs housing development.

This chapter provides eighteen specific strategies for addressing the pillars (summarized in Figure 7). Under each strategy, key considerations and specific implementation actions are discussed. Where applicable, the discussion includes an analysis of potential policy alternatives, the likely impact of different policies (e.g., number of units produced), and/or examples from peer cities.

Chapter IV provides a more detailed implementation plan, including partners, timeframes, and staff and financial required for each implementation action.

Figure 7: Affordable Housing Policy Pillars and Strategies

Policy Pillars	Strategies
A. Leverage Private Development to Address Affordable Housing Needs	<ol style="list-style-type: none"> 1. Establish a new inclusionary zoning policy and/or enact new housing impact fees for affordable housing. 2. Monitor the effectiveness of the City's existing incentive programs in delivering affordable housing units.
B. Reduce the Risk of Displacement and Help Stabilize At-Risk Populations	<ol style="list-style-type: none"> 3. Partner with local affordable housing developers and property owners/managers to preserve existing deed-restricted units. 4. Implement policies to preserve the low-cost housing stock. 5. Consider implementing new short-term rental restrictions. 6. Explore potential tenant protection policies. 7. Consider strategies to encourage landlords to rent to Section 8 voucher holders. 8. Partner with Contra Costa County Homelessness Services.
C. Encourage Development of "Missing Middle" Housing Types	<ol style="list-style-type: none"> 9. Encourage the development of accessory dwelling units. 10. Review the General Plan to identify and remove barriers to missing middle housing types. 11. Partner with private groups interested in creating co-housing communities.
D. Increase Local Funding to Continue Support of Low Income and Special Needs Housing Development	<ol style="list-style-type: none"> 12. Work with BART to develop affordable and mixed-income housing projects on BART property. 13. Coordinate transportation projects with affordable housing proposals to attract state funding through the AHSC program. 14. Provide land use incentives to developers that build a higher share of accessible units than required by law. 15. Explore new local taxes or fees to fund affordable housing in El Cerrito. 16. Work with other jurisdictions in Contra Costa County to place a countywide affordable housing bond on the ballot. 17. Monitor proposed state legislation that would create new funding sources for affordable housing. 18. Defer or waive City fees on affordable housing development.

PILLAR A: LEVERAGE PRIVATE DEVELOPMENT TO ADDRESS AFFORDABLE HOUSING NEEDS

As discussed in Appendix A of this report, the housing market in El Cerrito and the greater East Bay region is booming. As of June 30, 2017, El Cerrito has 1,100 units that have been recently built, are under construction, or are in planning stages. Much of this recent activity is due to the success of the San Pablo Avenue Specific Plan and EIR, which have provided developers with clear, achievable guidelines for new development. Two proposed projects are would utilize the State Density Bonus program, and one (the Mayfair project) is proposed on a former Redevelopment property that, in response to the City's RFQ/RFP, is including 30 percent affordable housing. However, there may be additional opportunities for El Cerrito to leverage private development activity to help address affordable housing needs. When El Cerrito had a Redevelopment Agency, market-rate projects in the Redevelopment area were required to provide a certain percentage of units at affordable rents or housing prices; however, those requirements are no longer in place. According to the 2015-2016 Contra Costa County Grand Jury report, 70 percent of cities in Contra Costa County have adopted inclusionary zoning policies; 45 percent have enacted affordable housing impact fees on new development.

Strategies for leveraging the private market to contribute towards affordable housing include:

1. Establish a new inclusionary zoning policy and/or enact new housing impact fees for affordable housing.
2. Monitor the effectiveness of the City's existing incentive programs in delivering affordable housing units.

Each of these strategies is discussed below, including specific recommendations for implementation.

STRATEGY 1

Establish a New Inclusionary Zoning Policy and/or Enact New Housing Impact Fees for Affordable Housing

Inclusionary zoning policies require that market-rate housing developers provide a certain percentage of units at prices or rents that are affordable to lower income households.¹² Many inclusionary zoning ordinances provide alternative means of compliance with the requirement. Depending on the community, these alternatives could include allowing developers to pay in-lieu fees, constructing affordable units off-site, or dedicating land for affordable housing.

State legislation (the Costa Hawkins Rental Housing Act, discussed in more detail below under Strategy 6) restricts the ability of cities to implement inclusionary housing requirements for new rental developments. As discussed below, legal limitations, combined with the dissolution of local redevelopment agencies, have led many local jurisdictions to implement affordable housing impact fees rather than, or in addition to, inclusionary zoning and in-lieu fee programs (which can apply only to for-sale units). Affordable housing impact fees can be imposed on residential and non-residential development. In support of a new impact fee, cities must prepare a study that establishes a reasonable relationship between the fee and the impact of new

¹² 2015-2106 Contra Costa County Grand Jury, Report 1614 *Where Will We Live? The Affordable Housing Waiting List is Closed*. June 2016. Page 2.

development on the need for affordable housing, and calculates the amount of the fee appropriate relative to the impacts identified.

Inclusionary zoning and affordable housing impact fees are tools that are often used in conjunction to meet affordable housing goals. For example, some cities impose inclusionary requirements on ownership housing, and charge affordable housing impact fees on rental housing. Often, cities adopt affordable housing impact fees, but allow for developers to construct inclusionary units on-site as an alternative to paying the fees.

Considerations for Implementation

Based on the experience of other cities, some issues that the City of El Cerrito would need to consider in developing inclusionary housing or affordable housing impact fee policies include the following:

- **Will implementing these policies hinder new development?** Construction costs in the Bay Area are extremely high and continue to rise. Inclusionary housing requirements and affordable housing impact fees would raise development costs for market-rate housing projects. If rents in El Cerrito flatten while construction costs and land costs continue to rise, it may become challenging for private developers to continue building market-rate housing in El Cerrito. To continue attracting new development, inclusionary housing requirements and fees must be established at a rate that is financially feasible. Many cities conduct financial feasibility studies to ensure that the fees and requirements do not significantly constrain new development. Any feasibility study should consider the potential impact of new affordable housing fees in light of the City's other existing and proposed fees (e.g., transportation and sanitary sewer fees). Some cities also phase in inclusionary requirements or new fees gradually over time, giving the market more time to adjust to the new policies.
- **How many affordable units could be generated from these policies?** Figure 8 estimates the number of affordable housing units that could be funded if the City enacted affordable housing impact fees that applied to the 583 market-rate units that are currently proposed.¹³ Figure 8 shows three hypothetical fee levels: \$5,000 per unit, \$10,000 per unit, or \$15,000 per unit. These hypothetical fee levels are relatively conservative; a survey of existing affordable housing impact fees in the Bay Area revealed that the average housing impact fee amount is \$19,500 per unit. Typically, every \$1 in local affordable housing impact fee revenues would leverage an additional \$3 from state and federal funding sources. The average subsidy required to build a very low- or low-income housing unit in Contra Costa County is just over \$400,000.¹⁴ Based on these assumptions, it is estimated that new affordable housing impact fee revenues (combined with other funding sources) could fund between 29 and 87 very low- or low-income units in El Cerrito, depending on the fee level.

As discussed above, an impact fee could apply to rental and ownership housing, but allow for developers to construct inclusionary units on-site as an alternative to paying the fee. Some cities charge affordable housing impact fees on rental housing only (with or without the option to provide units on-site as an alternative to paying the fee), and impose inclusionary requirements on

¹³ Note that the calculation assumes that approved projects would not be subject to the new policies, and does not include units in the pre-planning phase. According to City staff, additional development proposals are expected to be submitted in the coming months. The current pipeline number is used for illustrative purposes, to demonstrate the potential impacts of the requirement.

¹⁴ Strategic Economics and Novin Development Corp., Funding Affordable Housing Near Transit in the Bay Area, prepared for the Great Communities Collaborative, May 2017, <http://www.greatcommunities.org/archives/1434>.

ownership housing. The number of units that could be produced on-site under these types of policies would depend on how the program is structured.

Figure 8: Estimate of Affordable Units from Affordable Housing Impact Fees

	Affordable Housing Impact Fee Level (Per Market-Rate Unit)		
	\$5,000	\$10,000	\$15,000
Revenues from Affordable Housing Impact Fees (1)	\$2,915,000	\$5,830,000	\$8,745,000
Additional Funding Leveraged (2)	\$8,745,000	\$17,490,000	\$26,235,000
Number of Low- and Very Low-Income Units Funded (3)	29	58	87

(1) Assumes that 583 proposed units would be subject to an affordable housing impact fee.

(2) Typically, \$1 in local impact fee revenues would leverage additional \$3 from state and federal sources.

(3) Low- and very low-income housing require a subsidy of approximately \$400,000 per unit to build in Contra Costa County.

Sources: Survey of affordable housing pro forma data in Contra Costa County; Strategic Economics, 2017.

- What income levels would be served?** Revenue from impact fees is typically used to augment existing affordable housing funds, which are generally only available for extremely low-, very low-, and low-income housing. As a result, new housing built with funds from an impact fee program is likely to serve these income groups.¹⁵ On the other hand, a program that offered developers the option of providing units on-site as an alternative to paying the fee (or an inclusionary zoning program that applied to ownership units) could result in moderate income units, depending on how the program was structured.
- What would the City’s role be in administering these programs?** Any affordable rental housing units produced through the inclusionary housing or affordable housing impact fees would be managed by the property owners. For-sale units produced through these policies would be subject to deed restrictions that limit the resale price, in order to maintain the affordability of the units over the long term. The City’s role would be to monitor and enforce the terms of resale, to ensure that the units remain income-restricted. It may be possible for the City to partner with a nonprofits agency to conduct the monitoring and enforcement activities.
- Can El Cerrito residents receive preference for inclusionary units?** Some inclusionary housing programs (most notably San Francisco’s) establish a “preference” for local residents and employees. However, because El Cerrito is a small city and has a different demographic composition from other neighboring jurisdictions, it would be challenging to implement a local preference program that also complies with Fair Housing laws.¹⁶ There may be opportunities to encourage local employers to develop low-income or moderate-income housing intended to serve their employees, in partnership with non-profit or for-profit affordable housing developers. However, this is a new and untested concept that presents potential legal issues that have not been addressed by the courts. It is therefore uncertain whether this concept is viable within the timeframe of this strategy document.

¹⁵ Note that revenues from an impact fee need to be spent in a manner that is consistent with the City’s nexus study.

¹⁶ Other cities (e.g., Oakland) have found that in order to comply with Fair Housing Laws, local preference programs must not create a disparate impact by either creating segregated communities or disadvantaging a racial and ethnic group.

Implementation Actions

- 1-1. Conduct a nexus study and financial feasibility analysis to establish potential affordable housing impact fees on new residential development.** The City should move forward with the steps necessary to implement affordable housing impact fees. The financial feasibility analysis should consider how different fee levels would affect the viability of new development, and potentially recommend a strategy for phasing the fee in over time.
- 1-2. Consider implementing an inclusionary housing policy on ownership housing.** Establishment of an inclusionary requirement would need to be coordinated with the nexus study and feasibility analysis of the affordable new housing impact fee, to ensure that the two options are clear to the development community and do not significantly hinder new development. The percentage requirement should be set based on the findings of the financial feasibility analysis.
- 1-3. Consider requiring that affordable units provided on-site through the affordable housing density bonus program, an inclusionary housing policy, and other policies be made affordable in perpetuity.** Currently, units built under the affordable housing bonus program are required to maintain affordability for 55 years.
- 1-4. Identify potential nonprofits that could assist the City to ensure the long-term affordability of rental and ownership inclusionary units.** The City may be able to partner with local nonprofits to conduct the monitoring and enforcement functions that are necessary to maintain the affordability of the units.
- 1-5. Explore partnership opportunities for workforce housing initiatives with major employers.** The City should discuss potential opportunities to support workforce housing initiatives with major employers.

STRATEGY 2

Monitor the Effectiveness of the City's Existing Incentive Programs in Delivering Affordable Housing Units

The San Pablo Avenue Specific Plan provided more flexible land use regulations, including allowing increased heights and reduced parking, with the intention of catalyzing new market-rate and affordable housing development. Partly because of the Specific Plan, there are many new housing development projects in the pipeline. In addition to creating more flexibility for development, the Plan also included incentives for the delivery of affordable housing. The Tier IV Site Plan and Development Review process in the San Pablo Avenue Specific Plan (and the City's Incentive Zoning program outside the Specific Plan area) provide incentives for developers to include affordable housing and/or a variety of other community benefits (e.g., parks, bike and pedestrian improvements) in their projects.

The effectiveness of these types of incentives depend on many factors, including the market conditions, construction costs of different building types, and the availability of other incentives. Unless affordable housing units are required, developers may choose to provide other, lower-cost community benefits rather than affordable housing units. Furthermore, California has a State Density Bonus Law that requires local governments to offer increased densities and reduced parking requirements in return for providing affordable housing as part of a development project. Recently, two new development projects have considered using the State Density Bonus in El Cerrito.

As new development projects are proposed in the City, El Cerrito will need to evaluate whether its incentive programs are resulting in the provision of affordable housing and how are they interacting with the State Density Bonus Law.

Implementation Actions

- 2-1. Continue to monitor the San Pablo Avenue Specific Plan and the City’s other incentive programs for their effectiveness in providing affordable housing units.** Over time, the City should continue to monitor the ability of new development projects to take advantage of the land use incentives in the San Pablo Avenue Specific Plan. The City should also track the number of units produced under the City’s Tier IV program, the Incentive Zoning Program, and the State Density Program. These programs may need to be modified over time to help maximize the development of affordable housing.

PILLAR B: REDUCE THE RISK OF DISPLACEMENT AND HELP STABILIZE AT-RISK POPULATIONS

As discussed above in Chapter II, El Cerrito has 226 deed-restricted affordable housing units and an additional 164 deed-restricted units are under construction or proposed, making the City one of the few in the region to approach its Regional Housing Needs Allocation targets. However, the majority of El Cerrito’s 3,200 households who earn less than 80 percent of area median income rely on the private market for housing, and may be at risk of displacement. Market-rate rents in El Cerrito, as in the rest of the Bay Area, can be unaffordable even for moderate income households. The 2015-16 Contra Costa County Grand Jury Report noted that a worker needed to earn an average of 3.5 times the minimum wage (about \$34 an hour, or more than \$70,000 a year) to afford the average rent in Contra Costa County in 2015.

Housing stability is an important consideration for the community as well as for individual households. As the Grand Jury Report noted, “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.”

Strategies for reducing the risk of displacement and homelessness include:

3. Partner with local affordable housing developers and property owners/managers to preserve existing deed-restricted units.
4. Implement policies to preserve the low-cost housing stock.
5. Consider implementing new short-term rental restrictions.
6. Explore potential tenant protection policies.
7. Consider strategies to encourage landlords to rent to Section 8 voucher holders.
8. Partner with Contra Costa County to strengthen its homeless outreach and services programs in El Cerrito.

Each of these strategies is discussed below, including specific recommendations for implementation.

STRATEGY 3

Partner with Local Affordable Housing Developers and Property Owners/Managers to Preserve Existing Deed-Restricted Housing

The City's existing deed-restricted units are a critical community asset. Two affordable housing developments – El Cerrito Royale Assisted Living and Del Norte Place – have deed restrictions that are set to expire by 2020. Replacement financing may need to be secured to ensure the long-term affordability of these units.

Implementation Action

- 3-1. Continue monitoring assisted units and partner with local affordable housing providers to maintain the affordability of expiring units.** The City should continue its efforts to track and monitor the number, location, owner, and expiration date of deed-restricted affordable units. As units approach their expiration date, the City may be able to partner with local affordable housing developers to obtain federal and state financing to maintain affordability. The City could also prioritize at-risk units to receive local funding, as new sources of funding are developed (see discussion of new sources under Pillar D)

STRATEGY 4

Implement Policies to Preserve Low-Cost Housing Stock

While maintaining the affordability of the City's existing deed-restricted units is the highest priority, the City's relatively low-cost, privately owned housing stock (sometimes referred to as "naturally occurring affordable housing" or NOAH) serves many low- and moderate-income residents. Some of the issues related to the preservation of the City's low-cost housing stock include:

- **Need for seismic upgrade of soft-story buildings.** Soft-story residential buildings are multi-story buildings constructed prior to modern building codes that have open parking or commercial space on the ground floor. These structures are particularly prone to collapse in a major earthquake. El Cerrito does not currently have any requirements or provide incentives for property owners to mitigate the risk posed by soft-story buildings. Other cities such as San Francisco, Berkeley, Alameda, and Fremont have passed ordinances requiring owners of soft-story buildings to retrofit their properties, while cities such as Richmond and Concord are preparing inventories of soft-story buildings. Since retrofitting apartment buildings can be expensive, some cities have successfully secured grant funding to provide financial assistance. For example, Oakland recently received several million dollars in FEMA funding for this purpose. Berkeley offers a rebate of a portion of the City's property transfer tax, waiver of permit fees, and PACE financing for various types of seismic improvements. El Cerrito currently provides a PACE financing program, but has not specifically promoted it for this purpose.
- **Potential for demolition and displacement related to future development projects.** The San Pablo Avenue Specific Plan Area includes some areas with older, existing multifamily development that is lower density than what is now allowed under the Plan. Over time, the higher densities allowed in the Plan may create pressure to redevelop existing housing sites, potentially resulting in displacement of existing residents and the replacement of older, more affordable housing with new, higher priced units. This type of redevelopment has the potential to increase the total number of housing units in the City and reduce the number of soft-story buildings, but there may be a need to establish policies to mitigate the impacts on existing residents.

- **Preservation of affordability.** Cities, regional agencies, foundations, and non-profit housing developers are also increasingly evaluating opportunities to preserve the long-term affordability of the low-cost housing stock, either by purchasing and holding the properties, or by providing financial incentives for existing property owners to deed-restrict some or all of the units. These strategies can be resource intensive and challenging to implement, and most programs to date have been implemented in larger cities (such as San Francisco, Oakland, and Los Angeles). However, the Metropolitan Transportation Commission (MTC) is in the process of establishing a Naturally-Occurring Affordable Housing (NOAH) pilot revolving loan fund that may be available to a broader range of jurisdictions.

Implementation Actions

- 4-1. Explore possible funding sources or programs to minimize the financial impact of retrofits on low- and moderate-income residents.** For example, FEMA, CDBG, and other sources of funding may be available. Some potential future sources of local funding for affordable housing discussed under Pillar 4 (such as a property transfer tax or countywide General Obligation bond measure) could also fund these activities.
- 4-2. Consider enacting an ordinance to regulate the demolition of existing housing units, including requiring tenant relocation assistance.** Tenant relocation assistance programs are discussed in more detail under Strategy 6 below. In addition to requiring landlords to provide relocation assistance, the ordinance could spell out criteria for when residential demolition projects will be permitted (for example, in certain locations within the City, or for projects that result in an overall increase in the number of housing units).
- 4-3. Monitor the Metropolitan Transportation Commission’s NOAH pilot program.** The City should monitor this and other funding opportunities for preserving the long-term affordability of the existing low-cost housing stock.

STRATEGY 5

Consider Implementing New Short-Term Rental Restrictions

Short-term rental platforms like Airbnb and VRBO allow property owners to rent out rooms or entire units on a short-term basis. These services have expanded significantly throughout the Bay Area in recent years, raising concerns that property owners are removing units from the long-term rental market because short-term rentals are more lucrative. On the other hand, the ability to rent out rooms can help provide homeowners with an important source of income.

El Cerrito currently only permits short-term rentals at bed and breakfasts. However, the City does not currently track or short-term rentals and enforcement of the existing regulations is limited. While there is no comprehensive list of cities in California that have implemented regulations dealing with this issue, they appear to include larger cities (e.g., San Francisco, San Jose, Oakland, and Los Angeles) as well as smaller cities that attract significant visitation (e.g., Berkeley, Santa Monica, San Luis Obispo, Healdsburg). Depending on the city, some of the types of regulations that have been enacted include:

- Business licensing requirements for landlords listing their properties as short-term rentals.
- Minimum rental periods (e.g., one week or one month).
- Maximum rental periods (e.g., maximum number of days per year).
- Transient-occupancy taxes (TOT) imposed on rentals of 30 days or less.

- Zoning ordinances limiting short-term rentals to certain locations within a city, limiting the number of short-term rentals within a certain area or distance, or imposing a maximum number of guests or vacation rental days.¹⁷

Many cities have found tracking and regulating short-term rental units to be challenging without cooperation from the on-line listing services. The California legislature has also considered, but does not appear to be on track to pass, statewide regulations.¹⁸

Implementation Actions

- 5-1. **Update the short-term rental ordinance.** To inform the update, the City could track El Cerrito listings on these sites over a period of several weeks or months. This would allow the City to estimate how many listings of different types (rooms v. full units; apartments v. single-family homes) are being offered and in what areas of El Cerrito, to better target new policies.

STRATEGY 6

Explore Potential Tenant Protection Policies

As the rents increase in El Cerrito, there is concern that tenants may be priced out and at risk of displacement. The following paragraphs describe existing tenant protections and limitations imposed by state and local law, the range of tenant protection measures available to cities in California, the Bay Area cities that have tenant protection measures in place, and considerations for potential implementation in El Cerrito.

Tenant Protections under State and Local Law

State law requires that landlords must give tenants 30 to 60 days advance written notice of rent increases and evictions.¹⁹ State law also imposes limitations on cities' ability to impose rent stabilization and eviction protections. In particular:

- The **Costa-Hawkins Rental Housing Act** (passed by the state legislature in 1995) places limits on local jurisdictions' ability to impose rent stabilization ordinances. Under Costa-Hawkins, rent stabilization measures may not apply to single-family homes, condominiums, or any property built after February 1, 1995. For properties built before February 1, 1995, local jurisdictions may not

¹⁷ Jamie Sternberg and Taylor Baumann, "A Landlord's Guide to Vacation Rentals in California," July 2016, <http://www.kts-law.com/a-landlords-guide-to-vacation-rentals-in-california-2/>; Airbnb, "Responsible Hosting in the United States," <https://www.airbnb.com/help/article/1376/responsible-hosting-in-the-united-states>, accessed June 2017.

¹⁸ Liam Dillon, "California lawmakers can't figure out what to do with Airbnb. Here's why," Los Angeles Times, February 3, 2017, <http://www.latimes.com/politics/la-pol-sac-airbnb-laws-california-legislature-20170203-story.html>.

¹⁹ For rent increases, a landlord must provide at least 30 days' advance notice if the rent increase is 10 percent (or less) of the rent charged, and at least 60 days' advance notice if the rent increase is greater than 10 percent. For evictions, a landlord must give 30 days advance written notice if any of the tenants have lived in the rental unit for less than one year, or if the landlord is selling the units to a person who intends to occupy it for at least a year after the tenancy ends. A landlord must give a tenant 60 days advance written notice that the tenancy will end if all of the residents have lived in the rental unit for a year or more. However, a landlord can terminate a tenancy by giving the tenant only three days' advance written notice if the tenant has failed to pay the rent, violated any provision of the lease, damaged the property, interfered with other tenants, used the property for an unlawful purpose, or committed other violations defined by state law.

regulate the initial rent after a property becomes vacant. In other words, when a property becomes vacant, the property owner can set the rent without regulatory restrictions (a policy known as vacancy decontrol).

- The **Ellis Act** (originally passed by the state legislature in 1985) allows for landlords to stop renting their apartments for residential use and evict existing tenants. To utilize the Ellis Act, a property owner must withdraw all units in a building from the rental market. The Ellis Act supersedes local eviction controls. However, local jurisdictions may choose to impose additional requirements on property owners that utilize the Act to withdraw units from the rental market.²⁰

The City of El Cerrito has a condominium conversion ordinance in place that establishes criteria for the conversion of existing multiple family rental housing to condominiums, and requires that landlords provide notice, moving expenses (two times the monthly rent), and first right to purchase to tenants who would be displaced by a condo conversion.

Types of Additional Tenant Protection Measures

Figure 9 shows the range of tools that are available to cities in California to protect existing tenants and describes the limitations and considerations for implementation associated with each. Cities can address the pace of rent increases by implementing either a **rent stabilization program** that regulates the amount that landlords' can increase a tenant's rent each year, or by offering or requiring a **mediation** process before a landlord can increase a tenants' rent above a certain threshold. Mediation can take two forms:

- In a **non-binding mediation program**, the landlord is not obligated to reach an agreement with the tenant or follow the recommendations made by the mediator
- In a **binding mediation program**, if the tenant and landlord cannot come to an agreement during the mediation process, then the case would go before an arbitrator or hearing officer who would hear the case and make a legally binding decision.

Another common types of protection is a **Just Cause Eviction Protection** policy, which limits evictions to certain "just causes," (e.g., failure to pay rent, damaging the property, violating the rental agreement terms, illegal activity, etc.) and requires notice, documentation and justification for evictions. Just cause policies are often combined with additional measures to protect tenants from landlord harassment (**harassment protections**), and/or mandate **relocation assistance** for "no fault" evictions.

Bay Area Cities with Tenant Protection Programs

Figure 10 shows cities in the Bay Area that have tenant/landlord mediation and rent stabilization programs in place. For each city, the table shows the year and method of enactment, population, number of units eligible for the program, eligibility criteria, the threshold for mediation or annual allowable rent increase,

²⁰ Specifically, local jurisdictions may choose to impose the following additional requirements on landlords that utilize the Act to withdraw units from the rental market: a 120-day noticing requirement, with additional time for elderly and disabled tenants; reasonable relocation assistance for displaced tenants; and controls on the re-rental of units, consistent with a jurisdictions' rent stabilization ordinance. Jurisdictions may require that no unit in the building be re-rented for two years following the withdrawal of units from the rental market; that units that are re-rented within two to five years of withdrawal be re-rented at a level consistent with the rent stabilization ordinance; and that units that are re-rented within ten years of withdrawal be offered first to the tenant who was evicted. If the original units are demolished, the jurisdiction may require that new units built on the same property within five years of withdrawal be subject to rent stabilization.

the annual program budget and staff resources required, and the fee charged per unit to landlords to cover the costs of program administration.²¹

Cities with programs in place include the City of San Francisco and a variety of small to medium-sized jurisdictions in Alameda, San Mateo, and Santa Clara Counties. In Contra Costa County, Richmond voters recently passed a rent stabilization program, while the City of Concord enacted a mediation program.

Jurisdictions typically combine rent stabilization or mediation with eviction and harassment protections to ensure that landlords cannot either raise rents to effectively evict a tenant, or evict a tenant in order to charge the next tenant a higher rent. Los Gatos is the only city in the Bay Area that has rent stabilization but no eviction protections.

Emeryville is the only city identified that has a just cause eviction and harassment ordinance that applies to all units in the city, but no rent stabilization or mediation program. Tenants in Emeryville are also entitled to relocation assistance for no-fault evictions. Some Bay Area cities have specific tenant relocation assistance programs that apply in the case of demolition, remodel, or redevelopment of a rental unit. For example, Mountain View has a tenant relocation assistance program (which predates the City's rent stabilization program) that requires landlords to provide assistance to qualified low-income tenants who are displaced due to demolition, remodel, or redevelopment.

²¹ The table includes information from recent staff reports from Union City and Emeryville, supplemented with additional research by Strategic Economics.

Figure 9: Tenant Protection Tools Available to California Cities

Tool	Description	Limitations	Other Considerations for Implementation
Rent Stabilization	Limits the escalation of rents paid by existing tenants over time. Rent increases are typically limited to once per year, and tied to the rate of inflation or a fixed percentage. Ordinances generally allow landlords to raise rents higher above the annual maximum amount to cover certain costs such as capital improvements.	The Costa-Hawkins Rental Housing Act provides landlords with the ability to reset rent stabilized rents to market prices in the case of vacancy. In addition, rent stabilization measures may not apply to single-family homes, condominiums, or units built after February 1, 1995.	<ul style="list-style-type: none"> ▪ In El Cerrito, rent stabilization could apply to approximately 2,300 units under Costa Hawkins. ▪ Typically implemented with eviction protections to prevent landlords from evicting tenants to increase rents, or raising rents to evict tenants. ▪ May be implemented with programs that provide mediation in tenant/landlord disputes, require landlords to register rent increases with the City, and/or require additional noticing to tenants beyond state requirements. ▪ Staff resources required for programs administration vary; cities typically charge an annual fee on rental property business licenses to cover costs
Tenant/Landlord Mediation	<p>Program that offers or requires a mediation process before a landlord increases a tenants' rent above a certain threshold.</p> <ul style="list-style-type: none"> ▪ In a non-binding mediation program, the landlord is not obligated to reach an agreement with the tenant or follow the recommendations made by the mediator. ▪ In a binding mediation program, if the tenant and landlord cannot come to an agreement during the mediation process, then the case is heard by an arbitrator who makes a binding decision. 	<p>Non-binding mediation programs can be applied to all rental units</p> <p>Binding mediation programs are considered rent stabilization and can only be applied to multifamily units built prior to February 1, 1995</p>	<ul style="list-style-type: none"> ▪ Mediation may be facilitated by an appointed board (as in San Leandro) or by a third-party contractor (such as an in Fremont) ▪ A city can have a binding mediation program that applies to multifamily units built prior to February 1, 1995, and a non-binding mediation program that applies to all other rental units
Just Cause Eviction Protections	Protects tenants from eviction by restricting eviction to specific "just causes" (e.g., failure to pay rent, damaging the property, violating the rental agreement terms, illegal activity, etc.) and requiring notice, documentation and justification for evictions.	The Ellis Act states that landlords have the right to evict tenants for the purpose of withdrawing units from the rental market.	<ul style="list-style-type: none"> ▪ Typically implemented with rent stabilization or mediation program to prevent landlords from raising rents to effectively evict tenants, or evicting tenants to raise rents. ▪ Effectiveness depends on tenant education and City enforcement actions. ▪ Additional research may be required to determine level of City staff resources required.
Harassment Protections	Ordinance that protects tenants from landlord harassment and retaliation	Can be applied to all rental units	<ul style="list-style-type: none"> ▪ Often implemented as part of an eviction protection ordinance.

Tool	Description	Limitations	Other Considerations for Implementation
Relocation Assistance for No Fault Evictions	Requirement for landlords to provide relocation payments to tenants when the eviction is not the fault of the tenants (“no-fault evictions”). Types of evictions that might trigger relocation assistance include removal of units from the rental market (Ellis Act evictions), owner occupancies, demolition or substantial renovation, or condo conversion.	Can be applied to all rental units	<ul style="list-style-type: none"> • Often implemented as part of a just cause eviction ordinance.

Figure 10. Bay Area Cities with Tenant/Landlord Mediation and Rent Stabilization Programs

	City	Year Enacted	Method of Enactment	Population (1/1/17)	Units Eligible for Program	Eligibility Criteria	Threshold for Mediation/ Annual Allowable Rent Increase	FY 16-17 Annual Budget (1)	Annual Cost per Unit (1)	FTE (1)	Fee Charged per Rental Unit (2)
Tenant/Landlord Mediation	Concord <i>Non-binding</i>	2017	City Council Ordinance	128,370	8,100	Properties with 3+ units	Tenants can request mediation for rent increases above 10%	\$132,000	\$16.30	0.5	\$16
	Union City <i>Non-binding</i>	2017	City Council Ordinance	73,010	6,697	All rentals	Triggered by rent increases above 7%	N/A	N/A	N/A	N/A
	Alameda <i>Binding/non-binding (3)</i>	2016	City Council Ordinance	79,928	15,000	All rentals	Triggered by rent increases above 5%. Tenants may also request mediation for rent increases below 5%.	\$1,939,248	\$129	10.85	\$120
	Los Gatos (4) <i>Binding</i>	2004	City Council Ordinance	31,314	3,000	Properties with 3+ units	Tenants can request mediation for increases above 5% max annual increase or 70% of the increase in the CPI (whichever is greater).	\$34,000	\$11	N/A	\$11
	San Leandro <i>Non-binding</i>	2001	City Council Ordinance	87,882	13,630	Properties with 2+ units	Tenants may request mediation for rent increases above 7%	\$30,000	\$2	N/A	\$0
	Fremont <i>Non-binding</i>	1997	City Council Ordinance	229,504	16,872	All rentals	Tenants may request mediation (no threshold)	\$60,000	\$4	N/A	\$0

	City	Year Enacted	Method of Enactment	Population (1/1/17)	Units Eligible for Program	Eligibility Criteria	Threshold for Mediation/ Annual Allowable Rent Increase	FY 16-17 Annual Budget (1)	Annual Cost per Unit (1)	FTE (1)	Fee Charged per Rental Unit (2)
Rent Stabilization	Richmond	2016	Ballot Measure	111,785	9,174	Multi-family built before 2/1/1995	CPI (Consumer Price Index)	N/A	N/A	6	N/A
	Mountain View	2016	Ballot Measure	79,278	15,000	3+ units built before 2/1/1995	CPI	N/A	N/A	N/A	N/A
	East Palo Alto	1986, 2010 (5)	Ballot Measure	30,340	2,325	Multi-family built before 1/1/1988	80% of CPI but not exceeding 10%	\$485,300	\$209	2	\$234
	Berkeley	1980	Ballot Measure	121,238	27,000	Multi-family built before 6/30/1980	65% of CPI	\$4,550,000	\$169	20.6	\$234
	Oakland	1980	City Council Ordinance	426,074	79,000	Multi-family built before 1/1/1983	CPI	\$2,756,708	\$35	19.4	\$30
	San Francisco	1979	Ballot Measure	874,228	170,000	Multi-family built before 6/13/1979	60% of CPI, not exceeding 7%.	\$7,029,527	\$41	31.5	\$37
	San Jose	1979	City Council Ordinance	1,046,079	43,000	Multi-family built before 9/7/1979	8% increase; 21% if the last increase was more than 24 months ago	\$985,000	\$23	3.5	\$19
	Hayward	1979	City Council Ordinance	161,040	8,920	5+ units built before 2/1/1995	Currently 5%; changing to CPI in the near future	\$30,000	\$3	N/A	\$1

Notes:

- (1) Estimate of total annual cost of each city's respective program, the annual cost on a per unit basis, and the Full Time Equivalent (FTE) staff required to administer the program; based on research conducted by Union City and Emeryville staff, supplemented with additional research by Strategic Economics.
- (2) Estimate of the fee charged to landlords to cover costs associated with program administration.
- (3) In Alameda mediation is binding for rent increases above 5% for multi-family properties built before February 1, 1995, and non-binding for all other properties.
- (4) Los Gatos is the only cities with rent stabilization/mediation with no eviction protections in place.
- (5) The City of East Palo Alto established a new rent control ordinance in 2010 after the rent control ordinance enacted in 1988 was superseded by Costa Hawkins.

Sources: California Department of Finance, 2017; Union City Staff Memorandum, from Antonia E. Acosta, City Manager to Honorable Mayor and City Council, "Rent and Tenant Taskforce Recommendations," January 31, 2017; Emeryville Staff Memorandum, from Charles S. Bryant, Community Development Director to Sabrina Landreth, City Manager, "Residential Tenant Protections and Services," April 21, 2015; Concord Staff Memorandum from Valerie J. Barone, City Manager to City Council, May 2, 2017; Tenants Together, "Communities Thrive with Rent control: A Guide for California Cities;" Mitchel Crispell, "Rent Control Policy Brief," U.C. Berkeley, February 2016; Strategic Economics, 2017.

Considerations for Implementation

Based on the experience of other cities, some issues that the City of El Cerrito would need to consider in designing a tenant protection program include:

- **How many units would be affected?** Based on Census data, El Cerrito has approximately 4,000 rental units. All of these units could potentially be subject to non-binding mediation and/or eviction controls. Approximately 2,300 units could be subject to rent stabilization or binding mediation under Costa-Hawkins.²² This would make El Cerrito one of the smallest cities in the region to implement any type of rent stabilization or mediation program, but similar in number of units covered to Los Gatos or East Palo Alto (Figure 10).
- **How would a program be enacted?** Recent rent stabilization ordinances (such as those in Mountain View and Richmond) have been enacted by ballot measure. In several cases, ballot measures to establish rent stabilization programs have failed (as in San Mateo, Burlingame, and Santa Rosa). However, Alameda and Union City have recently enacted mediation programs by City Council ordinance (Figure 10).
- **What would the City's role be in administering the program?** Rent stabilization and mediation programs may be administered by an appointed board as in Oakland, San Francisco, and San Leandro; by an elected board as in Berkeley; by City staff directly as in Hayward; or by a contracted third-party entity as in Fremont and Union City. Eviction protections are generally enforced by the same entity that administers the rent stabilization or mediation program.
- **How much would it cost, and who pays?** As shown in Figure 10, the cost of administering a program can vary significantly, depending on factors such as the complexity of the program, the administering entity, and the number of units that are subject to the program. Cities typically pass the costs of administering a rent stabilization or mediation program to landlords, by creating an annual fee that is typically charged when landlords apply for a business license. (Note that this is a separate mechanism from the business license tax discussed below under Strategy 12, which could create a source of funding for other programs, but would require voter approval. A fee on property owners to cover the costs of administering a program could be adopted by the El Cerrito City Council). Some cities, such as San Leandro, do not charge a fee and pay for the costs of program administration out of City funds.

Establishing a comprehensive tenant protection program in El Cerrito would require further study and involve making tradeoffs among factors such as the level of protection, the number of units covered, and the cost of the program. A rent stabilization program combined with eviction protections would afford the most protection to tenants, but may be cost-prohibitive given El Cerrito's size. A mediation program would afford a lower level of protection, but could cover all units (if non-binding), would likely be cheaper, and may not require voter approval. Eviction protections should be included as part of any tenant protection program, but may not be successful if implemented in the absence of rent stabilization and/or mediation.

Implementation Actions

- 6-1. Continue to study potential tenant protection options and evaluate the success of existing programs in peer cities.** The City should hold a City Council study session(s) and/or community workshop(s) to further clarify community priorities around these tradeoffs. In addition, the City

²² Includes units that are 1) renter occupied, 2) located in buildings with two or more units, and 3) located in buildings built before 1999. Based on analysis of American Community Survey 5-year Estimates 2011-2015. Further analysis of county assessor parcel data would be required to refine this estimate.

should monitor the success of recently enacted rent stabilization and mediation programs in Richmond, Union City, Concord, and Alameda, as well as Emeryville's new eviction protections. Finally, City staff should research programs in similar-sized cities such as Los Gatos and East Palo Alto to inform the design of any program.

STRATEGY 7

Consider strategies to encourage landlords to rent to Section 8 voucher holders

Section 8 Housing Choice Vouchers provide subsidies for lower income tenants who rent in the private market, covering the difference between 30 percent of a tenant's household income and a pre-determined payment standard for the area. The Contra Costa Housing Authority administers the Section 8 program for all cities in the county except for Richmond and Pittsburg, which administer their own programs.

Section 8 recipients are selected by lottery from a waiting list. After being selected, recipients are responsible for finding a suitable unit; however, landlords have the flexibility to refuse to accept the vouchers. In tight rental markets, it can be challenging for tenants to find a unit where the landlord will accept a voucher, because landlords can often charge higher rents on the open market. Some cities and counties in the Bay Area, including Santa Clara County, San Francisco, and East Palo Alto (as well as number of states including Oregon, Connecticut, and Washington D.C.) have passed laws prohibiting landlords from discriminating against tenants who hold Section 8 vouchers.

Implementation Actions

7-1. Study potential strategies to encourage landlords to rent to Section 8 voucher holders.

Potential strategies could include a program educating landlords about the benefits of accepting Section 8 vouchers, or an ordinance prohibiting landlords from enforcing a blanket policy against accepting Section 8 vouchers. Among other considerations, the City will need to assess any legal implications of these strategies, and work closely with the Contra Costa County Housing Authority to determine the best approach.

STRATEGY 8

Partner with Contra Costa County Homelessness Services

According to Contra Costa Homeless Services, there are approximately 1,600 persons experiencing homelessness on any given night in the County, and approximately 57 percent are unsheltered. The vast majority lost housing in Contra Costa County. Starting in 2017, the County has begun to launch a series of new initiatives, including forming Coordinated Outreach Referral and Engagement Teams (CORE), to expand outreach and services for homeless populations. The City can partner with the County's CORE programs to better serve homeless persons in El Cerrito and neighboring jurisdictions.

Implementation Actions

8-1. Partner with Contra Costa County to expand outreach and services to homeless persons.

PILLAR C: ENCOURAGE DEVELOPMENT OF “MISSING MIDDLE” HOUSING THAT SERVES LOW- AND MODERATE-INCOME HOUSEHOLDS

“Missing middle” housing product types are development types that are less expensive to build and/or operate compared to traditional multi-family development and provide opportunities for cooperative living and multigenerational living. By design, they are also compatible with lower density, single-family neighborhoods. Examples include accessory dwelling units (ADUs), “carriage” houses, duplexes, and bungalow courts. Such arrangements may be also compatible and attractive to co-housing groups. Innovative development types, such as modular housing, may also be used to fulfill the objectives of this pillar. While these housing types are not typically restricted to low- or moderate-income households, they can result in the provision of housing that is relatively affordable due the smaller size of units. The City already permits modular housing development, and recently updated its ADU ordinance to remove zoning barriers. However, there are additional strategies that the City can undertake to encourage the construction of second units and other “missing middle” housing types, including:

9. Encourage the development of accessory dwelling units.
10. Review the General Plan to identify and remove barriers to missing middle housing types.
11. Partner with private groups interested in creating co-housing communities.

STRATEGY 9

Encourage the Development of Accessory Dwelling Units

ADUs (also known as second units) are smaller housing units built on the same lot as a single-family home. ADUs can either be attached to the existing single-family unit or built as a separate detached unit. Encouraging homeowners to build ADUs is a low-cost way to increase the supply of housing with minimal impact on neighborhood character, and can also provide homeowners with a potential new source of income. A 2012 study of ADUs in East Bay cities found that El Cerrito could accommodate approximately 500 to 2,000 in the flatland neighborhoods alone, based on the size and configuration of parcels.²³

Studies have shown that removing minimum floor area and parking requirements, easing owner occupancy requirements, waiving fees, and providing technical assistance are the most effective ways to spur accessory dwelling units’ development.²⁴ For example, the City of Santa Cruz created an “Accessory Dwelling Unit Manual” and a set of seven architect-designed accessory dwelling unit prototypes that fit the local requirements. The City also provides fee waivers (and in past years, low-interest loans) for homeowners who agree to rent their second units only to low- or very low-income households. Funding for the program is provided by a Sustainable Communities Grant from the California Pollution Control Financing Authority.

The City of El Cerrito recently enacted new development standards that implement several of these best practices, including exempting homeowners from providing parking for ADUs.

²³ Karen Chapple, Jake Wegmann, Alison Nemirow, Colin Dentel-Post, “Yes in My Backyard: Mobilizing the Market for Secondary Units,” University of California Center for Community Innovation, June 2012.

²⁴ Karen Chapple, Jake Wegmann, Farzad Mashhod, and Rebecca Coleman, “Jumpstarting the Market for Accessory Dwelling Units: Lessons Learned from Portland, Seattle and Vancouver,” Urban Land Institute, 2017.

Implementation Actions

9-1. Provide technical assistance to encourage the construction of accessory dwelling units.

The City should hold periodic community workshops to review development standards for ADUs and provide technical assistance to interested homeowners. In addition, the City should update its existing informational sheet on the development standards, and consider preparing and distributing additional educational materials such as set of architect-designed prototypes that fit local requirements.

STRATEGY 10

Review the General Plan to Identify and Remove Barriers to Missing Middle Housing

The City should undertake a review of the General Plan to determine if zoning district boundaries and requirements should be modified to be more permissive of missing middle housing types, especially in areas in proximity to commercial and/or transit resources.

Implementation Actions

10-1. Undertake a review of the General Plan to determine if zoning district boundaries and requirements should be modified to be more permissive of missing middle housing types, especially in areas in proximity to commercial and/or transit resources.

STRATEGY 11

Partner with Private Groups Interested in Creating Co-housing or Other Shared Housing Communities

Co-housing and shared housing communities can provide lower-cost options for households of all types, including alternatives for residents interested in downsizing while remaining in the community. Some models offer opportunities for mutually supportive housing options and/or provision of services for elderly residents. Models include:

- **Co-housing** communities are clusters of private homes with shared space. The private homes may be attached or detached units, each with their own private kitchen and other traditional amenities. Shared space can include a common kitchen and dining area, laundry facilities, and indoor and outdoor recreational facilities. Neighbors collaboratively manage shared space and plan community events like meals, meetings, and workdays.²⁵
- Other **shared housing** models match unrelated people to share a home. This is an emerging concept, and is typically run by a private or non-profit entity. For example, Affordable Living for the Aging, a non-profit in Los Angeles, runs a shared housing program that helps screen and match housing providers and housing seekers who share a home in exchange for rent or services such as cleaning or cooking. In San Francisco and other high-cost cities, several start-ups are matching roommates, separating new apartments units into micro units to rent out separately, or creating “co-

²⁵ The Cohousing Association of the United States, “What is Cohousing,” October 4, 2015, http://www.cohousing.org/what_is_cohousing.

living” communities by purchasing or leasing homes and offering subleases to tenants for individual rooms.²⁶

While co-housing and other shared housing community efforts are initiated and formed by private groups, the City can partner to support these activities.

Implementation Actions

- 11-1. Review existing zoning ordinances to identify barriers to co-housing.** Determine whether there are barriers in El Cerrito’s existing zoning code that prohibit or discourage co-housing or other group home options.
- 11-2. Direct community groups interested in forming co-housing or other shared housing models to appropriate resources.** Potential resources include the Cohousing Association of the United States, and models like the Affordable Living for the Aging (ALA) Shared Housing program in Los Angeles.

PILLAR D: INCREASE LOCAL FUNDING TO CONTINUE SUPPORTING DEVELOPMENT OF AFFORDABLE AND SPECIAL NEEDS HOUSING

The City plays an important role in facilitating the development of low income and special needs housing, working closely with Contra Costa County, affordable housing developers, and other stakeholders. However, the amount of funding that is available to the City of El Cerrito for affordable housing is limited, especially with the demise of the Redevelopment Agency. The implementation of many of the programs and policies outlined in this document will require raising additional revenues, either through a (countywide) bond measure or through new local charges on developers and property owners, as well as partnering with affordable housing developers who will seek the majority of their financing from state and federal programs such as LIHTC. The following are specific strategies that the City can implement to accelerate affordable housing production, and to raise local funding to help attract affordable housing developers and leverage outside sources of funding.

- 12. Work with BART to develop affordable and mixed-income housing projects on BART property.
- 13. Coordinate transportation projects with affordable housing proposals to attract state funding through the AHSC program.
- 14. Provide land use incentives to developers that build a higher share of accessible units than required by law.
- 15. Explore new local taxes or fees to fund affordable housing in El Cerrito.
- 16. Work with other jurisdictions in Contra Costa County to place a countywide affordable housing bond on the ballot.

²⁶ Sarah Kessler, “Six Months Inside a Coliving House, Silicon Valley’s Answer to Urban Housing Problems,” *Fast Company*, June 19, 2016, <https://www.fastcompany.com/3047475/six-months-inside-a-co-living-house-silicon-valleys-answer-to-urban-housing-problems>; Kim Velsey, “Return of the S.R.O., with a Twist,” *New York Times*, May 19, 2017, https://www.nytimes.com/2017/05/19/realestate/return-of-the-sro-with-a-twist.html?_r=0; Adam Brinklow, “HomeShare rents out luxury apartments, cut up into 100-square foot units,” March 30, 2017, <https://sf.curbed.com/2017/3/30/15127760/homeshare-startup-partition-luxury-apartments-sf>.

17. Monitor proposed state legislation that would create new funding sources for affordable housing.
18. Defer or waive City fees on affordable housing development.

STRATEGY 12

Work with BART to Develop Affordable and Mixed-Income Housing Projects on BART Property

BART is an important partner in achieving the city's affordable housing goals. The BART Board of Directors recently approved an Affordable Housing Policy requiring that affordable housing account for no less than 20 percent of new housing units developed on BART property (measured cumulatively for all the housing development at each station) and 30 percent systemwide. BART owns approximately 20 acres of land in El Cerrito at the El Cerrito Del Norte and El Cerrito Plaza BART stations that are suitable for affordable and market-rate housing development.

Implementation Actions

- 12-1. Partner with BART to promote affordable housing development on BART lands.**

STRATEGY 13

Coordinate Transportation Projects with Affordable Housing Proposals to Attract State Funding through the AHSC Program

The state's largest funding source for affordable housing development is currently the Affordable Housing for Sustainable Communities (AHSC) Program. To be eligible for AHSC funding, an affordable housing project must be paired with a sustainable transportation project that supports increased transit ridership, walking, or bicycling. There is an opportunity for El Cerrito to enhance the ability of affordable housing projects to receive AHSC grant funding by coordinating its capital improvement investments more closely with proposed projects.

Implementation Actions

- 13-1. Review capital improvement program and identify transportation projects that could be coordinated with affordable housing development.** The City of El Cerrito should identify potential projects that improve pedestrian and bicycle access or enhance transit, and coordinate the timing and location of those transportation projects with proposed affordable housing developments. This will allow affordable housing development projects to score more competitively when applying for AHSC grants.

STRATEGY 14

Provide Land Use Incentives to Developers that Build a Higher Share of Accessible Units than Required by Law

Federal law requires market-rate and affordable housing developments to set aside a share of units for residents with accessibility needs. Encouraging or incentivizing market-rate projects to provide more

accessible units than the minimum required would provide even more options for the aging and disabled population of El Cerrito.

Implementation Actions

14-1. Modify the City’s Incentive Zoning and San Pablo Avenue Specific Plan Tier IV processes to include the provision of accessible units as a community benefit. The existing Incentive Zoning and Tier IV programs allow developers to provide a variety of community benefits in exchange for flexibility in meeting development standards. The list of community benefits should be expanded to include accessible units.

14-2. Explore mechanisms to incentivize increased accessibility in “Missing Middle” housing types. This could include setting a target number of accessible units within a new development project.

STRATEGY 15

Explore New Local Taxes or Fees to Fund Affordable Housing

In the past, El Cerrito has provided limited grant or loan funds, and in some cases, city-owned lands for affordable housing development through utilization of the 20 percent housing set aside required by Redevelopment law. Local funding is important for leveraging other federal and state resources. However, since the dissolution of the Redevelopment Agency, the City does not currently have a dedicated or ongoing funding source and does not have any additional land resources at this time. New local taxes or fees would provide the City with an ongoing local source of funding to leverage state or federal grant programs and implement its affordable housing activities.

Some potential options to raise local funds include a new business license tax on multifamily rental properties, or enacting a property transfer tax. To implement a property transfer tax, El Cerrito would need to become a charter city. To adopt either of these new tax options, and to become a charter city, the City would need to obtain voter approval.

Implementation Actions

15-1. Consider the potential for implementing new local taxes or fees that could support affordable housing. The City should continue to explore potential options for raising new funds for affordable housing at the local level, examining the required steps for imposing them, the limitations to spending, the potential revenues gained, and the costs of administration.

STRATEGY 16

Work with Other Jurisdictions in Contra Costa County to Place a Countywide Affordable Housing Bond on the Ballot

A survey of recent low-income housing projects revealed that on average, the local contribution from jurisdictions in Contra Costa County is lower than in other Bay Area counties. This is in large part due to

the dissolution of redevelopment, which eliminated the biggest source of subsidy for affordable housing at the local level.²⁷

A general obligation bond measure could provide a new local source of funding for affordable housing across the county, including rental housing development and rehabilitation, tenant displacement assistance, and/or homeownership assistance. A bond measure would require two-thirds approval by voters to pass.

Similar affordable housing bond measures passed in 2016 in Alameda County, San Francisco, Oakland, and Santa Clara County. While an affordable housing bond measure has not been proposed in Contra Costa County, there has been interest among advocates in holding meetings to discuss a countywide strategy. The City of El Cerrito could engage as a participant in these discussions.

Implementation Actions

- 16-1. Attend meetings with advocates, staff, and elected leaders of various jurisdictions in Contra Costa County in support of efforts to place a countywide affordable housing bond measure on the ballot.** The City should participate in meetings convened by advocates or other Contra Costa County cities and work with the Supervisor's office for District 1 to discuss the potential for placing a bond measure on the ballot at the countywide scale.

STRATEGY 17

Monitor Proposed State Legislation that would Create New Funding Sources for Affordable Housing

In the 2016-2017 legislative session, the state legislature is considering a number of bills that would create new funding sources for affordable housing, including:

- **Building Homes and Jobs Act (Senate Bill 2):** Establishes a \$75 document recording fee on real estate transactions. 50% of collected fees would be distributed directly to local governments; the remainder would be allocated by the state on a competitive basis.
- **Bring California Home Act (Assembly Bill 71):** Eliminates the state mortgage interest deduction on vacation homes. The resulting increase in state tax revenues would be used to increase the Low Income Housing Tax Credit (LIHTC) program by \$300 million a year.
- **Affordable Housing Bond Act of 2018 (Senate Bill 3):** Authorizes the issuance of \$3 billion in bonds to finance various housing programs.

With the exception of the Building Homes and Jobs Act, which would allocate 50 percent of funds directly to local governments, new state funds are likely to be allocated on a competitive basis. There is significant uncertainty about which if any of the proposed bills will pass and ultimately be signed by the governor.

Implementation Actions

- 17-1. Monitor proposed state legislation that would create a new affordable housing bond measure, tax, and/or fee.** If passed, the City should encourage local affordable housing developers to pursue these sources for local projects

²⁷ Strategic Economics and Novin Development Corp., Funding Affordable Housing Near Transit in the Bay Area, prepared for the Great Communities Collaborative, May 2017, <http://www.greatcommunities.org/archives/1434>.

STRATEGY 18

Waive or Defer City Fees on Affordable Housing Development

Many cities, including Oakland, San Francisco, and San Jose, defer or waive certain development impact fees for affordable housing units. These fee reductions or waivers can help to reduce the cost of affordable housing development. As the City of El Cerrito updates its fee schedule, it can consider which of these can be waived or deferred for affordable units.

Implementation Actions

- 18-1. Waive or defer development fees for affordable housing units.**

IV. IMPLEMENTATION PLAN

This section provides a framework for implementing the strategies and specific action items described in Chapter III. In addition, the table provides the following information for each action item:

- **Lead agency:** Most of the actions are the primary responsibility of the City of El Cerrito, but in some cases other entities would take a lead role.
- **Potential partners:** Depending on the strategy, partners include private and affordable housing developers, landlords, community groups, regional agencies, other Contra Costa County jurisdictions, and others.
- **Timeline:** Based on urgency and availability of resources, the action items are prioritized as immediate (less than one year), short term (one to two years), or medium term (two to five years). Efforts that are already in progress are shown as “ongoing.”
- **Staff and financial resources required:** A description of the level of staff and financial resources required from the City of El Cerrito.
- **Housing Element Goals and Grand Jury Recommendations:** Notes the Housing Element Goals and 2016-17 Contra Costa Civil Grand Jury recommendations to which implementation actions correspond, where applicable. See Appendix B for a full list of the Grand Jury Recommendations and the City’s responses.

HIGH PRIORITY ACTION ITEMS

The City Council has identified the following implementation actions as their highest priorities for the next year:

- 1-1. Conduct a nexus study and financial feasibility analysis to establish potential affordable housing impact fees on new residential development.
- 1-2. Consider implementing an inclusionary housing policy on ownership housing. 4-2. Design an ordinance to regulate the demolition of existing housing units, including requiring tenant relocation assistance.
- 6-1. Continue to study potential tenant protection options and evaluate the success of existing programs in peer cities.
- 16-1. Attend meetings with advocates, staff, and elected leaders of various jurisdictions in Contra Costa County in support of efforts to place a countywide affordable housing bond measure on the ballot.
- 14-1. Modify the City’s Incentive Zoning and San Pablo Avenue Specific Plan Tier IV processes to include the provision of accessible units as a community benefit.
- 14-2. Explore mechanisms to incentivize increased accessibility in “Mission Middle” housing types.

These high priority items are marked with asterisks and shown as occurring in the “immediate” timeframe in the matrix below.

AFFORDABLE HOUSING STRATEGY IMPLEMENTATION PLAN

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
PILLAR A: LEVERAGE PRIVATE DEVELOPMENT TO ADDRESS AFFORDABLE HOUSING NEEDS							
Strategy 1: Establish a New Inclusionary Zoning Policy and/or Enact New Housing Impact Fees for Affordable Housing							
1-1. Conduct a nexus study and financial feasibility analysis to establish potential affordable housing impact fees on new residential development. *	City of El Cerrito	Private Developers	Immediate	Staff time necessary for oversight of the study, establishment of the fee and ordinance. Some additional staff time needed for ongoing implementation, including collection and distribution of fee revenues.	Initial funding needed for nexus study and establishment of new fees.	2, 3	5
1-2. Consider implementing an inclusionary housing policy on ownership housing. *	City of El Cerrito	Private Developers	Immediate	Staff time necessary for the establishment of policy. Additional staff time needed on ongoing basis to monitor and enforce the affordability requirements of the inclusionary units.	Initial funding needed for establishment of new ordinance.	2, 3	2

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
1-3. Consider requiring that affordable units provided on-site through the affordable housing density bonus program, an inclusionary housing policy, and other policies be made affordable in perpetuity.	City of El Cerrito	Private Developers	Short	Staff time necessary for the establishment of policy. Additional staff time needed on ongoing basis to monitor and enforce the affordability requirements of the inclusionary units.	Initial funding needed for establishment of new ordinance.	2, 3	N/A
1-4. Identify potential nonprofits that could assist the City to ensure the long-term affordability of rental and ownership inclusionary units.	City of El Cerrito	Local nonprofits	Short	Staff time necessary for contracting process; could reduce ongoing staff needs for implementation.	Funding for contracting out administrative costs	N/A	N/A
1-5. Explore partnership opportunities for workforce housing initiatives with major employers in the county.	City of El Cerrito	Major employers	Medium	Staff time necessary for coordination.	City could potentially contribute funding, if available.	2	N/A
Strategy 2: Monitor the Effectiveness of the City's Existing Incentive Programs in Delivering Affordable Housing Units							
2-1. Continue to monitor the San Pablo Avenue Specific Plan and the City's other incentive programs for their effectiveness in providing affordable housing units.	City of El Cerrito	Private Developers	Ongoing	Minimal staff time necessary for continued implementation.	Minimal financial resources necessary for continued implementation.	2, 3	1

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
PILLAR B: REDUCE THE RISK OF DISPLACEMENT AND HELP STABILIZE AT-RISK POPULATIONS							
Strategy 3: Partner with Local Affordable Housing Developers and Property Owners/Managers to Preserve Existing Deed-Restricted Housing							
3-1. Continue monitoring assisted units and partner with local affordable housing providers to maintain the affordability of expiring units.	City of El Cerrito	Property owners	Ongoing	Ongoing staff time to track units and monitor affordability.	Limited beyond required staff time.	1	3, 15
Strategy 4: Implement Policies to Preserve the Low-Cost Housing Stock							
4-1. Explore possible funding sources or programs to minimize the financial impact of retrofits on low- and moderate-income residents.	City of El Cerrito	Federal, Regional, and County funders	Short/Medium Term	Ongoing staff time to monitor funding availability	Some grant applications may require a local match.	1	N/A
4-2. Consider enacting an ordinance to regulate the demolition of existing housing units, including requiring tenant relocation assistance. *	City of El Cerrito	Landlords; Tenants; Community Organizations	Immediate	Staff time necessary for the study and design of ordinance and ongoing enforcement.	Financial resources required for initial study and launch of ordinance. Minimal financial resources needed for continued implementation.	1	N/A
4-3. Monitor the Metropolitan Transportation Commission's Naturally Occurring Affordable Housing (NOAH) pilot program.	City of El Cerrito	Metropolitan Transportation Commission	Ongoing	Limited staff time necessary to track pilot program.	Minimal.	1	N/A

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
Strategy 5: Consider Implementing New Short-Term Rental Restrictions							
5-1. Update the short-term rental ordinance.	City of El Cerrito	N/A	Short	Staff time necessary for updating ordinance.	Limited beyond required staff time.	1	N/A
Strategy 6: Explore Potential Tenant Protection Policies							
6-1. Continue to study potential tenant protection options and evaluate the success of existing programs in peer cities. *	City of El Cerrito	Landlords; Tenants; Community Organizations	Immediate	Staff time necessary for the study and (potentially) design of ordinance and ongoing enforcement and implementation.	Financial resources required for initial study and launch of program. Many tenant protection programs are operated on a cost-recovery basis.	1	N/A
Strategy 7: Consider Strategies to Encourage Landlords to Rent to Section 8 Voucher Holders							
7-1. Study potential strategies to encourage landlords to rent to Section 8 voucher holders.	City of El Cerrito	Contra Costa County Housing Authority; Landlords; Tenants; Community Organizations	Short	Staff time necessary for the study and (potentially) design of ordinance and ongoing enforcement and implementation.	Depends on type of program implemented	3, 4	N/A
Strategy 8: Partner with Contra Costa County Homelessness Services							
8-1. Partner with Contra Costa County to expand outreach and services to homeless persons.	Contra Costa County	City of El Cerrito; Community organizations	Short	Staff time necessary to coordinate with County staff.	Limited beyond required staff time.	1	N/A

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
PILLAR C: ENCOURAGE DEVELOPMENT OF “MISSING MIDDLE” HOUSING TYPES							
Strategy 9: Encourage the Development of Accessory Dwelling Units							
9-1. Provide technical assistance to encourage the construction of accessory dwelling units.	City of El Cerrito	Homeowners	Short	Periodic resources staff time needed to develop educational materials and/or provide technical assistance.	Financial resources needed for design and dissemination of educational and support materials for homeowners.	2	N/A
Strategy 10: Review the General Plan to Identify and Remove Barriers to Missing Middle Housing							
10-1. Undertake a review of the General Plan to determine if zoning district boundaries and requirements should be modified to be more permissive of missing middle housing types, especially in areas in proximity to commercial and/or transit resources.	City of El Cerrito	N/A	Short/Medium	Staff time required to review General Plan and proposed modifications.	Limited beyond required staff time.	2	N/A
Strategy 11: Partner with Private Groups Interested in Creating Co-housing or Other Shared Housing Communities							
11-1. Review existing zoning ordinances to identify barriers to co-housing.	City of El Cerrito	Community groups	Short	Some staff time to review existing zoning	Limited beyond required staff time.	3	N/A

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
11-2. Direct community groups interested in forming co-housing or other shared housing models to appropriate resources.	City of El Cerrito	Community groups	Short	Some staff time to identify potential third party resources.	Limited beyond required staff time.	3	N/A
PILLAR D: INCREASE LOCAL FUNDING TO CONTINUE SUPPORT OF LOW INCOME AND SPECIAL NEEDS HOUSING DEVELOPMENT							
Strategy 12. Work with BART to Develop Affordable and Mixed-Income Housing Projects on BART Property							
12-1. Partner with BART to promote affordable housing development on BART lands.	BART	City of El Cerrito; Market-rate and affordable housing developers	Ongoing	Staff resources needed to facilitate and manage agreements with BART.	Limited beyond required staff time.	2, 3, 5	1
Strategy 13. Coordinate Transportation Projects with Affordable Housing Proposals to Attract State Funding through the AHSC Program							
13-1. Review capital improvement program and identify transportation projects that could be coordinated with affordable housing development.	City of El Cerrito	Affordable housing developers	Short	Staff resources required to review capital improvement projects and coordinate with affordable housing developers.	Limited beyond required staff time.	2, 3, 5	1
Strategy 14. Provide Land Use Incentives to Developers that Build a Higher Share of Accessible Units than Required by Law							

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
14-1. Modify the City's Incentive Zoning and San Pablo Avenue Specific Plan Tier IV processes to include the provision of accessible units as a community benefit. *	City of El Cerrito	Affordable housing developers	Immediate	Staff resources required to review and amend zoning ordinance.	Limited beyond required staff time.	2, 3	1
14-2. Explore mechanisms to incentivize increased accessibility in "Mission Middle" housing types. *	City of El Cerrito		Immediate	Staff resources required to review and amend zoning ordinance.	Limited beyond required staff time.	2, 3	N/A
Strategy 15. Explore New Local Taxes or Fees to Fund Affordable Housing							
15-1. Consider the potential for implementing new local taxes or fees for affordable housing.	City of El Cerrito	Community groups	Medium	Significant staff time necessary to place measure on the ballot.	Limited beyond required staff time.	1, 2, 3	7
Strategy 16. Work with Other Jurisdictions in Contra Costa County to Place a Countywide Affordable Housing Bond on the Ballot							
16-1. Attend meetings with advocates, staff, and elected leaders of various jurisdictions in Contra Costa County in support of efforts to place a countywide affordable housing bond measure on the ballot. *	Community organizations	City of El Cerrito; Other cities in the County; Contra Costa County	Immediate	Limited to coordination with County.	Limited beyond required staff time.	1, 2, 3	7
Strategy 17. Monitor Proposed State Legislation that would Create New Funding Sources for Affordable Housing							

Implementation Strategies and Action Items	Lead Agency	Partners	Timeline <i>Ongoing</i> <i>Immediate < 1 yr</i> <i>Short = 1-2 yrs</i> <i>Medium = 3-5 yrs</i>	Staff Resources Required	Financial Resources Required	Housing Element Goals (1)	Grand Jury Recommendation (2)
17-1. Monitor proposed state legislation that would create a new affordable housing bond measure, tax, and/or fee.	State of California	Other cities in the state; affordable housing advocacy organizations and developers	Short to Medium	Limited.	Limited	2	7
Strategy 18. Defer or Waive City Fees on Affordable Housing Development							
18-1. Defer or waive city fees for affordable housing development.	El Cerrito	Affordable housing developers; advocacy organizations	Short	Limited.	Limited	2	N/A

(1) Housing Element Goals:

1. Conserve and improve El Cerrito's existing housing supply.
2. Facilitate and encourage the development of housing to meet regional housing needs allocations.
3. Expand housing opportunities for the elderly, the disabled, households with very-low to moderate income, and for persons with special housing needs.
4. Promote housing opportunities for all persons regardless of race, age, marital status, ancestry, national origin, or color.
5. Promote energy efficiency in the location, construction, renovation and maintenance of housing units.

(2) See Appendix B.

* City Council priorities for the next year.

APPENDIX A: PDA MARKET STUDY UPDATE

This appendix summarizes population and household characteristics within the City of El Cerrito and nearby cities, reviews recent trends in market-rate rents and sales prices, and discusses recent and planned development of affordable and market-rate housing within the San Pablo Avenue Priority Development Area (PDA) and citywide. Priority Development Areas are places identified by Bay Area communities as areas for investment, new homes and job growth. Most of the City’s existing multifamily housing stock and potential for new development are concentrated in the PDA.

This appendix updates a previous market analysis that Strategic Economics completed for the PDA in January 2016. The analysis was used to inform the development of implementation actions for the AH Strategy.

POPULATION AND HOUSING CHARACTERISTICS

This section provides an overview of demographic and housing characteristics within El Cerrito compared to nearby cities including Richmond, Albany, Berkeley, Emeryville, Oakland, and San Leandro (referred to as “the Inner East Bay” below). According to brokers, home buyers and renters in El Cerrito typically search for housing in other communities in the Inner East Bay, including Richmond, Albany, Berkeley, Emeryville, and Oakland. El Cerrito is particularly attractive for households who prefer to live near a BART station, but have been priced out of San Francisco, Berkeley or Oakland. San Leandro was included in the analysis as a point of reference because is another community with two BART stations that is increasingly attracting households who are priced out of other Inner East Bay cities. Like El Cerrito, San Leandro has also experienced a rapid increase in housing prices in the last several years.

Within El Cerrito, the analysis compares demographic and housing characteristics in two subareas: the “Flatlands” (the neighborhoods surrounding the PDA, located west of Ashbury Avenue/Navalier Street/Key Boulevard) and the “Hills” (east of Ashbury Avenue/Navalier Street/Key Boulevard). The Flatlands and Hills geographies used for this analysis were determined by Census Tract boundaries. However, the two subareas generally reflect the distinctive characteristics (in terms of topography and housing stock) of the flatter neighborhoods to the west where most of the City’s multifamily housing is concentrated, and the hillier neighborhoods to the east which are predominantly single-family in character.

Figure 11 shows the Flatland and Hills subarea geographies. Figures 12 and 13 summarize key population and household characteristics for the Inner East Bay cities and the subareas, respectively.

Compared to the other cities in the Inner East Bay, El Cerrito is characterized as follows:

- **Higher share of single-family homes:** Three-quarters of El Cerrito households live in single-family homes.
- **Relatively small multifamily housing stock:** El Cerrito has approximately 2,600 multifamily units – a smaller stock than even the cities of Albany or Emeryville, which have smaller populations. El Cerrito’s multifamily housing stock is also concentrated in relatively small buildings (fewer than 50 units).
- **Fewer renters:** Forty-one percent of households in El Cerrito rent, a lower share than the other cities in the Inner East Bay. Only 22 percent of single-family households are renters, a lower share than in all the other cities except Berkeley.

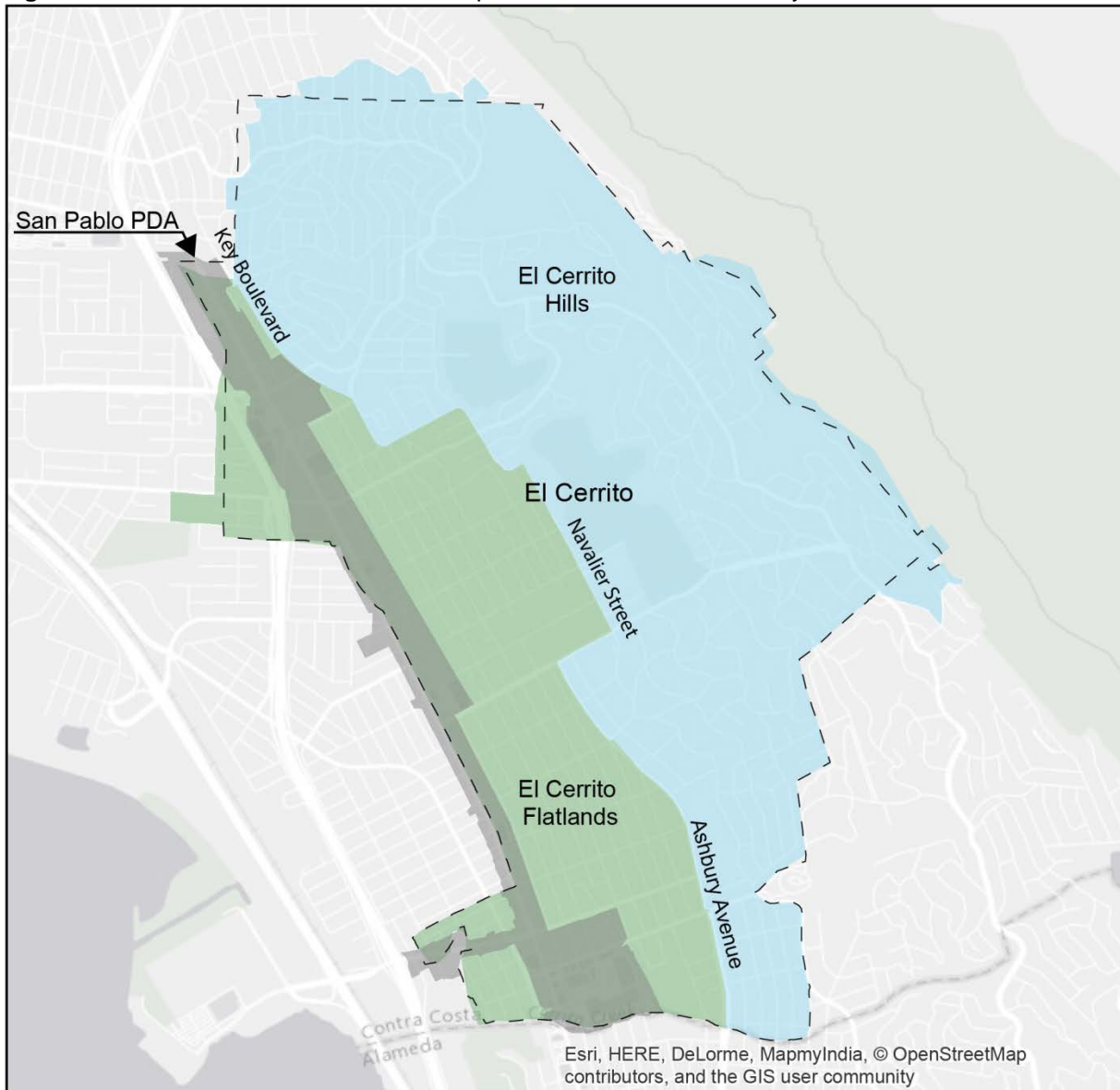
- **Relatively high income:** At over \$88,000, median household incomes in El Cerrito are almost \$10,000 higher than any other city in the Inner East Bay (and comparable to the median household income for the nine-county Bay Area, which was \$89,000 in 2015).

Within El Cerrito, housing characteristics vary significantly between the Flatlands and the Hills. In particular:





- **Multifamily households and renters are concentrated in the Flatlands.** Nearly two-thirds of households in the Flatlands are renters, and almost half live in multifamily units. In comparison, 15 percent of households in the Hills rent, and just three percent in multifamily units.
- **The population in the Flatlands is younger.** Less than 20 percent of the population in the Flatlands is over the age of 65, compared to almost a third of the population in the Hills. A slightly higher share of households in the Flatlands include children.
- **Households in the Flatlands tend to have lower incomes.** The median household income is \$67,014 in the Flatlands, compared to \$104,419 in the Hills.

Note that there may be variation in housing stock, household incomes, and other characteristics within the Flatland ad Hills geographies used for this analysis.

Figure 11: El Cerrito Subareas Used for Population and Household Analysis



El Cerrito Subareas

-  City of El Cerrito
-  San Pablo Ave PDA
-  El Cerrito Hills
-  El Cerrito Flatlands

Sources: US Census, 2016; City of El Cerrito, 2017; Strategic Economics, 2017.



Figure 12: Selected Demographic and Housing Characteristics in the Inner East Bay, 2011-2015

	El Cerrito	Richmond	Albany	Berkeley	Emeryville	Oakland	San Leandro
Population	24,418	107,597	19,249	117,384	10,830	408,073	88,329
Households	9,981	36,973	7,377	45,917	6,205	158,424	31,363
Median Household Income	\$88,737	\$55,102	\$79,596	\$66,237	\$77,806	\$54,618	\$62,761
Building Type/Size							
Number of Households:							
Living in Single-family Units	7,377	24,046	4,002	22,057	816	76,755	21,051
Living in Multifamily Units	2,583	12,674	3,371	23,732	5,327	81,001	9,475
Percent of Total Households							
Living in Single-family Units	74%	65%	54%	48%	13%	48%	67%
Living in Multifamily Units	26%	34%	46%	52%	86%	51%	30%
Multifamily Housing by Building Size (Units in Building)							
2-4 units	43%	41%	24%	36%	17%	35%	24%
5-49 units	46%	48%	61%	51%	19%	48%	52%
50 or more units	11%	11%	15%	13%	64%	18%	24%
Percent of Households Who Rent							
All Households	41%	51%	56%	57%	62%	60%	46%
Households in Single-family Units	22%	31%	27%	21%	26%	30%	26%
Households in Multifamily Units	95%	90%	89%	91%	68%	89%	92%

Source: American Community Survey 5-Year Estimates, 2011-2015; Strategic Economics, 2017.

Figure 13: Selected Population and Household Characteristics Within El Cerrito, 2011-2015

	Flatlands	Hills	Total
Population	12,875	11,786	24,418
Households	5,253	4,900	9,981
Median Household Income	\$67,014	\$104,419	\$88,737
Households Renting	64%	15%	41%
Households in Multifamily Units	46%	3%	26%
Population Over 65	17%	29%	23%
Families with Children	40%	36%	38%

Source: American Community Survey 5-Year Estimates, 2011-2015; Strategic Economics, 2017.

HOME VALUES AND RENTS

Home values and rents are rising rapidly in El Cerrito. From 2010 to 2016, estimated average home values in El Cerrito increased by 41 percent, from \$540,000 to \$761,000. (Figure 14). The average rent for apartments in El Cerrito has risen 39 percent since 2010 – a faster rate of increase than most other cities in the Inner East Bay. (Figure 15). Rents appear to be stabilizing, with limited increases in the first two months of 2017 compared to 2016.

Larger, newer rental buildings tend to command a premium. Figure 16 shows average rents by building size. Figure 17 shows the rents for all the market-rate and mixed-income buildings in the PDA with 50 or more units for which data are available. In general, larger buildings command higher average rents than smaller buildings. The difference in rents may reflect factors such as age and availability of amenities (El Cerrito’s larger buildings tend to be newer than the older housing stock, and some offer amenities such as exercise rooms) and property management practices (the city’s larger apartment buildings are more often operated by professional management companies, who may be more likely than small, independent landlords to charge the highest rent that the market can bear).²⁸

Figure 14: Zillow Home Value Index for All Homes in El Cerrito and Market Cities, 2010-2016

	2010	2011	2012	2013	2014	2015	2016	% Change 2010- 2016
El Cerrito	\$540,500	\$465,900	\$485,900	\$612,600	\$634,200	\$721,200	\$761,000	41%
Richmond	\$207,000	\$176,400	\$181,800	\$240,000	\$305,000	\$345,900	\$407,600	97%
Albany	\$574,900	\$531,200	\$538,000	\$694,100	\$714,300	\$847,000	\$885,100	54%
Berkeley	\$665,500	\$622,900	\$640,300	\$778,500	\$803,800	\$938,000	\$1,001,000	50%
Oakland	\$365,200	\$321,700	\$320,000	\$419,700	\$470,200	\$540,900	\$627,700	72%
Emeryville	\$323,200	\$247,500	\$260,300	\$329,300	\$379,900	\$437,100	\$464,600	44%
San Leandro	\$350,000	\$313,500	\$306,800	\$390,900	\$441,900	\$498,800	\$545,800	56%

Home Value Index is for June of each year, unless otherwise noted.

Source: Zillow Real Estate Research, 2017; Strategic Economics, 2017.

²⁸ To some extent, the rents may also reflect differences in unit mix; larger properties appear to have slightly more two-bedroom units and fewer studios and one-bedroom units compared to smaller properties. However, large properties also tend to have higher prices on a per square foot basis, and to have relatively small two-bedroom units. The data on unit mix and size are too limited to draw any clear conclusion on the relationship between these factors and average prices.

Figure 15: Average Effective Apartment Rents in Inner East Bay Cities, 2010 through February 2017

City	2010	2011	2012	2013	2014	2015	2016	February 2017	% Change 2010-2017
El Cerrito	\$1,467	\$1,533	\$1,641	\$1,738	\$1,827	\$1,998	\$2,053	\$2,036	39%
Richmond	\$1,123	\$1,127	\$1,176	\$1,226	\$1,296	\$1,408	\$1,443	\$1,437	28%
Albany	\$1,307	\$1,353	\$1,413	\$1,510	\$1,593	\$1,684	\$1,760	\$1,763	35%
Berkeley	\$1,647	\$1,671	\$1,770	\$1,836	\$1,935	\$2,086	\$2,191	\$2,205	34%
Oakland	\$1,263	\$1,309	\$1,363	\$1,436	\$1,513	\$1,632	\$1,646	\$1,658	31%
Emeryville	\$1,987	\$2,123	\$2,321	\$2,442	\$2,563	\$2,844	\$2,784	\$2,809	41%
San Leandro	\$1,181	\$1,210	\$1,259	\$1,336	\$1,434	\$1,629	\$1,697	\$1,708	45%

Average effective rent reflects buildings and units of all sizes annually.
Sources: CoStar, February 2017; Strategic Economics, 2017.

Figure 16: Multifamily Inventory Characteristics by Building Size

Building Size	% of Buildings	% of Units	Average Effective Rent (Weighted)	Buildings with Rent Data Available
Fewer than 5 units	51%	18%	\$1,306	9
5 to 20 units	41%	36%	\$1,262	20
21 to 50 units	6%	20%	\$2,120	6
Greater than 50 units	2%	26%	\$2,266	3

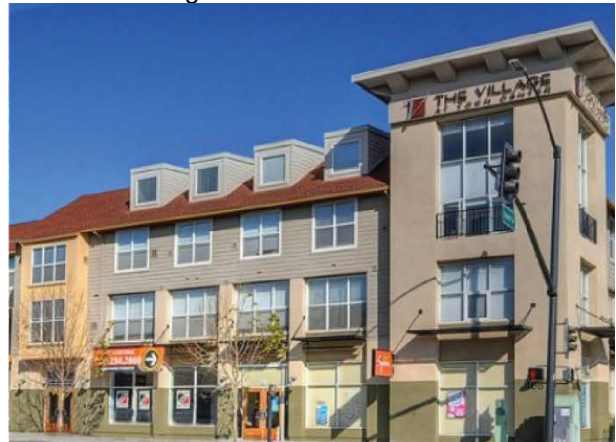
Average Effective Rent has been weighted by number of units in each building where rent numbers were currently available.
Note that building/unit data do not match Figure 13, above, because the figures reflect information from different data sources.
Source: CoStar, February 2017; Strategic Economics, 2017.

Figure 17: Medium and High Density Multifamily Market-Rate Housing on San Pablo Avenue



Civic Plaza Apartments

Year Built: 1988
Total Units: 162
Affordable Units: 0
Average Rent for a 2 bedroom unit: \$2,186
Average Rent Per Square Foot for a 2 bedroom unit: \$2.63
Vacancy Rate: 0%



Village at Town Center

Year Built: 2007
Total Units: 158
Affordable Units: 5 low income, 19 moderate income
Average Rent for a 2 bedroom unit: \$2,605
Average Rent Per Square Foot for a 2 bedroom unit: \$2.59
Vacancy Rate: 6.3%



Creekside Walk

Year Built: 2017 (Under Construction)
Total Units: 128
Affordable Units: 6 low income, 13 moderate income
Average Rent for a 2 bedroom unit: \$3,226*
Average Rent Per Square Foot for a 2 bedroom unit: \$2.98
Vacancy Rate: Unknown



Del Norte Place Apartment Homes

Year Built: 1992
Total Units: 135
Affordable Units: 27 very low income
Average Rent for a 2 bedroom unit: \$2,574
Average Rent Per Square Foot for a 2 bedroom unit: \$2.90
Vacancy Rate: 5.9%

*Asking (rather than effective) rents.

Projects shown include all market-rate and mixed-income developments in the PDA with 50+ units, for which data are available. Sources: CoStar, February 2017; Civic Plaza Apartments, 2015; Del Norte Place Apartment Homes, 2015; City of El Cerrito, 2017; Strategic Economics, 2017.

NEW RESIDENTIAL DEVELOPMENT

The City’s planning efforts have succeeded in setting clear expectations for developers. Developers report that the San Pablo Avenue Specific Plan and its programmatic EIR have helped to create a welcoming environment for developers by setting clear, achievable guidelines and reducing the risk of costly delays.

El Cerrito is starting to attract new, higher density development. From 2000 to 2016, El Cerrito had only one new market-rate, multifamily development: the 182-unit Village at Town Center. As of early 2017, however, Creekside Walk, also known as Metro 510 (128 market-rate units) is nearing completion and more than 1,000 additional market-rate units are planned or proposed (Figure 18). Most of the new planned development is in the PDA, with the exception of several small projects on El Dorado and Elm Streets. Product types and densities vary from small-scale infill townhomes to high density apartments and condominiums.

Most of the proposed development is located within one-half mile of the BART stations. This reflects the fact that, according to brokers and developers, demand for multifamily units is driven by young singles or couples who work in San Francisco or Oakland and value proximity to BART for the commute. In addition, developers are taking advantage of the higher densities and lower parking ratios that the San Pablo Avenue Specific Plan allows for sites located within a half-mile of BART. Over the past several years, a majority of the development proposals have been clustered in the southern part of the PDA, around the Downtown and El Cerrito Plaza BART station. According to brokers and developers, rents tend to be higher in this area. However, several large projects have recently been proposed near the Del Norte BART station, including the 223-unit “Mayfair project” and the 146-unit “Baxter Creek Apartments.” The northern part of the PDA has the potential for larger projects because of the larger parcel sizes in this area, while there are opportunities for smaller infill projects in the southern part of the PDA.

The market for new development in the Bay Area may be starting to slow. Plateauing rents and rising interest rates are creating a perception among brokers and developers that the market for new development may have peaked. In addition, historically high construction costs – in excess of \$300 per square foot of rentable area for a four-story wood frame building – are creating challenges for new development outside of the highest priced areas in the region (for example, in San Francisco, where the median asking rent for a two-bedroom unit in April 2017 was over \$4,000²⁹). These trends suggest that some of the planned development in El Cerrito and around the region may not move forward until the next market cycle.

²⁹ Abodo, “New Orleans Faces Highest Rent Hike for April 2017,” April 3, 2017, <https://www.abodo.com/blog/april-2017-national-apartment-report/>.

Figure 18: Recent, Planned, and Proposed Development Projects in El Cerrito, June 30, 2017 (1)

Name	Location	Product	Affordable Units	Market-rate Units	Total Units	Commercial Space (SF)	Status
Pre-Planning (2)							
Former OSH Site (3)	1711 Eastshore Blvd	Residential Mixed-Use w/ Car Dealership	-	315	315	70,000	Pre-planning; may include affordable and/or market-rate
Other Potential Projects				60	60	-	
Total Pre-Planned			-	375	375	70,000	
Proposed							
Former Taco Bell	11965 San Pablo Ave	Residential	10	136	146	-	Proposed
Mayfair	11600 - 11690 San Pablo Ave	Residential Mixed-Use	67	156	223	10,572	Proposed
Cutting Hotel	11645 San Pablo Ave	Hotel (117 Rooms)	0	-	0	2,500	Proposed; 117 Hotel Rooms
Village at Town Center	10810 San Pablo Ave	Residential (Additional dwelling units on surface lot)	0	40	40	-	Proposed
Former Guitar Center	10300 San Pablo Ave	Residential / Live Work	0	31	31	-	Proposed
TBD	10290 San Pablo Ave	Residential	0	14	14	-	Proposed
Former Rob's Auto	10192 San Pablo Ave	Residential	0	21	21	-	Proposed
San Pablo Apartments	10963 San Pablo Ave	Residential	0	50	50	2,867	Proposed
McNevin	10135 San Pablo Ave	Residential Mixed-Use	0	73	73	4,115	Proposed
Avenue Lofts	10167 San Pablo Ave	Residential	0	62	62	-	Proposed
Total Proposed			77	583	660	17,554	

Name	Location	Product	Affordable Units	Market-rate Units	Total Units	Commercial Space (SF)	Status
Approved							
1715 Elm Street	1715 Elm Street	Residential	0	14	14	-	Approved
El Dorado Townhomes	5828 El Dorado St	Residential	0	29	29	-	Approved
Cinque Terre	10534 San Pablo Ave	Residential Mixed-Use	0	5	5	813	Approved
El Dorado Apartments	5730 El Dorado Street	Residential	0	9	9	-	Approved
Central Ave Housing (Richmond)	5260 Central Ave (Richmond)	Residential	172 (4)	-	0	-	Approved
Total Approved			0	57	57	813	
Under Construction or Recently Built							
Hana Gardens Senior Housing Mixed-use Apartments	10848 – 10860 San Pablo Ave	Senior Residential Mixed-Use	62	1	63	2,300	Under Construction
Creekside Walk	3080 El Cerrito Plaza North & 3080 El Cerrito Plaza South	Residential	19	109	128	-	Under Construction
Ohlone Gardens	6431 - 6495 Portola Dr	Residential Mixed-Use	56	1	57	4,650	Built; 2015
Village at Town Center	10810 San Pablo Ave	Residential Mixed-Use	24	158	182	-	Built; 2007
Total Under Construction/Built			161	269	430	6,950	
Total Pipeline (5)			238	909	1,147	25,317	

(1) Note that the City regularly updates development information. The most recent information can be found on the Planning Department's website.

(2) Only includes projects in the pre-planning phase that have already had a public meeting; units from other potential projects estimated based on information provided by City staff.

(3) This project has had a pre-planning study session at the Design Review Board. The project owner has stated that the project may include affordable units.

(4) As this project is in the City of Richmond, it is not included in the City's RHNA allocation.

(5) Does not include Pre-Planned projects

Source: City of El Cerrito, July 2017; Strategic Economics, 2017.

APPENDIX B: GRAND JURY REPORT RECOMMENDATIONS

The following table summarizes how this AH Strategy relates to the recommendations in the 2016-2017 Contra Costa Civil Grand Jury report, available at the following website: www.cc-courts.org/grandjury.

Recommendation	Related Implementation Actions
<p>Recommendation # 1: The city should consider increasing AH in PDAs.</p>	<p>2-1. Continue to monitor the San Pablo Avenue Specific Plan and the City's other incentive programs for their effectiveness in providing affordable housing units. 10-1. Partner with BART to promote affordable housing development on BART lands. 11-1. Review capital improvement program and identify transportation projects that could be coordinated with affordable housing development. 12-1. Modify the City's Incentive Zoning and San Pablo Avenue Specific Plan Tier IV processes to include the provision of accessible units as a community benefit.</p>
<p>Recommendation # 2: The city should consider adopting an Inclusionary Housing Ordinance.</p>	<p>1-2. Consider implementing an inclusionary housing policy on ownership housing as an alternative to the affordable housing impact fee.</p>
<p>Recommendation # 3: The city should explore rehabilitating existing housing stock as AH for purchase or rental and identify funding to do so.</p>	<p>3-1. Continue monitoring assisted units and partner with local affordable housing providers to maintain the affordability of expiring units.</p>
<p>Recommendation #4: The County should explore rehabilitating existing housing stock as AH for purchase or rental and identify funding to do so.</p>	<p>N/A</p>
<p>Recommendation # 5: The city should explore increasing existing 'impact fees' or 'linage fees' [sic] or enacting such fees in order to generate revenue with which to assist funding of AH.</p>	<p>1-1. Conduct a nexus study and financial feasibility analysis to establish potential affordable housing impact fees on new residential development.</p>
<p>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.</p>	<p>N/A</p>
<p>Recommendation # 7: The city should consider seeking federal, state, and local funding sources for AH.</p>	<p>13-1. Consider the potential for implementing new local taxes or fees for affordable housing. 14-1. Attend meetings with advocates, staff, and elected leaders of various jurisdictions in Contra Costa County./ 15-1. Monitor proposed state legislation that would create a new affordable housing bond measure, tax, and/or fee</p>

Recommendation	Related Implementation Actions
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.	N/A
Recommendation # 9: The County should consider seeking federal, state, and local funding sources for AH.	N/A
Recommendation # 10: 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.	N/A
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.	N/A <i>The City of El Cerrito actively engages the community throughout the planning process.</i>
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.	N/A
Recommendation # 15: 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.	3-1. Continue monitoring assisted units and partner with local affordable housing providers to maintain the affordability of expiring units

Source: 2016-2017 Contra Costa Civil Grand Jury, Compliance and Continuity Report, Report 1701, <http://www.cc-courts.org/grandjury>.

APPENDIX C: COMMUNITY WORKSHOP SUMMARY

As part of the process for developing the El Cerrito AH Strategy, the City of El Cerrito hosted two community workshops. The workshops provided opportunities for community members to learn about the project and about local and regional issues related to affordable housing, and to provide input on strategies for the City to pursue. This appendix summarizes the input received at the two workshops, and provides the PowerPoint slides from each workshop.

COMMUNITY WORKSHOP #1: INTRO TO AFFORDABLE HOUSING

Workshop Overview

The first community workshop was held on Saturday, April 8, 2017 from 10 am to 12 pm. The public was invited to learn from a panel of industry experts about important affordable housing issues. Following the panelist presentations, there was a full group discussion in which members of the public asked questions and provided input on issues they would like to see addressed as part of the AH Strategy. Attendees were also asked to fill in comment cards. Approximately 25 members of the public attended.

Format

The event began with an introduction by Katherine Ahlquist and Melanie Mintz from the City of El Cerrito. Ms. Ahlquist and Ms. Mintz provided an overview of the City's recent planning efforts and increasing development interest, and discussed the City's goals for affordable housing which are focused on preserving and expanding housing opportunities for households with very low to moderate incomes and persons with special housing needs. Following the introduction by City staff, Sujata Srivastava from Strategic Economics provided an overview of the need for affordable housing in El Cerrito and the City's existing affordable housing policies and programs. Four panelists then provided presentations on affordable housing programs and policies. The four presenters included:

- Rick Jacobus, Principal of Street Level Advisors: "Building Inclusive Communities – Can We Share the Benefits of Growth?"
- Carolyn Bookhart, Housing Development Director, Resources for Community Development (RCD): "Affordable Housing Development"
- Elizabeth Wampler, Initiative Officer, Great Communities Collaborative/The San Francisco Foundation: "Anti-Displacement! Tools for Preserving Housing Affordability Near Transit"
- Abby Thorne-Lyman, Transit-Oriented Development Program Manager, Bay Area Rapid Transit (BART): "BART and Affordable Housing"

The panel discussion was followed by a full group discussion.

Public Input

The public comments are summarized below, as well as the responses provided by the consultants (Strategic Economics), panelists, and/or City staff.

- **Public Comment #1:**

- Something needs to be done about the exorbitant profits of landlords and real estate developers.
- Would like to suggest increasing the business license tax on rental properties.
 - Berkeley and another city passed one recently, got 70% of the vote, which shows that these types of measures can get the needed vote.
- Berkeley is also considering increasing the real estate transfer tax, with provisions for first time homebuyers.
- *Consultant/Panelist/Staff Response:*
 - El Cerrito would need to become a charter city in order to pass a transfer tax.
 - Another possibility is for a countywide affordable housing bond measure.
- **Public Comment #2:**
 - Question about allowing second units on your personal properties. Particularly the requirement for two covered parking spaces. This makes it really challenging to use the ordinance.
 - A workshop on how to do an ADU would be great.
 - *Consultant/Panelist/Staff Response:*
 - The City is adjusting this based on the State Law. Also, mentioned that current ordinance does offer other methods of achieving the parking.
 - The first round of changes to the Second Unit Ordinance is to make El Cerrito consistent with the State Law, which does reduce some barriers to building second units. This will happen very soon (this month?). Next, this strategy may consider whether we should further change our second unit ordinance to encourage additional ADUs.
 - Future Planning Commission meeting will be focused on ADUs.
- **Public Comment #3:**
 - Can the owner who is building second units restrict the unit to affordable?
 - Is there a way to streamline the process for everybody instead of just for affordable housing?
 - *Consultant/Panelist/Staff Response:*
 - Traditional affordable housing funds are not available for homeowners building ADUs, but some cities (e.g., Portland) have been considering asking homeowners to deed-restrict their units in return for incentives such as reduced parking requirements.
 - Absolutely, we should lean more towards less steps in the process but there are a few barriers that are unavoidable or necessary.
 - CEQA.
 - Design review: we still need to have some level of design review in order for some review of the design to ensure high quality development.
 - The San Pablo Avenue Specific Plan did a lot to streamline development, and we are seeing a spike in development proposals as a result.
- **Public Comment #4:**
 - I am one of the folks interested in getting an ADU and would like to hear more about the changes to that ordinance.
 - El Cerrito Progressives believes infill, such as ADUs, is the way to affordable housing. Thinks the process to go about getting an ADU is still very opaque.
 - Suggestion to create a “how-to” guide for residents interested in building Second Units. Perhaps a decision tree and examples of what is allowed and who to speak with at the City at different stages. Also suggests something like an online system.
- **Public Comment #5:**

- What about Section 8? There are incentives for landlords to rent to “market rate” tenants rather than rent to Section 8 holders. Can anything be done to incentivize landlords to rent to Section 8 holders.
- There is a desperate need for housing for mentally ill people. Total misery trying to find housing for those who are mentally ill, they need resources. Can you tell us more about state propositions to provide funding for housing for mentally ill?
 - I’ve hear that Davis has a good example of housing for the mentally ill.
- *Consultant/Panelist/Staff Response:*
 - The County runs the Section 8 program. As a small city, El Cerrito should look for partnerships with the County and regional agencies.
 - There was a tax for mentally ill housing called the Mental Health Services Act.
 - Another initiative called the No Place Like Home fund, which allowed for proceeds from the Mental Health Services Act to be bonded so more money could be leveraged at once.
 - RCD has used the Mental Health Services Act money in several projects.
 - The new Bond instrument will take about 5-10 years to really get into action.
 - One last thing: when you are considering affordable ADUs, the issue will be how do you make up the cost of construction and help to make the difference between market rent and affordable rents. Those are the elements that need to be mitigated.
- **Public Comment #6:**
 - As a homeowner, I, and I suspect most people in single-family neighborhoods, will be concerned about those units become short term rental units (AirBnB, etc.). I would like to see something in place to limit all the ADUs becoming short term rentals.
 - Create an AirBnB (and similar) registry, restrict short term rental usage for whole units, only allow for shared units.
- **Public Comment #7:**
 - Support a Just Cause Eviction ordinance.
 - ADUs are important, particularly going beyond the state regulations because the cost to build new buildings is incredibly unaffordable. We aren’t going to solve affordability issues with the high cost of the construction. Referred to the \$500,000 per unit cost of affordable housing shown in Carolyn’s slide.
 - We need to be using the housing stock we have better, allow more people in existing housing, overcoming cultural conceptions of “crowding.”
 - ADUS and second units would be a great way to utilize existing housing stock
 - ADUs could be made more affordable by allowing for high quality modular construction
 - Example: Baby doublewides in a craftsman aesthetic.
 - Regulation needs to allow more flexibility for sewer hook-ups.
 - There is underutilization of spaces on San Pablo, can you tax, fine or whatever to encourage turn over to a productive use?
 - There is an opportunity for community investment in affordable housing.
 - Community action around affordable housing/Crowdfunding affordable housing.
 - Small return but investing in our community instead. Nice alternative to other potential investments.
 - Pool small amounts to contribute to larger projects.
 - *Consultant/Panelist/Staff Response:*
 - Construction costs are just insane; part of the problem is fewer people in the industry at the same time that there is a building boom → people+more work=rising costs.

- VTA is encouraging apprenticeships to train the next round of workers, and reduce the labor scarcity that is contributing to construction costs.
 - BART has not developed a formal policy on land costs and their discounts, we have done it before, but we are also in a deficit.
 - Reducing parking requirements can have a major impact on construction costs (most recent cost estimates are \$60k per parking space, up from \$35k).
 - Reducing construction costs (for example, by streamlining development approvals) doesn't necessarily result in lower housing prices (which are driven by what the market can bear, supply/demand). But could make it possible for development to be feasible in more parts of the Bay Area.
 - Seattle took advantage of the cyclical nature of construction costs by collecting in-lieu fees during the boom years, and then leveraging them to raise additional sources of subsidies. Units were built 4-5 years later, when construction costs were much lower. This resulted in more affordable units than would have been built by requiring developers to build affordable housing on site. And construction crews were kept busy during down cycle.
 - One reason for the high cost of development for affordable units is because affordable housing serves multiple policy goals – e.g., paying prevailing wages to workers, providing supportive services, etc.
- **Public Comment #8:**
 - Allow tiny homes as ADU. Home owners could save the cost of construction and just lease the land to a tenant that has a mobile tiny home. Makes it more affordable barrier to entry. Requires flexibility in construction codes and housing regs.
 - On underutilization and vacancy on San Pablo and homes, can we do something to fee or fine to encourage owners to use their property?
 - On TOD, requiring more retail space on the bottom is necessary to help people live without a car and trade off the reduced parking.
 - I love that the parking requirements are zero if you want to build it, I think it is really important to decouple parking from housing to allow for low car households, and lower cost housing.
- **Public Comment #9:**
 - Just want to congratulate everyone on the panel, I think I was the second generation of people working on fair housing, after the 50s.
 - Also want to come back to the bonanza that landlords are getting form the incredible increase in market demand, nothing proactive. Think there is something else that needs to be done.
- **Comment from City Council Member:** Paul Fadelli, El Cerrito City Council Member
 - Thanked everyone for coming.
 - There is a lot going on in Sacramento right now related to affordable housing. Keep an eye on:
 - A statewide bond for affordable housing.
 - Document fee bill (Atkins) to raise money for affordable housing.

Comment Cards

Members of the public were asked to fill out comments cards before leaving. The comment cards asked for some information about attendees' relationship to El Cerrito (resident, business owner, etc.) and what affordable housing issues attendees thought should be addressed in the AH Strategy. Thirteen comment cards were returned. Of the 13 attendees who returned comment cards, 10 were El Cerrito residents,

including three renters and seven homeowners. One was an owner of rental units in El Cerrito, one was a commercial broker or landlord in Cerrito, and one was a business owner in El Cerrito.

Figure 19 shows the issues that respondents selected in response to the question “What affordable housing issues do you think should be addressed in the Affordable Housing Strategy?”

Figure 19: Responses to the Question, “What Affordable Housing Issues Do You Think Should Be Addressed in the Affordable Housing Strategy?”

Issue	Respondents	% of Total Respondents
New Affordable Housing	11	85%
Senior Housing	11	85%
Homelessness	10	77%
Secondary/ Accessory Dwelling Units	9	69%
New Funding Sources for Affordable Housing	7	54%
Rising Rents	6	46%
Rehabilitation/Upgrades to Existing Housing	5	38%
First-Time Home Ownership	4	31%
New Market-Rate Housing	1	8%
Total Respondents	13	100%

Other responses included:

- Rehab of other apartment buildings to house the homeless.
- I wholeheartedly support impact fees and requirements for affordable housing in new developments. I'd hope that you can build affordable housing that has access to shared zip cars or the like. I urge you to consider market rate housing that is marketed to those that wish to drive less, in keeping with our green city.
- Just cause eviction policy. Community based Investment instead of conventional lending. Direct Public Offering (DPO). Policy to discourage underutilization on San Pablo (fine/tax with exception for temporary use.) Inclusionary housing ordinance. Co-housing. Tiny/modular housing standards and greywater and composting toilets to avoid sewer hookups.
- Some sort of "Just Cause Eviction Ordinance" so that affordable housing isn't destroyed and poor people evicted as happened with Audiss where there are now 4 single-family homes are boarded up and empty spaces where RV were located and 40-50 people (low-income) were evicted.
- I think it's good to have mixed groups of people - not all seniors together, not all high income, but a mix of both.
- Explore "tiny" houses.
- Inclusionary @20%. Eliminate public art req. for affordable.
- Subsidized housing for mentally ill.
- Infill and new/innovative uses for existing structures

COMMUNITY WORKSHOP #2: AFFORDABLE HOUSING POLICY RECOMMENDATIONS

Workshop Overview

The City of El Cerrito hosted the second workshop on May 26, 2017 from 7 to 8:30 p.m. The purpose of the workshop was present proposed implementation strategies to address the city's affordable housing goals, educate community members on the opportunities and constraints for implementation, and obtain input regarding the community's priorities. The workshop included a presentation, an open house, and a public comment period. Attendees were also provided with cards to provide additional comments. Approximately 30 members of the public attended. Mayor Janet Abelson and City Council Member Paul Fadelli were also in attendance.

Format

The workshop began with an introduction from Melanie Mintz from the City of El Cerrito. Sujata Srivastava from Strategic Economics next gave a brief overview of the purpose, schedule, and process of the AH Strategy, and a brief overview of each of the five strategies being proposed:

- Strategy 1: Leverage Private Development to Contribute to Affordable Housing Needs
- Strategy 2: Reduce Risk of Displacement
- Strategy 3: Encourage Development of “Missing Middle” Housing That Serve Low and Middle Income Households
- Strategy 4: Continue to Support Development of Low Income and Special Needs Housing
- Strategy 5: Increase Local Funding for Affordable Housing

The public was then asked to circulate around the room for a 50 minute open house. During the open house, members of the public were asked to visit four topical “policy” stations set up around the room. Each station covered one strategy, except for one station that combined Strategies 4 and 5. The stations included easels with informational boards about the draft strategies, and paper for noting community comments and questions.

Following the open house, the full group reconvened for additional comment and question and answer.

Public Input

This section provides the comments that were recorded at each of the stations during the open house, as well as the additional comments received during the full group discussion following the open house.

Open House Station #1: Leverage Private Development

- Responsibility for housing subsidies should be the entire community's responsibility, not the responsibility of developers (should be a shared responsibility)
- Lobby state to be able to impose inclusionary requirements on apartments, not just condos
- Glad we're looking at impact fee & inclusionary housing
- Supports inclusionary policy!
- Likes the fact that El Cerrito has lower fees than Berkeley or Albany
- Pro more development – increase supply to lower costs
- Supports impact fees & inclusionary housing
- Likes inclusionary policy & impact fees
- Build in annual monitoring fee for inclusionary units
- Question about the unit threshold for charging the impact fee

- In lieu fee versus on site inclusionary, would prefer inclusionary [rather] than allowing developer to just pay the fee. Fee should be increased as a disincentive to pay fee rather than build units
- Consider policies that incent property owners to build, rather than hold on to underutilized properties
- Training for people looking for housing – is there such a thing? What’s the most effective way to find housing
- Numbers and statistics to show an anti-tax person that there’s benefit to having this
- City guidelines for inclusionary – Should have this!
- Need to provide consistent and accurate information about housing projects

Open House Station #2: Explore and Implement Policies to Reduce Risk of Displacement

- Make easier to rent house
- Data on Airbnb
- Mountain View relocation policy
- Rent control/stabilization & displacement ordinances (Mountain View and Richmond)
- Great to have teacher housing
- Is rent control going to help affordability?
 - Penalizes property owner
 - Doesn’t solve problem
 - Need more housing of all levels
- All these strategies are good
- Reasonable rent increases over time
- Displacement from new development (RV)
- Demolition – require replacement of LI (low income) housing
- Prioritizing on waiting lists for displaced
- Displacement protections – legal to do for all rentals?
- Focus on displacement aspect
- Training for tenants?
- Why would landlords need rehab from city? What is incentive?

Open House Station #3: Missing Middle Housing

- Explore shipping container housing
- Enact policies to regulate short-term rentals
 - Need to balance benefits to homeowners with preserving units for long-term rental
 - Room within houses could be regulated differently than full units
- Parking reductions for ADUs should be studied on a street by street basis because parking is worse in some places than others; residential permit parking system should be enforced
- Co-housing – a scale of 28-30 households is required for efficiency
- Consider modular ADUs
- Airbnb – consider a tax as a revenue source for affordable housing, or as a subsidy for low income ADUs
- “Middle” to me = between low income and market-rate housing
- Very interested in ADUs. The City should bring people over the tipping point with preapproved plans, incentive if you rent to vulnerable population
- Examine building codes for ADUs, not just zoning regulations
- Explore tiny homes as ADUs (small modular units) – currently modular units are regulated as RVs & tiny homes are under the City’s square footage limit

- Incentivize vacant housing units to be filled. Suggestions include connecting owners with property management companies
- Increase the utilization of larger homes by matching roommates.
- Consider smaller scale ownership product (e.g. townhomes)
- Staff should encourage density whenever possible, especially near BART – e.g. duplex instead of single-family residential
- Explore shipping container ADUs/units – these are not permitted yet
- Permitting process overly complex and expensive – make it shorter and cheaper
- Lower parking requirement to zero near transit, even outside of the San Pablo Avenue Specific Plan Area. Consider a parking maximum (1 space per unit) near transit as well

Open House Station #4: Continue to Support Development of Low Income/Special Needs Housing and Increase Local Funding

- Clarification in “key considerations” - business license tax requires voter approval
- Scale of \$ amount in chart/statewide?
- Airbnb “hotel tax” – dedicate some % towards affordable housing
- Safetimehost.org – resource/service for matching people with rental
- Bond measure – positive – spread over regional need
- Flex units for disabled?
- Public bank example in Oakland
- Landlords – keep some % units BMR (small prop ownerS)

Public Comment Period

- Concerned by the idea of relying on a broken market
- Do a better job of utilizing empty bedrooms all over the City
- Build smaller units, very basic
- Work with existing small landlords who are already renting units at below market rates – how to engage these property owners to get them to work together?
- Work with mom and pop landlords
- Prioritize wait list for people who are displaced/homeless, especially for seniors
 - County is trying to prioritize based on age or health?
- 211 is unhelpful
- Airbnb policy (short-term rentals)
- Workshops/outreach on housing topics – how to do an ADU
- Bring down costs
- March people who need housing with empty rooms
- Incentivize development of underutilized parcels
- Studios
- Converting warehouses
- Dormitory style/group housing – don’t require an individual kitchen

Comment Cards

Nine of the 30 attendees provided comment cards. Of the nine respondents, seven were El Cerrito residents including three renters and four homeowners. The comment card included four questions. Respondents’ comments to the four questions are provided below.

Have we gotten the strategies and implementation items right?

- Will residents vote on all tax proposals? Will residents vote on all policy decisions? What are the complete funding impacts of all proposals? Is there information of all benefits, costs for all five strategies?
- I'm not very knowledgeable about the subject but seems to me you've covered a wide range of problems, opportunities, tools, possible (illegible)
- Hmm Do not increase business license to fund housing - no good nexus. Implement commercial linkage fees if you really want to go there. Not sure it makes sense for EC to have its own multifamily rehab program - why would a landlord agree to restrict rents?
- You have a good start and are moving in a needed and "right" direction
- Good start, more focus on cost effective strategies
- I'd like to see an openness to working with the county (per Supervisor Gioia's meeting) on a county bond for affordable housing - when the time is right

Did we miss anything?

- I need facts and numbers to show overall community benefit of all tax proposals to counter argue "anti-tax" friends.
- Please make ADU's easy. Make it an attractive long-term option. Incentivise it, i.e. Sample pre-approved plans, tax breaks, waived fees, prefabs, etc. We would love to do it but just need the right mix of incentives because it is still a huge cost to the home owner. Provide TA and real tools to make it easy. If units cost the City so much to build, give that to home owners to convert garages etc. \$150 - 200k?
- Comment: What about providing incentives to property owners to build small units on land that is not utilized.
- Air B&B - regulate and restrict (including "shared units" as well as "entire units")
- Zoning changes so that houses (existing) can be adapted for group housing (dormitory or similar)

What do you think are the highest priorities for the City?

- Meet the needs of very low income families and seniors and others. Income \$1000 to \$1500 monthly.
- Smart growth (San Pablo transit, inclusionary) and methods for infill. Methods to protect existing residents, renters
- Displacement regulation ADU's other regulations
- Low-cost or no cost options. Encouraging ADU's and tiny homes. Eg. Sending people to safetimesthost.org for room matching

Do you have any other comments or thoughts?

- 1. More studios 2. Converting warehouses other spaces 3. More very low income units on market rate projects 4. Funds available to assist people temporary housing crisis prevent homelessness
- I forgot to leave comment from last meeting, more time for guest speakers, explain terminology, more time for question and suggestions

POWERPOINT PRESENTATION FROM COMMUNITY WORKSHOP #1

The PowerPoint presentation from the first community workshop is provided below.



Overview of Tonight's Agenda

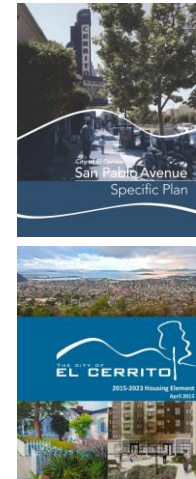
- I. Introduction to City's Affordable Housing Goals (Katherine Ahlquist, City of El Cerrito)
- II. Project Overview (Sujata Srivastava, Strategic Economics)
- III. Panelist Presentations
- IV. Moderated Discussion
- V. Q&A
- VI. Next Steps

Introduction to City's Affordable Housing Goals

Katherine Ahlquist, City of El Cerrito

Background

- Recent Housing Related Planning Efforts
 - San Pablo Avenue Specific Plan and Form-Based Code (2014)
 - Housing Element (2015)
 - Accessory Dwelling Unit Policy (2017)
- Increasing Development Interest
 - Projects proposed, approved, under construction, or built since 2015
 - 926 units in the pipeline
 - 30% or 220 units are affordable
 - 22,724 SF of new commercial
- Opportunity to Expand Housing of All Types



MTC Grant Funding

- Awarded \$301,500 MTC PDA Planning Grant in 2014
 - \$60,000 for an Affordable Housing Strategy
- Consultant Selection Process
 - Request for Proposals – Released November 1st, 2016
 - Conducted consultant team interviews
 - Selected Strategic Economics, Inc.
 - Council approval at January 17th, 2017 meeting



5

Affordable Housing Goals

- **Identify** and **implement** policies to advance Housing Element goals
 - Conserve and improve El Cerrito's existing housing supply;
 - Facilitate and encourage the development of housing to meet regional housing needs;
 - Expand and promote housing opportunities for all; and
 - Promote energy efficiency
- **Preserve** and **expand** housing opportunities for households with very low to moderate incomes and for persons with special housing needs

6

Project Overview

Sujata Srivastava, Strategic Economics

What is Affordable Housing?

- "Affordable" Housing Definition: Housing costs are 30% or less of household income (rents/mortgage)
- How do we provide affordable housing for households that cannot afford market rate housing?
 1. Subsidized affordable housing receives funding from federal and state funding sources to cover the gap
 - Many subsidies are only available for certain income categories
 2. Private sector contributions (inclusionary zoning, density bonuses, etc.)
- Local governments can provide funding or create requirements for private sector to contribute towards affordable housing

8

What is the Affordable Housing Strategy?

- The strategy will offer concrete implementation steps to achieve the following goals:
 - Goal 1:** Conserve and improve El Cerrito's existing housing supply.
 - Goal 2:** Facilitate and encourage the development of housing to keep up with regional growth (RHNA).
 - Goal 3:** Expand housing opportunities for the elderly, the disabled, households with very low to moderate income, and for persons with special housing needs.



9

Building on Recent City Initiatives

- Housing Element, 2015**
 - Develops City's affordable housing goals for 7 years
- San Pablo Avenue Specific Plan and Form-Based Code, 2014**
 - Encourages new mixed-use and housing development on San Pablo corridor
- Economic Development Action Plan, 2016**
 - Encourages high-quality development in key commercial areas



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Existing Affordable Housing in El Cerrito

Name	Total Units	Total Assisted Units	Populations Assisted
Hazel Shirley Manor	63	63	Low and Moderate Senior, Mobility Impaired
El Cerrito Royale Assisted Living	102	31	Senior
Del Norte Place	135	27	Family/Seniors
Idaho Apartments	29	25	HIV/AIDs/ Homeless/ Mental Illness
Village at Town Center Apartments	158	24	Low and Moderate Income Family
Ohlone Gardens	57	56	HIV/AIDs/ Mental Health and Very Low Income
Total	544	226	



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Affordable Housing Needs

- 37% of households are cost-burdened (paying more than 30% of income on rent)
- New housing is needed to meet regional housing allocation
 - 398 units from 2014-2022
 - 70% are in construction, planned, or proposed
 - 30% remaining need
- Special housing needs
 - Elderly (41% of seniors are extremely low and very low income)
 - Persons with disabilities
 - Homeless
 - Extremely low income households

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New Housing Development in El Cerrito

Planned, Proposed, and Under Development Housing in El Cerrito

	Units by Income Level				Total
	Very Low (0-50% of AMI)	Low (51- 80% of AMI)	Moderate (81-120% of AMI)	Above Moderate (over 120% of AMI)	
2014 - 2022 RHNA Allocation	100	63	69	166	398
Approved, Under Construction, and Built Units	86	38	13	139	276
Percent of Need Achieved	86.0%	60.3%	18.8%	83.7%	69.3%
Remaining Need	14	25	56	27	122
Planned and Proposed Units	31	52	0	970	1,053

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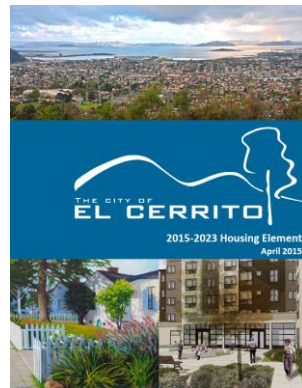
Existing City Policies and Programs

- Affordable Housing Density Bonus
 - Density bonuses to developments that include low income housing
- Tier IV/Incentives Program (San Pablo Avenue Specific Plan)
 - More flexible standards for development offering affordable housing or other public benefits
- Second units/ Accessory Dwelling Units
 - Homeowners within RS zones can build a second unit on their property
- Small grants and loans for affordable housing (very limited)
- Countywide programs for renter and homeowner assistance

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Potential New Policies and Programs

- Housing Element identifies several new programs and policies to explore for possible implementation:
 - Good Cause for Eviction Ordinance
 - Inclusionary Housing Ordinance
 - New local affordable housing finance source
 - Seismic Retrofit Program



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Panel Discussion of Programs and Policies

- Four panelists will discuss affordable housing programs and policies:
 - **Rick Jacobus:** Building Inclusive Communities – Can We Share the Benefits of Growth?
 - **Carolyn Bookhart:** Affordable Housing Development
 - **Elizabeth Wampler:** Anti-Displacement! Tools for Preserving Housing Affordability Near Transit
 - **Abby Thorne-Lyman:** BART and Affordable Housing

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r_{cd} RESOURCES FOR COMMUNITY DEVELOPMENT

Our Mission is to create and preserve affordable housing for those with the fewest options, to build community and enrich lives

Our Passion brings people and resources together to create properties that benefit the whole community



Carolyn Bookhart - Housing Development Director, RCD

r_{cd} What is Affordable Housing Development

- Privately developed, owned and managed
- Typically by mission driven non-profit and for-profit developers
- Achieves multiple public policy goals
- Seniors, Families, and Special Needs Households
- Residential and Mixed Use



r_{cd} Affordable Housing Looks just like Market Rate Housing



Villa Vasconcellos
Walnut Creek



Shinsei Gardens
Alameda



1701 MLK
Oakland

r_{cd} How do Affordable Housing Developments get Built?

- Site selection
- Design development
- Financing
- Construction
- Marketing/lease up
- Long term operations





How do Affordable Housing Developments get Financed?

Affordable housing requires multiple sources of funding:

- Public funding
- Conventional lending
- Tax credit investment



Benefits to Building Affordable Housing Developments

- Long term affordability (55 yrs)
- Leverages millions of outside dollars
- Serves a variety of housing needs
- Achieves multiple public policy goals
- Mission driven asset management
- Long term compliance and monitoring



Ohlone Gardens – Case Study 57 affordable units in El Cerrito

Affordability: Rents affordable to HHs with incomes at 30% to 50% Area Median Income
 Population: Families, seniors and disabled
 Sustainability: LEED Platinum
 On-site Services: Adult education, case management, service coordination
 Leveraging of City dollars: \$8 for every \$1 of local funds

Project Financing	
City of El Cerrito	\$3,500,000
Contra Costa County	\$2,190,000
CA Housing and Community Development	\$2,860,000
Federal Home Loan Bank	\$562,430
CA Mental Health Services Act funds	\$562,430
Tax Credit Equity through Union Bank	\$17,417,530
Permanent mortgage through Union Bank	\$934,288
Total	\$28,024,248



Challenges

- Long term approach
- Requires substantial local funds
- Competitive market for sites
- Limited to 60% AMI and below





Opportunities

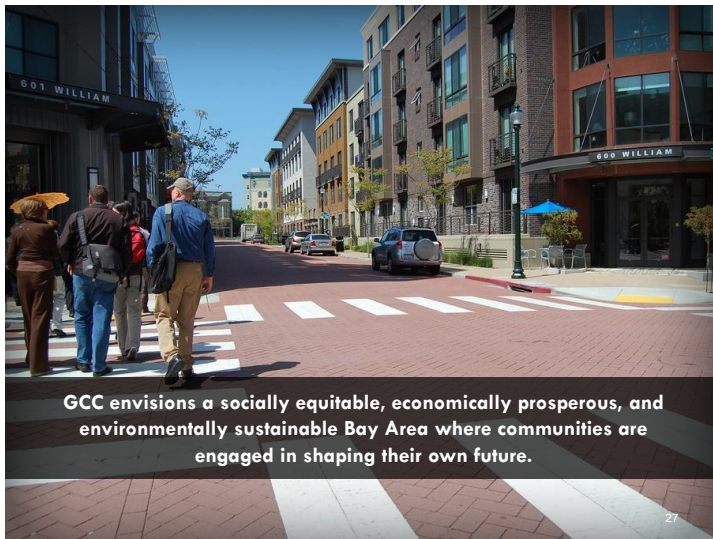
- Raise funds locally
- Advocate for more County and State funding
- Utilize publicly owned land
- Zone for high density land use



Anti-Displacement!

Tools for preserving housing affordability near transit

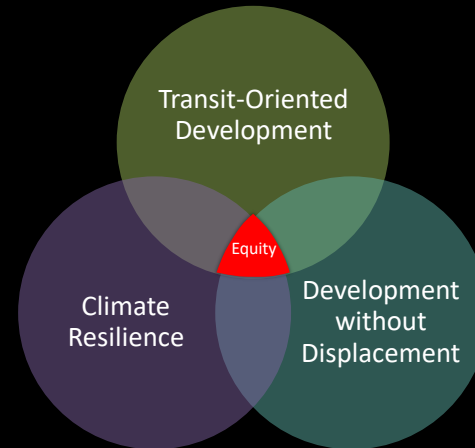
Elizabeth Wampler, Initiative Officer, GCC / TSFF
April 8, 2017

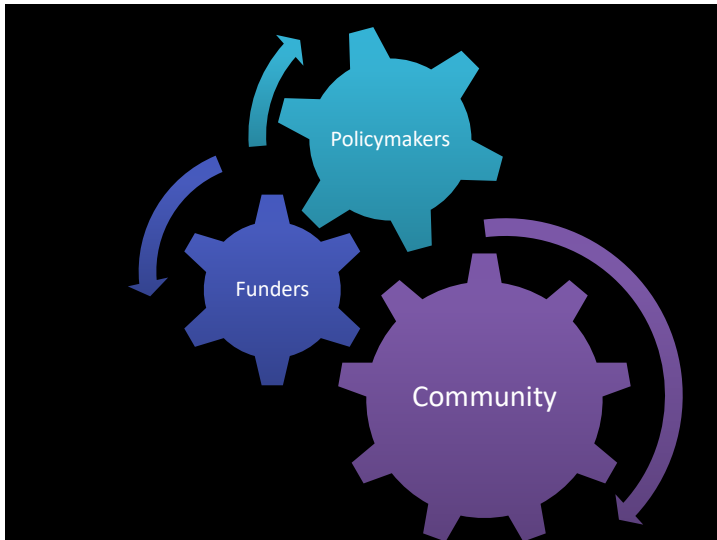


GCC envisions a socially equitable, economically prosperous, and environmentally sustainable Bay Area where communities are engaged in shaping their own future.

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GCC's Strategic Vision





Resources and Citations

Urban Displacement Project at UCB
<http://www.urbandisplacement.org>

Workshop Series: Investment without Displacement
 Workshop Series
<http://www.urbandisplacement.org/IWD2017>



Credit to:
 Miriam Zuk, Urban Displacement Project
 Geeta Rao, Enterprise Community Partners

What is displacement?

DEFINITIONS

Gentrification:
 Transformation of historically disinvested urban neighborhoods of the working-class and communities of color into higher income residential and/or commercial uses with associated racial and ethnic turnover.

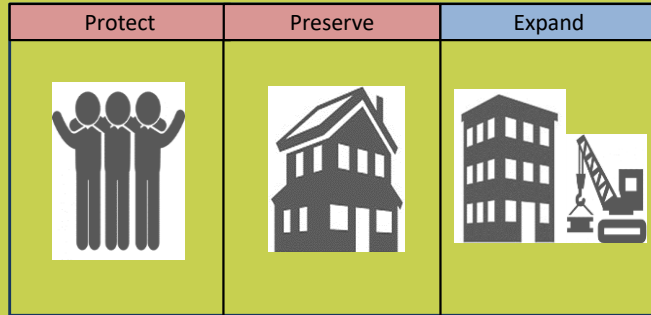
Displacement:
 When households are forced to move or are prevented from moving into a neighborhood that was previously accessible to them due to conditions which are beyond their ability to control or prevent (e.g., rent increases).

Source: Urban Displacement Project, University of California at Berkeley

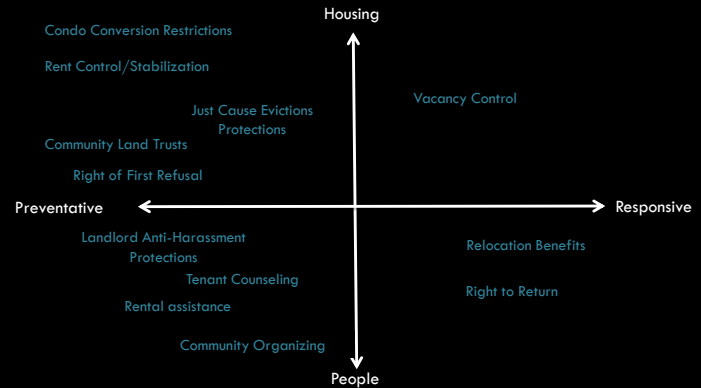


Street art by Romanowski, 48 Hills

POLICY FRAMEWORK FOR COMMUNITY STABILIZATION



PROTECT: Policies and Tools



PROTECT: Rent Control and Just Cause Protections

Rent Stabilization*

- Limits the amount by which a private landlord can raise rent on current tenants
- Contemporary rent stabilization ordinances tie rent to inflation (i.e., CPI, etc.)

Just Cause Eviction Ordinances

- Limits reasons for evictions to “just causes” such as nonpayment of rent, violation of rental agreement, or illegal use of the unit.

PROTECT: Rent Control and Stability. Does it work?

Prevent rents from increasing in gentrifying neighborhoods:

- Rents for unregulated units in gentrifying neighborhoods of New York between 1996 and 1999 increased by an average of 43.2%, while rents for regulated units increased by only 1.4%

Contribute to stability and tenure security:

- In Urban and Suburban Policy Analysis, 17 Boston area cities with rent control, renter stability was higher in cities with rent control than in the state overall

Significant drop in mobility rates:

- In Los Angeles, renter mobility went from 38% in 1977 to 24% in 1999
- Lower-income and older households benefit most

Longer tenure:

- New York City: As of 2008, rent-stabilized tenants in NYC had lived in their units for an average of 12 years, compared to six years for households in market-rate units
- Similar results found in non-US context - Denmark

Yes!

PRESERVE:

Policies and Tools

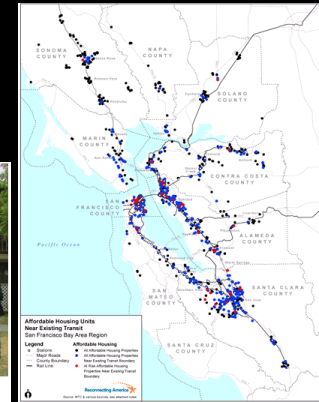
- Tenant purchase/
alternative ownership models (coops, CLTs, etc.)
- Tax-default acquisition strategies
- Retention of subsidized units facing expiring use
- Streamlined access to funding for acq/rehab

PRESERVE: Deed-restricted

7,600 units in the Bay Area at risk of converting to market-rate—deed restrictions expiring.



Christian Church Homes staff and residents gather at Garfield Park Village for the rehabilitation groundbreaking ceremony June 2, 2014. Photo courtesy of Christian Church Homes.



Source: California Housing Partnership



PRESERVE:

Unrestricted Affordable Homes on the Market

PRESERVE: Bay Area Opportunity

- Metropolitan Transportation Commission (MTC) providing \$10 million to support the creation of a regional preservation finance tools.
- Lessons: San Francisco Small Sites Program; new Oakland program.
- GCC working with community groups. How can communities in buildings be a part of the solution?
- New endeavor for the affordable housing industry.



Resources and Citations

Urban Displacement Project at UCB
<http://www.urbandisplacement.org>

Workshop Series: Investment without Displacement
Workshop Series
<http://www.urbandisplacement.org/IWD2017>

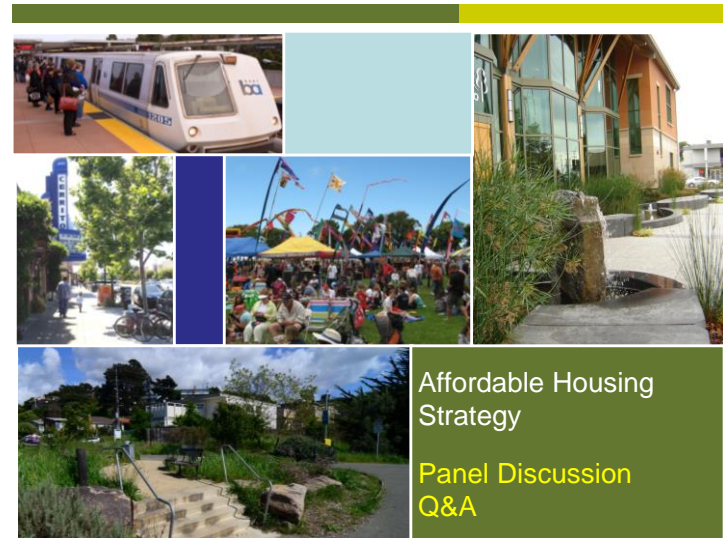


Credit to:
Miriam Zuk, Urban Displacement Project
Geeta Rao, Enterprise Community Partners

The end

BART and Affordable Housing

Abby Thorne-Lyman, BART



Affordable Housing
Strategy

Panel Discussion
Q&A



Thank You and Next Steps

Katherine Ahlquist, City of El Cerrito

Next Steps

- **Community Workshop #2 – May 23rd, 7 pm - 8:30 pm**
 - City Hall - Council Chambers (10890 San Pablo Ave)
 - Affordable Housing Policy Recommendations
- **Planning Commission Meeting – Date TBD**
 - Present Draft Affordable Housing Strategy and recommended affordable housing policies
- **City Council Meeting – Date TBD**
 - Presentation of Final Affordable Housing Strategy

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Resources

Community Development Department contacts:

- Katherine Ahlquist, Community Development Analyst
kahlquist@ci.el-cerrito.ca.us or 510-215-4361
- Melanie Mintz, Community Development Director

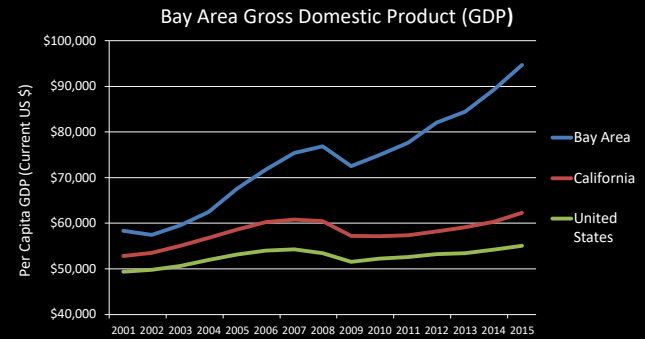
City's Affordable Housing Webpage:

- For this workshop presentation and other information, please visit www.el-cerrito.org/AffordableHousing

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Bay Area Context

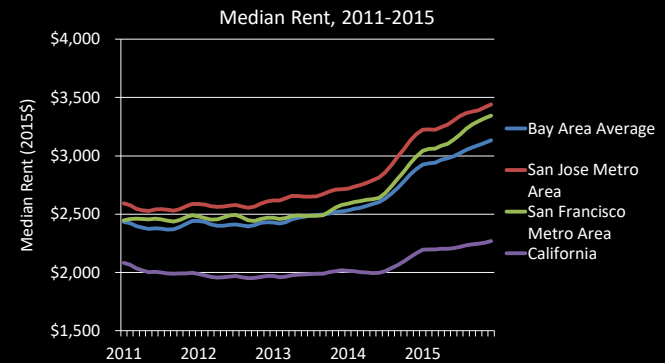
Bay Area on the Rise



Sources: US Bureau of Economic Analysis, MTC Vital Signs, CA Dept. of Finance

Declining poverty
Growth in high wage jobs
Low unemployment
Recent economic growth is not a neutral story
Income inequality
Rising rents
Jobs and housing mismatch
Suburbanization of poverty

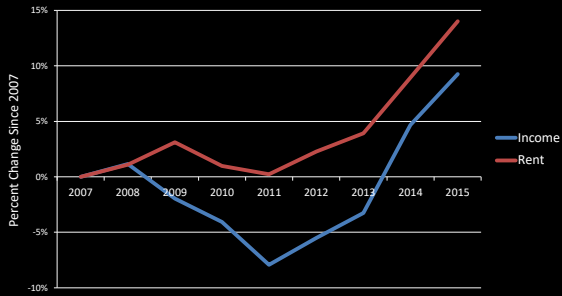
Rent Over Time: Bay Area vs. California



Source: Zillow Rental Index Multifamily, SFR, Condo/Co-op Time Series

Wages Have Not Kept Up With Rents

Median Rent and Income



Source: American Community Survey 1 year estimates
 Note: All values adjusted to 2015 dollars

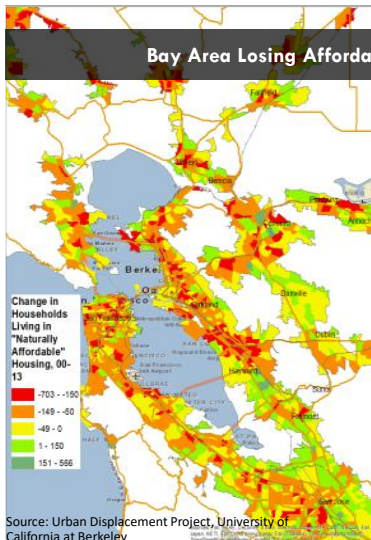
Resulting in widespread displacement

> 53% of low-income households live in neighborhoods at risk of or already experiencing gentrification and displacement

~ 50% of displacement is happening in moderate/high income neighborhoods

Source: Urban Displacement Project

Bay Area Losing Affordability at a SEVERE Rate



Source: Urban Displacement Project, University of California at Berkeley

- From 2000 to 2013, Bay Area **lost** 47% of affordable market-rate housing while the number of low-income households grew by 10%.
- More than **250,000** very low income households do not have access to an affordable home in the Bay Area.

An aerial night view of a city, likely San Francisco, showing a dense urban landscape with numerous lights from buildings and streets. A prominent feature is a large bridge with a distinctive green and white structure, possibly the Bay Bridge. In the foreground, there are long, curved light trails from traffic, with red and white streaks curving across the bottom right. The overall scene is dark, with the city lights providing the primary illumination.

Building Inclusive Communities

Can we share the benefits of growth?



Rick Jacobus
Street Level Advisors



Can we build our way out of the housing crisis?



We aren't building enough

In the Bay Area we built only 193 housing units per 1000 new residents


Source: zillow.com March 27, 2015

We would need to build at a truly massive scale to push rents down to a level that was affordable for most lower income households





Property owners **abandon** buildings rather than rent for less than their operating costs



Building more could make a big dent in the middle income housing problem...

But it won't eliminate the need for **low income housing.**



Even if it does not solve the problem entirely, **some building** is better than no building



What we need is a way to ensure that everyone receives **some of the benefit** from new building

When prices rise, we all pay more...

Where does all of that money go?

Market Based Strategies



- ▶ Whenever we are creating new land value there is a **window of opportunity** to create lasting affordability also.

Market Based Strategies

- ▶ Density Bonus
- ▶ Incentive Zoning
- ▶ Inclusionary Housing
- ▶ Affordable Housing
Impact Fees



Density Bonus



Voluntary Program

- ▶ Developer can build more market rate units if they build some affordable units

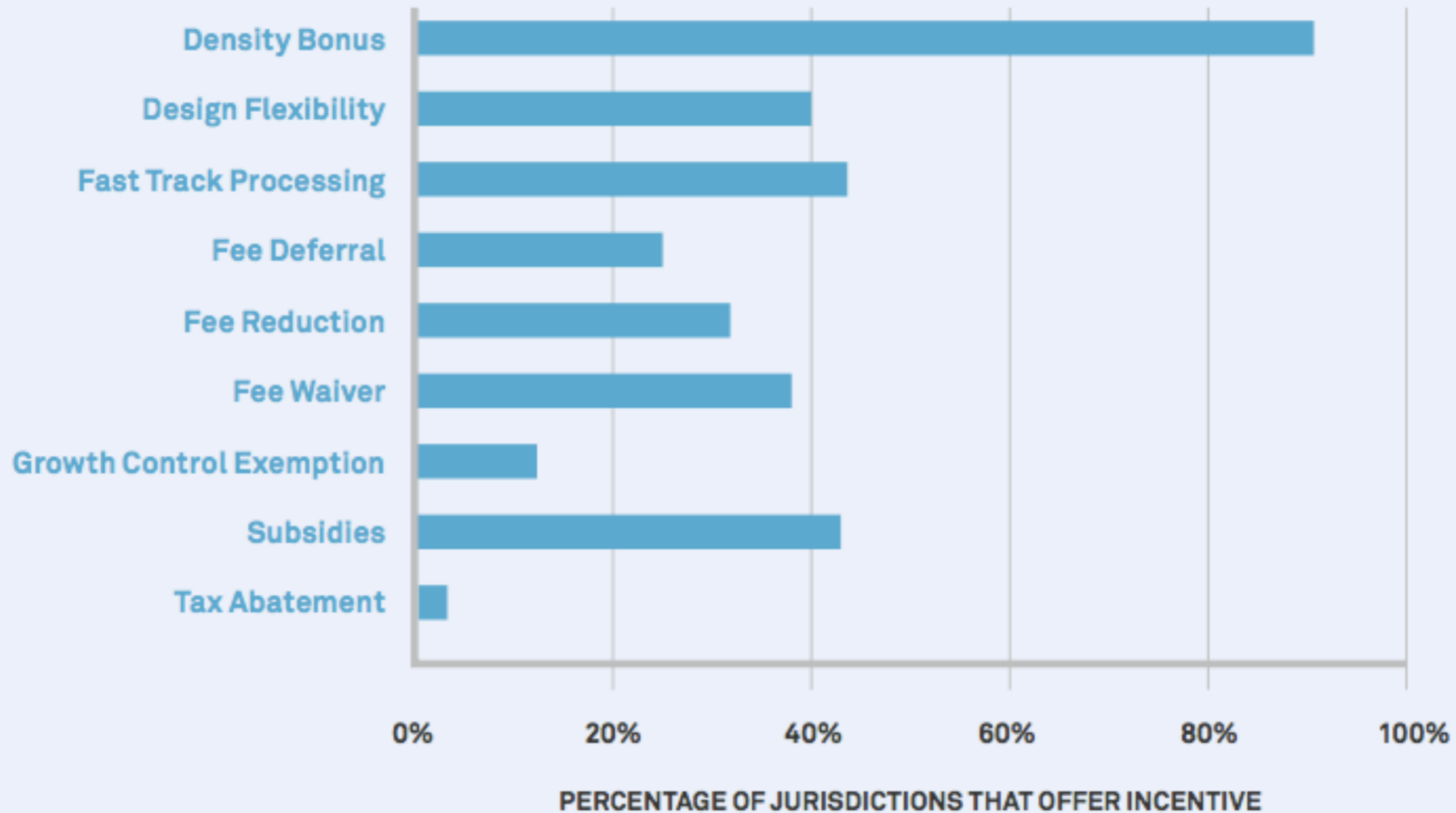
Incentive Zoning



Voluntary Program

- ▶ Developers receive a packet of incentives in exchange for providing affordable units.

Common Incentives



Source: Non-Profit Housing Association of Northern California (2007).

Inclusionary Housing



Mandatory Program

- ▶ Requires some percentage of affordable units
- ▶ Most still offer incentives

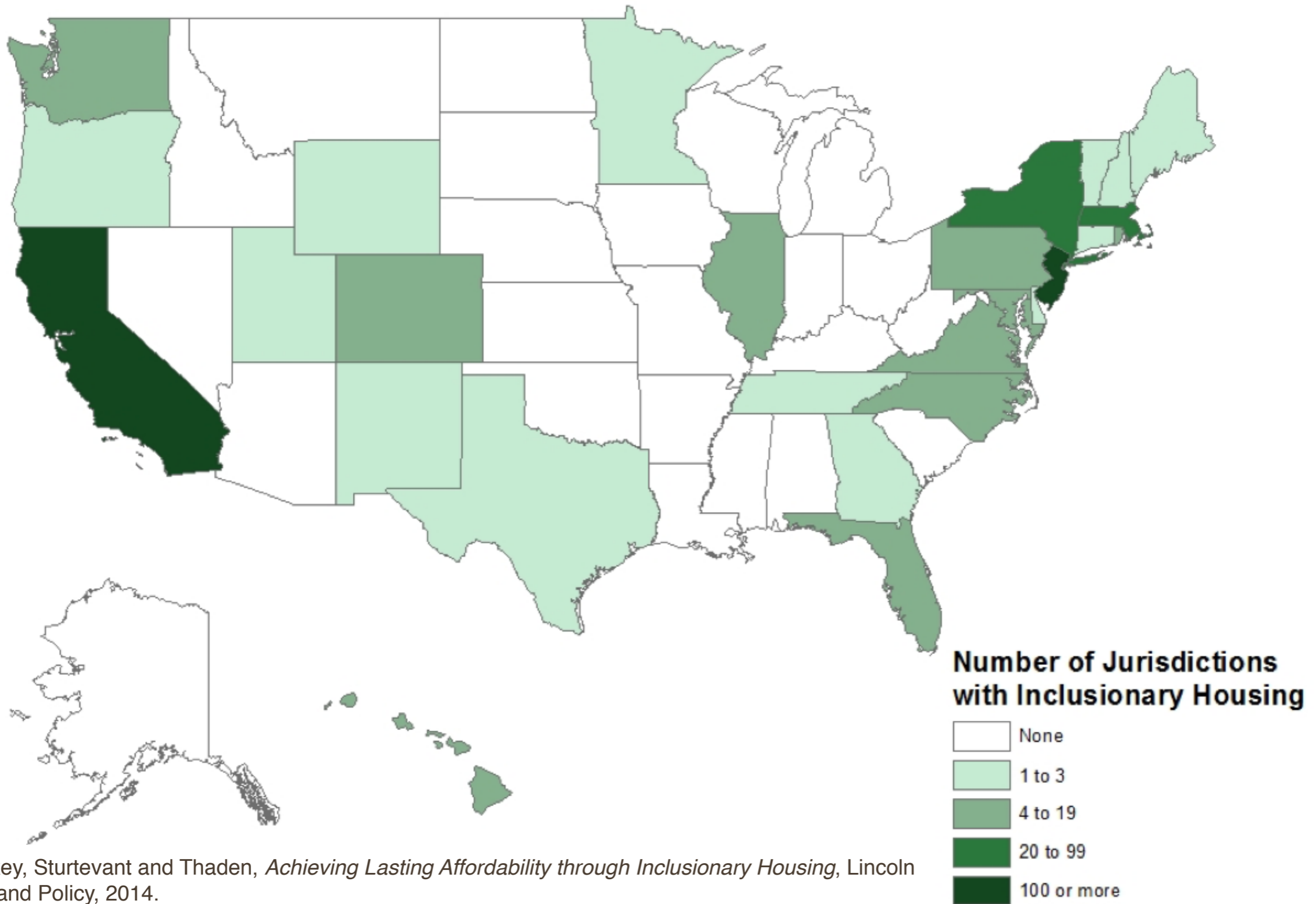
Housing Impact Fees



Austin, Tx

- ▶ Require developers to pay a fee into a housing trust fund.
- ▶ Local \$ can be leveraged with state and federal housing funds to create more units

National Scale



Source: Hickey, Sturtevant and Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Lincoln Institute of Land Policy, 2014.

Examples



Redmond, WA
Credit: City of Redmond



San Mateo, CA
Credit: Sandy Council



Santa Fe, New Mexico
Credit: John Baker Photography



Woodridge, NJ
Credit: AvalonBay Communities, Inc.

Policy Choices

Topic	Considerations
Policy type	Mandatory or voluntary
Geography	Jurisdiction or target districts, zones, or plan areas
Applicable developers	Residential or non-residential developers
Applicable projects	Minimum development size, tenure type
Developer options	On-site units, off-site units, in-lieu or linkage fee, dedicated land
Unit requirements	Affordability duration, % of affordable units/sq ft, varied income requirement by size or trade-offs, location, specifications, HOA dues
Eligible households and affordable costs	Household income eligibility, affordable housing costs, layering other funds
Developer benefits/incentives	Density bonus, other zoning variances, expedited permitting, cost offsets, financial subsidies

Will IZ Slow the Market?

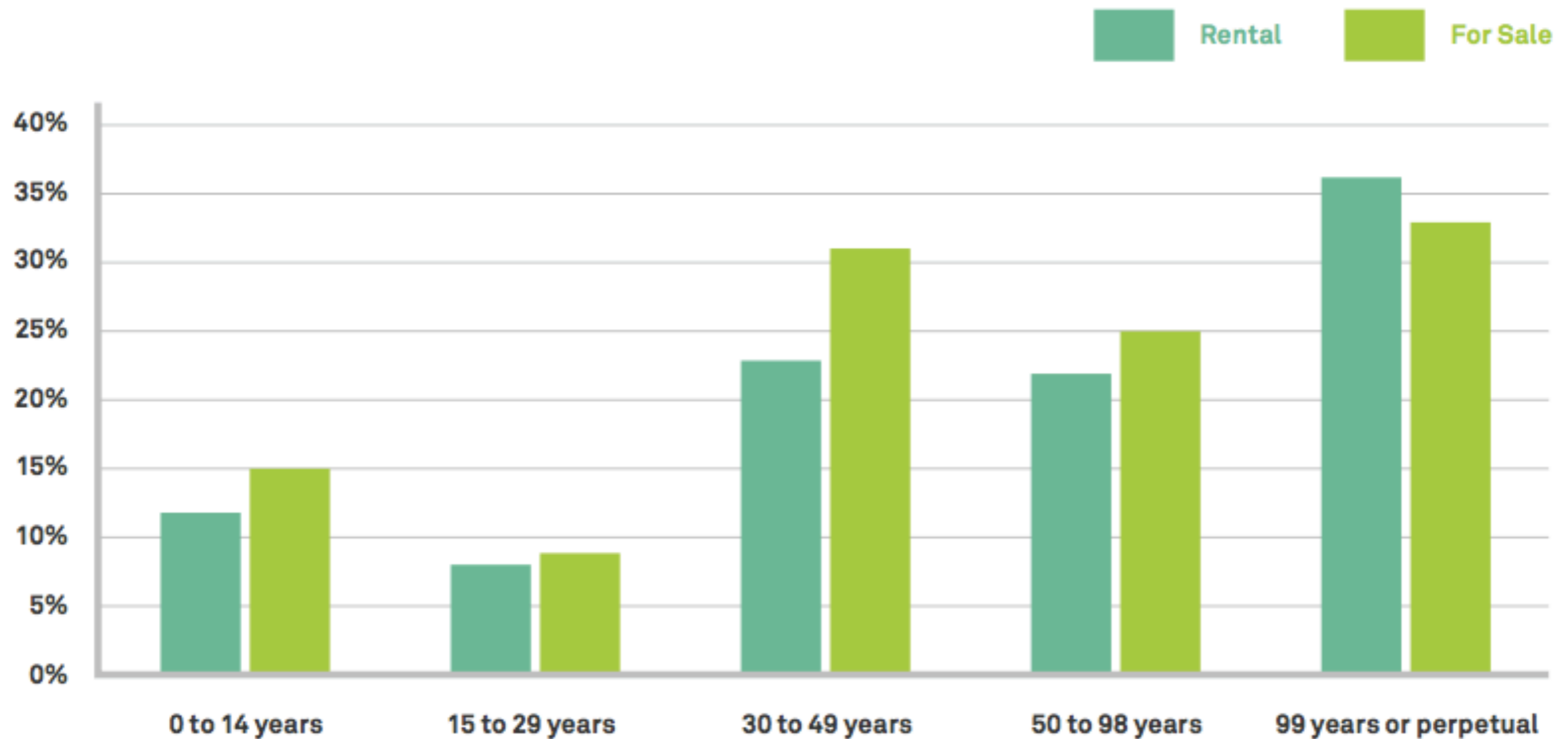


Most studies find **little-to-no effect** on production or the cost of market-rate housing

Likely Reasons:

- ▶ Land prices adjust down over time
- ▶ Density bonuses and other offsets reduce development costs
- ▶ Flexible policies further improve feasibility

Affordability Period



Includes 330 inclusionary housing programs for which affordability term data is available. Source: Hickey, Sturtevant, and Thaden (2014).

Program Administration

Supporting Development

1. Developer Options
2. Pricing
3. Marketing
4. Eligibility Screening
5. Buyer Financing

Long Term Stewardship

1. Monitoring
2. Enforcement
3. Managing resales

Staffing Options

- City Departments
- Nonprofit Partner
 - Community Land Trust
- Multi-jurisdiction Collaboration

Rick Jacobus

StreetLevelAdvisors.com

Rick@StreetLevelAdvisors.com



Urban Impact Advisors