



November 9, 2016

Civil Grand Jury Foreperson
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091

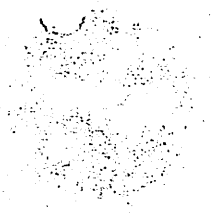
To Whom it May Concern:

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 Hercules' response.

According to page 24 of the Report, Hercules 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.
Hercules 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.
Hercules 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.
Hercules 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.
Hercules agrees with this finding. The City complies fully with State-mandated density bonus provisions.



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- F6. The city's inclusionary Housing ordinance helps to provide AH in that city. ***In the past inclusionary housing was required of developers which helped provide affordable housing. However, the citywide AH policy was suspended indefinitely June 12, 2012 through Ordinance 469 due to the two 2009 appellant decisions invalidating significant portions of different inclusionary housing programs, calling into question some of the key legal assumptions underlying such mandates, including the validity of in lieu fees and the imposition of affordable rental unit requirements and the elimination of the Hercules Redevelopment Agency. However, the Waterfront – Bayfront development was required to provide 5% affordable housing within their full development which they are required to start constructing before 300 units are constructed within the 1,392 unit master plan are through a Development Agreement. Therefore we agree that AH policies help provide affordable housing.***
- F8. Inclusionary Housing Ordinances sometimes include the option for the developer to pay in lieu of fees instead of constructing AH units. ***No longer applicable, as the past inclusionary housing allowed payment of in lieu fees however this policy was suspended indefinitely June 12, 2012 through Ordinance 469.***
- 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. ***No longer applicable. As listed above, the City of Hercules 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. ***Hercules agrees with this finding so long as adequate sized sewer available in the area of development.***
- 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. ***Hercules agrees with this finding.***
- 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. ***Hercules agrees with this finding. The three AH projects in Hercules are the Victoria Green Apartments and two senior affordable housing projects, The Arbors and Samara Terrace for which each development manages the affordability requirements from the financing sources.***
- 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. ***Hercules agrees with this finding.***

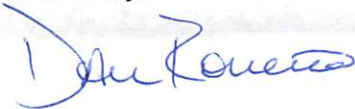
Recommendations

- R1. The city should consider increasing AH in PDAs.
The undeveloped portion of the Waterfront PDA has a 5% affordable housing component that is tied to a Development Agreement which should provide approximately 70 affordable units once buildout is complete.
- R2. The city should consider adopting an Inclusionary Housing Ordinance.
This recommendation will not be implemented. An Inclusionary Housing Ordinance was suspended indefinitely on June 12, 2012 due to the dissolution of redevelopment and the fact the City has opted out of managing the affordable housing obligations of the former Hercules Redevelopment Agency because there is no funding available to do so.
- 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 2015-2023 Housing Element includes Program 2c: Owner-Occupied Single-Family Residential Rehabilitation which states that the City shall advertise the Contra Costa County's Community Development Block Grant Program which provides assistance to extremely low income to low income owner-occupant households to make repairs to their homes to address health and safety deficiencies, to repair or replace major building systems that are beyond their useful life, and/or to improve energy efficiency.
- 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 2015-2023 Housing Element does not include any actions related to housing impact fees or linkage fees, but it does look to annually review development standards, fees, and procedures and consider making adjustments to encourage the development of a variety of housing.
- 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. The property managers of the three affordable housing project maintain current waiting and interest lists of available affordable units.
- R7. The city should consider seeking federal, state, and local funding sources for AH.
This recommendation has been implemented. The City's 2015-2023 Housing Element Has Program 1b: Affordable Housing Development Incentives and Outreach with an action item to "support funding applications by developers if the proposed projects are consistent with the goals and policies of the City's General Plan."

- 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. When the City had a Redevelopment agency, the Arbors and Samara Terrance affordable senior housing projects were built on City owned land.
- 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 will not be implemented. Due to the dissolution of redevelopment and the fact the City has opted out of managing the affordable housing obligations of the former Hercules Redevelopment Agency there is no funding or staff capacity to do so. Additionally, the City's 2015-2023 Housing Element does not include a program to carry this out.
- 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 2015-2023 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 will be implemented. The contact information with the total number of affordable units for the three affordable rental housing projects in town will be added to the City's website.

We hope this letter is responsive to your request.

Sincerely,



Dan Romero, Mayor