ORINDA

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October 7, 2016

Jim Mellander, Foreperson
2015-2016 Contra Costa County
Civil Grand Jury
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091

Dear Mr. Mellander:

Pursuant to your June 24, 2016 letter regarding Grand Jury Report No. 1614, "Where Will We Live?" please consider this to be the City of Orinda's response which was approved at the City Council meeting of October 4, 2016.

According to page 25 of the Report, Orinda is required to respond to F1-F3, F5, F6, F8-F13 and Recommendations R1-R3, R5-R8, R11, R13, and R15.

Findings

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

Orinda agrees with this finding.

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

Orinda agrees with this finding regarding the purpose of Plan Bay Area 2040.

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

Orinda agrees with this finding.

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

Orinda agrees with this finding. The City complies fully with State-mandated density bonus provisions.

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

Not Applicable. The City of Orinda does not have an Inclusionary Housing ordinance.

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

Not Applicable. The City of Orinda does not have an Inclusionary Housing ordinance. However, as part of the negotiated Development Agreement for the Wilder project, the City secured a payment of $2.5 million, for purposes of contributing to the Monteverde Senior Housing project, to satisfy its affordable housing requirement.

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

Not Applicable. The City of Orinda does not have an Inclusionary Housing ordinance or other mechanism to charge developers for affordable housing.

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

Orinda agrees with this finding.

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

Not applicable. The City of Orinda never adopted a Redevelopment Area.

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

Orinda partially agrees with this finding. For the Monteverde Senior Housing project, which is an affordable rental apartment building, the City delegates these responsibilities to Eden Housing, a nonprofit affordable housing builder and operator. For the eight Below Market Rate (BMR) units at the Orinda Grove subdivision, the City managed these responsibilities.

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

Orinda agrees with this finding.

Recommendations

R1. The city should consider increasing AH in PDAs.

This recommendation has been implemented. Action 3E (Housing Sites) of the City of Orinda's Fifth Cycle Housing Element identifies the 3.2-acre "Santa Maria site" within the City's Potential PDA as High Density Overlay District, allowing up to 20 units per acre (the "default density" under state law) for a 2.4-acre portion of this site. The City's zoning map was amended accordingly in March of 2016. In addition, Implementing Action 3.A (Downtown) of the Housing Element states that the City shall "study the feasibility of mixed use development at appropriate densities" within the Downtown Commercial zone of City's Potential PDA. In addition, the City's Potential PDA includes the recently-completed Monteverde Senior Housing project (66 affordable senior housing units) and Orinda Grove project (65 market rate units and 8 deed-restricted BMR units).

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

This recommendation will not be implemented. An Inclusionary Housing Ordinance was not determined to be necessary when the Fifth Cycle Housing Element was adopted in April of 2015.

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

This recommendation has been implemented. The Fifth Cycle Housing Element includes Action 2.C (Home Maintenance and Repair Programs) which states that the City shall "advertise the availability of existing home maintenance, repair and improvement programs such as the low- and zero-interest loans offered through Contra Costa County's Neighborhood Preservation Program."

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

This recommendation will not be implemented. The City's Fifth Cycle Housing Element does not include any actions related to housing impact fees or linkage fees.

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

This recommendation will not be implemented. Instead of administering property management in-house for the 8 BMR units at Orinda Grove, the City of Orinda has entered into a Memorandum of Understanding (MOU) with the Walnut Creek Community Development Department for these services, including annual compliance certification and management of

requests from owners to refinance loans; funding for this administration program comes partly from a one-time $2,500 fee assessed to BMR homeowners.

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

This recommendation has been implemented. The City's Fifth Cycle Housing Element identifies the Contra Costa County Neighborhood Preservations Program as a source of loans for low- and moderate-income persons to improve their homes (Action 2.A—Assistance to Lower Income Senior Homeowners, and Action 2.C—Home Maintenance and Repair Programs) and the Contra Costa County first-time homeowner Mortgage Credit Certificate (MCC) program (Action 2.B—Participation in First-Time Homebuyer and MCC Programs).

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

This recommendation has been implemented. As detailed in Action 1.B (Monteverde Senior Apartments Development) of the City's Fifth Cycle Housing Element, the City of Orinda entered into a Development Disposition and Loan Agreement (DDLA) with Eden Housing for the development of senior housing on the City-owned 1.4-acre former library site. Eden Housing is a nonprofit housing developer with a mission "to build and maintain high-quality, well-managed, service-enhanced affordable housing communities that meet the needs of lower income families, seniors, and persons with disabilities." The City also partnered with Pulte Homes, a for-profit developer, to incorporate 8 BMR units (managed by the City) in addition to 65 market-rate units for the Orinda Grove subdivision.

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

This recommendation has been implemented. Both the Monteverde Senior Apartments development and the Orinda Grove project were only approved after a robust public process which included notification and explanation regarding affordable housing provisions. In addition, the Fifth Cycle Housing Element, which includes detailed descriptions of the City's affordable housing policies and projects, was only approved after extensive public notification, input and education.

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

This recommendation has been implemented. The Fifth Cycle Housing Element identifies development potential of vacant residential land outside of the Potential PDA for purposes of overall housing capacity, and the City complies fully with State-mandated density bonus provisions.

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

This recommendation has not been implemented, but will be implemented in the future. In early 2017, the City of Orinda will implement comprehensive website improvements. This will include a webpage with all relevant information on deed-restricted housing units within the City of Orinda. Funding for this webpage will be from the City's General Fund.

We hope this letter is responsive to your request.

Sincerely,

Victoria Smith, Mayor