



Town of Moraga

TOWN MANAGER

September 2, 2016

Michael Simmons, Foreperson
Contra Costa County Grand Jury
725 Court Street
P.O. Box 431
Martinez, CA 94553

RE: Town of Moraga response to Grand Jury Report No. 1614, "Where Will We Live?"

Dear Mr. Simmons:

This letter represents the response from the Town of Moraga to the Contra Costa County Grand Jury Report No. 1614, entitled "Where Will We Live?," pursuant to California Penal Code Section 933.05.

The Town of Moraga commends the Grand Jury's efforts in researching and documenting the challenges related to provision of affordable housing in Contra Costa County. Through the process of updating Moraga's General Plan Housing Element (which was adopted in January 2015), Town staff considered ways to encourage and facilitate affordable housing development. The Town's position, policies and actions related to affordable housing are summarized in the responses below.

FINDINGS:

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

Response: The Town of Moraga agrees with the finding.

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

Response: The Town of Moraga agrees with the finding.

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.

Response: The Town of Moraga agrees with the finding, and suggests a minor clarification: A city or town must demonstrate that its zoning ordinance will allow and support the number and density of housing units that is established for that jurisdiction through the RHNA process.

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

Response: The Town of Moraga agrees with the finding; however, we also recognize that in some contexts, inclusionary zoning can result in an increase in the prices of market-rate housing, cause a decrease in the total number of housing units produced, or cause developers to choose to build in jurisdictions that do not have inclusionary housing requirements.

F6: The city's Inclusionary Housing ordinance helps to provide affordable housing in the city.

Response: Not applicable. Moraga does not have an Inclusionary Housing ordinance.

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

Response: The Town of Moraga agrees with the finding.

F9: 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: Not applicable. Moraga does require developers to pay impact fees, but does not have such a fee related to affordable housing. The Town does not have inclusionary zoning or any other mechanism that would require payment of in lieu fees or project-based fees for affordable housing.

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

Response: The Town of Moraga agrees with the finding.

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

Response: Not applicable. The Town of Moraga did not have a redevelopment agency prior to the State's action to eliminate redevelopment.

F12: 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: The Town of Moraga partially agrees with the finding. There is currently one development in Moraga with five affordable units, and the property owner is responsible for renting these units and maintaining and verifying records (the owner must also provide annual financial reports to the Town on these units). Due to the small number of affordable units and the fact that they are under the same ownership, it is more practical and efficient for the property owner to hold these responsibilities than the Town. However, in Moraga as in most jurisdictions, these responsibilities belong to the property owner or builder by default, rather than having been delegated by the Town.

F13: 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: The Town of Moraga agrees with the finding, although this is less of a challenge in Moraga than in other jurisdictions due to the small number of affordable units and the fact that they are under single ownership.

RECOMMENDATIONS:

R1: The city should consider increasing affordable housing in PDAs.

Response: The recommendation has been implemented. The Moraga Center Specific Plan (MCSP) was adopted by the Moraga Town Council in 2010, and the area covered by the specific plan is a designated Priority Development Area. The MCSP calls for development of new housing for local college students, seniors, and workforce residents (i.e. workers in moderate income occupations such as teachers, retail and service employees, etc). A large portion of the 187-acre MCSP area is designated for residential development at medium and medium-high densities ranging from 10 to 20 dwelling units per acre, and housing at these densities tends to be lower-priced and therefore affordable to households earning near or below the area median income. In addition, at the time the Specific Plan was adopted the Town enacted a Residential 20 Dwelling Units per Acre (R-20) zoning district, which includes a density bonus provision for senior housing.

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

Response: The recommendation will not be implemented. Town staff believes that inclusionary housing would not be feasible or effective in Moraga, due to the nature of development and the local housing market. Moraga's housing market is not dynamic and there has been little housing production in recent years. An inclusionary housing requirement in this climate would be a disincentive to development, and could have the unintended consequence of further increasing market-rate housing prices. Town staff believes that incentives for affordable housing production (such as density bonuses or expedited project review) are preferable here, and would be a more effective way to increase the supply of affordable housing in Moraga.

R3: 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. This approach is not feasible in Moraga due to the high price of housing. According to Zillow, the current median home value in Moraga is \$1,238,300, and this number has increased by 9.4% over the past year. Such high prices preclude the Town from purchasing and rehabilitating existing housing stock as affordable rental or ownership units.

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 affordable housing.

Response: The recommendation will not be implemented. As noted above, the Town of Moraga has generally preferred incentive-based approaches to encouraging affordable housing, rather than mandatory requirements, due to the nature of the local housing market.

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 Affordable Housing and ensure information is posted on the city website, and identifying funding to do so.

Response: The recommendation will not be implemented. As discussed in the responses to Findings F12 and F13 above, Moraga has a very small number of affordable housing units that are under single ownership. Because of this there is little need for, and little efficiency to be gained by, a central waiting and interest list that is maintained by the Town.

R7: The city should consider seeking federal, state and local funding sources for affordable housing.

Response: The recommendation has not yet been implemented; however, the Town of Moraga's Housing Element, which was adopted in January 2015, includes an implementation action related to seeking affordable housing subsidies. The action calls for the Town to "seek to increase the availability of federal, state,

county and local financial assistance for affordable housing in Moraga,” including sources such as Section 8 subsidies, mortgage revenue bonds or mortgage tax credit programs to support home ownership opportunities for low and moderate income residents, federal and state subsidies for affordable housing construction, and impact fee waivers for affordable housing projects. This action will be implemented on a continual basis over the next seven years (the timeframe of the Housing Element).

R8: 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 not yet been implemented; however, the Town’s current Housing Element includes an implementation action regarding establishing partnerships to encourage affordable housing development. This action states:

The Town shall work with Saint Mary’s College...affordable housing developers, and other groups and organizations to define opportunities for collaboration and to identify potential sites, financial resources, and regulatory mechanisms and incentives to facilitate the development of new units that can help meet the Town’s ‘fair share’ housing requirements for all income ranges, including workforce housing and extremely low income.

This action will be implemented on a continual basis over the next seven years (the timeframe of the Housing Element).

R11: 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 will not be implemented. Town staff would work with the project applicant (developer) to address any community concerns related to a proposed affordable housing project during the application review and public hearing process, as needed. However, the Town does not have the resources to develop a focused education initiative for this purpose.

R13: 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. A Town-wide inventory of vacant and underutilized land was created as part of the 2015-2023 Housing Element update. This inventory is available to the general public as well as to affordable housing developers who may be seeking to identify potential sites in Moraga.

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

Response: The recommendation will not be implemented, for the reasons previously stated in the responses to Findings F12 and F13 and Recommendation R6.

We appreciate the opportunity to respond to the Grand Jury's report. The Town Council approved this response at its regular meeting on August 24, 2016.

Sincerely,



Robert Priebe
Interim Town Manager