CITY OF SAN PABLO
City Council


September 6, 2016

Grand Jury
The Honorable John Laettner
c/o Foreperson Michael Simmons
725 Court Street, Martinez CA 94553
(also by email to epant@contracosta.courts.ca.gov)

Re: **Contra Costa County Grand Jury Report: Report No. 1614, "Where Will We Live? The Affordable Housing Waiting List is Closed."**

Dear Judge Laettner:

On behalf of the San Pablo City Council, this letter responds to Contra Costa County Grand Jury Report: No. 1614, "Where Will We Live? The Affordable Housing Waiting List is Closed.". The City Council authorized this response at its meeting on September 6, 2016.

We appreciate the time that you and the Grand Jury spent considering these matters. We trust that the Grand Jury also appreciates the City time spent reviewing and responding to Grand Jury reports. Pursuant to California Penal Code section 933.05, the City of San Pablo's response to the findings and recommendations follow:

**Findings**

*Finding #1:* PDAs recognize the importance of housing near transportation and jobs for developing prosperous communities.

*Response:* San Pablo agrees with the finding.

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

*Response:* San Pablo agrees with the finding.

*Finding #3*: While State law mandates that ABAG conduct the RHNA process, a city is not required to subsidize and/or build the units; it is only required to demonstrate that local zoning will not impede development.

*Response:* San Pablo agrees with the finding.

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

*Response*: San Pablo agrees with the finding.

*Finding #6*: The city's Inclusionary Housing ordinance helps to provide affordable housing in the city.

*Response*: San Pablo partially disagrees with the finding. Contrary to the citation listed on page 17 of Report No. 1614, San Pablo has not enacted an Inclusionary Housing ordinance. San Pablo does offer density bonuses and other incentives to affordable housing or other qualified housing development, consistent with State law, and as identified in the City's certified Housing Element and Municipal Code. This information was provided as part of the response to the Contra Costa Civil Grand Jury 2015-2016 Affordable Housing Survey, dated December 2015.

*Finding #8*: Inclusionary Housing Ordinances sometimes include the option for the developer to pay in lieu fees instead of constructing affordable housing units.

*Response*: San Pablo agrees with the finding.

*Finding #9*: The city supplements the shortage of funds for affordable housing by requiring builders to pay impact fees, in lieu fees, or other construction and remodeling fees.

*Response*: San Pablo partially disagrees with the finding. Contrary to the citation listed on page 17 of Report No. 1614, San Pablo has not adopted an affordable housing in lieu fee. As part of the City's certified Housing Element Program H-3.1.5, the City will explore the feasibility of establishing an in lieu fee for developers that cannot provide units on-site This program is not listed within the current adopted City Council priority 2015-17 Workplan. This information was provided as part of the response to the Contra Costa Civil Grand Jury 2015-2016 Affordable Housing Survey, dated December 2015.

*Finding #10*: Infill costs less to service than new development because it takes advantage of the existing infrastructure.

*Response*: San Pablo agrees with the finding.

*Finding #11*: The elimination of redevelopment agencies resulted in a reduction of the number of affordable housing units constructed in the city by eliminating a major source of funding for affordable development projects.

*Response*: San Pablo agrees with the finding.

*Finding #12*: The city delegates to the builder, owner, or management company of affordable housing properties the responsibility for gathering and validating affordable housing clientele information, as well as maintaining lists of potentially interested buyers.

*Response*: San Pablo agrees with the finding.

*Finding #13*: There is no accessible centralized information source for available affordable housing, which compounds the problems created by the affordable housing shortage for those who are searching for affordable housing.

*Response*: San Pablo agrees with the finding.

**Recommendations**

*Recommendation #1*: The city should consider increasing affordable housing in PDAs.

*Response*: This recommendation has been implemented. San Pablo has adopted the San Pablo Avenue Specific Plan within a PDA that considers increased densities and mixed use districts that encourages affordable unit development. The City has also adopted a density bonus ordinance consistent with State law.

*Recommendation #2*: The city should consider adopting an Inclusionary Housing Ordinance.

*Response*: This recommendation has not yet been implemented, but will be implemented in the future. San Pablo has an adopted and certified Housing Element that includes Program H-3.1.5. which states that the City will "Explore the feasibility of establishing an Inclusionary Housing Ordinance, consistent with recent case law, to require the development of units affordable to lower income households in all new housing developments, with the options of providing the options of providing the units off-site and payment of an in-lieu fee for developers that cannot provide units on-site." The housing element timeframe for this consideration is 2017, but the item is not currently listed in the adopted City Council priority 2015-17 Workplan.

*Recommendation #3*: The city should explore rehabilitating existing housing stock as affordable housing for purchase or rental, and identify funding to do so.

*Response*: The recommendation will not be implemented because it is not feasible at this time. With the dissolution of redevelopment agencies, funding sources for such actions have been limited. The City does promote the conservation and rehabilitation of the housing stock through pre-sale and pre-licensing inspection programs as

identified in Policy H-2.4 of the City's Housing Element. These programs will continue, as will the tracking of available funding opportunities as they arise.

*Recommendation #5*: The city should explore increasing existing "impact fees" or "linkage fees" or enacting such fees in order to generate revenue with which to assist funding of affordable housing.

*Response*: This recommendation has not yet been implemented, but will be implemented in the future. As identified in the city's certified Housing Element, Program H-3.1.5. states that the City will "Explore the feasibility of establishing an Inclusionary Housing Ordinance, consistent with recent case law, to require the development of units affordable to lower income households in all new housing developments, with the options of providing the options of providing the units off-site and payment of an in-lieu fee for developers that cannot provide units on-site." The housing element timeframe for this consideration is 2017, but the item is not currently listed in the adopted City Council priority 2015-17 Workplan. The City is also considering various updates to local impact fees.

*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 affordable housing and ensure information is posted on the city website, and identifying funding to do so.

*Response*: The recommendation will not be implemented because it is not feasible at this time. The City has a small planning staff and no designated housing department. The City works with Contra Costa County Housing Authority which maintains a list of available affordable housing opportunities and waiting/interest lists. The City will continue to publicize and provide information on housing programs as identified in the City's certified Housing Element under Programs H-1.3.1: Publicize and Provide Information on Housing Programs and H-3.1.7: Provide Information and Promote Rental Assistance Programs.

*Recommendation #7*: The city should consider seeking federal, state, and local funding sources for affordable housing.

*Response*: The recommendation has been implemented. As identified in the City's certified Housing Element Policy H-3.1., the City will continue to encourage and assist with the development of affordable housing units for lower income households and strive for the provisions of housing that is affordable to, and meets the needs of, current and future residents of San Pablo. Policy implementation includes considering federal, state, and local funding opportunities for affordable housing.

*Recommendation #8*: The city should consider partnering with for-profit and not-for-profit builders to secure land suitable for affordable housing, and identify funding to do so.

*Response*: The recommendation has been implemented. The City continues to follow the City's certified Housing Element Policy H-3.1 identified above. As part of an ongoing current project, the City has worked with Domas Development in the transfer of City owned property and support of funding applications (tax credits, grant funding) for a 120 unit senior affordable housing project within San Pablo. The City will continue to consider opportunities for the development of affordable housing.

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

*Response*: The recommendation has not been implemented, but may be implemented in the future. When an affordable planning project is presented, the City will consider holding a public meeting to review the project and any potential impacts in order to alleviate community concerns. The City will continue to notify surrounding property owners and the public of review hearings of affordable planning projects.

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

*Response*: The recommendation has been implemented. As identified in the City's certified Housing Element Program H-3.2.3, the City continues to maintain an inventory of vacant and underutilized sites available for extremely low- to moderate-income housing and make it available to interested developers. The San Pablo Housing Sites Inventory (2015-2023) is a part of the certified Housing Element and is organized by General Plan land use densities. The entire inventory consists of 129 sites grouped into 58 larger development sites.

*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 or affordable housing is maintained, and identify funding to do so.

*Response*: The recommendation will not be implemented because it is not feasible at this time. The City does provide and receive data regarding relevant housing information through the Contra Costa County Housing Authority, which may maintain some of the stated information. The City does not have the resources to implement this type of program at this time. The item is also not currently listed in the adopted

City Council priority 2015-17 Workplan. We believe it would be advantages to consider a county-wide central repository system that may be utilized by all jurisdictions in order to reduce funding costs and duplicity of services.

We trust that the Grand Jury will find these responses helpful to its endeavor.

Sincerely yours,

Rich Kinney
Mayor, City of San Pablo

cc: Matt Rodriguez, City Manager
Lynn Tracy Nerland, City Attorney
Michele Rodriguez, Development Services Director
City Clerk's Office