2.6 "AT RISK" HOUSING

"Assisted housing units" are defined as units with rents subsidized by federal, State or local governmental programs. California Government Code Section 65583 requires that housing elements include an inventory of all assisted rental housing units within the local jurisdiction that are at-risk of losing subsidies, mortgage prepayment, or being converted to other uses if the expiration date of their financing program is between 2007 and 2017 (i.e. 10 years from the beginning of the housing element planning period—2007). In all, there are a total of 407 units at-risk of conversion in Concord.

CONVERSION RISK

State law requires housing elements provide an inventory of all assisted housing units if the expiry date of their financing program is within the next ten years of the housing element planning period. These housing units are deemed to be "at risk" of being converted to market rate units. Additionally, HCD recommends jurisdictions assess the overall potential conversion risk of all assisted housing units. However, there is no "official" or prescribed methodology to conduct the analysis. Jurisdictions, therefore, are free to decide how to conduct the analysis by choosing a method most appropriate to their jurisdictions.

For this Housing Element, the risk to each assisted housing project is determined based on the following factors: The total number of displaced households (if converted), conversion intent of the owner, economic condition of the local market, ownership of the property (profit or non-profit based), and date of earliest expiration of assistance for each assisted housing project. Each factor is assessed individually and given a score from 0.1 to 0.3. Those assisted housing projects with a combine score of 0.5 and up are described as being at "higher risk" of conversion, while those with a score of 0.4 and below are deemed to be at "lower risk" of conversion. It should be noted that the risk assessment is more qualitative than quantitative, as some of these factors, such as owner intent and market conditions, are difficult to judge and may change without warning. The assessed risk for assisted housing projects under federal and local assistance is shown on the right-most column of the tables below.

Federally-Assisted "At Risk" Units

The California Housing Partnership Corporation (CHPC) is a private, nonprofit organization created by the California Legislature in 1987 to assist nonprofit and government housing agencies to create, acquire, and preserve housing affordable to lower income households. According to CHPC, six federally assisted rental housing projects are currently at-risk of conversion in Concord. These projects provide a total of 362 affordable units in the City and are shown in **Table 2.6-1**.

Table 2.6-1 Federally-assisted Housing Developments At Risk of Conversion

Project Name	*Address*	*No. of Units*	*Type of Subsidy*	*Program Type*	*Current Owner*	*Earliest Expiration*	*At Risk* [1]
Clayton Villa	4450 Melody Dr, Concord CA 94521	79	Section 8	Elderly	Profit Motivated	12/31/2009	Higher Risk
Hidden Creek Townhomes	1032 Mohr Ln, Concord CA 94518	57	Section 8	Multifamily	Profit Motivated	4/30/2012	Higher Risk
Concord Residential Club	2141 California St, Concord CA 94520	19	Section 8, 202	Elderly	Non-Profit	2/3/2012	Lower Risk
La Vista Apartments	3838 Clayton Rd, Concord CA 94521	75	Section 8	Multifamily	Profit Motivated	3/14/2013	Higher Risk
Phoenix Apartments	3720 Clayton Rd, Concord CA 94521	11	Section 8, 202	Elderly	Non-Profit	12/13/2009	Lower Risk
The Heritage	2222 Pacheco Blvd, Concord, CA 94520	121	Section 8, 236(j)(1)	Elderly	Non-Profit	7/31/2009	Lower Risk

[1]Conversion risk (higher or lower risk) are determined based on the cumulative impact of individual factors that will affect risk including the total number of displaced households (if converted), conversion intent of the owner, economic condition of the local market, ownership of the property (profit or non-profit based), and date of earliest expiration of assistance for each assisted housing project. This assessment serves as a guide only, and may not reflect individual projects.

Source: California Housing Partnership Corporation, 2009. Dyett & Bhatia, 2009.

A total of 230 units in the developments listed in **Table 2.6-1** are dedicated to the elderly (people age 62 and over). All affordable housing projects for the elderly can be accessed by a wheel chair. Other developments are designed for low- and very low-income families (La Vista and Hidden Creek Townhomes). All housing projects surveyed are fully occupied and indicated they have a waiting list.

All federally assisted housing projects shown above are subsidized through the HUD Section 8 (Housing Choice Voucher Program), Phoenix Apartments and Concord Residential Club also receives aid under HUD Section 202 (Direct Loans for Elderly or Handicapped), while The Heritage receives aid under HUD Section 236(j) (Interest Reduction Payment Program). Property owners who accept Section 8 can opt to terminate the Section 8 contract (opt-out), or renew the contract for another year. The primary incentive for Section 8 property owners to opt-out is the higher rent that would be paid for these units at market value. In order for property owners to opt-out of the Section 8 contract, they must satisfy certain procedural requirements. California Government Code Section 65863.11 requires owners to provide Notices of Intent if they wish to terminate subsidy contracts, prepay a federally-assisted mortgage, or discontinue use restrictions. Notices of Intent must be sent to all affected tenant households and to the City, to the HCD and the HUD. Notices of Intent must be filed one year before the termination date. Upon receiving a NOI, HUD may offer several incentives to property owners to remain in their contracts, including re-financing the property mortgage and establishing higher rents.

When contacted for this report, all federally assisted housing projects indicated that they intend to continue with the affordable housing program and re-apply for federal assistance. Property owners and management companies have little incentive to opt-out or convert to market value housing units because they receive compensation and subsidies very near the market value for those units, and all units are fully occupied. Given that Concord Residential Club and The Heritage are all designed for the elderly or the disabled and managed or owned by non-profit organizations, their risk to conversion during the next 10 years seems minimal.

Locally Assisted "At Risk" Units

According to City data, the regulatory contracts of eight affordable housing projects receiving City or Redevelopment Agency (RDA) funds will expire in the next ten years (see **Table 2.6-2**). These projects provide a total of 45 units, comprising about four percent of all City/RDA funded housing units. All eight housing projects cater to low- or very-low income families. Most owners or their management companies currently have no plans to convert their properties. Should they decide to convert any units, owners of these apartments are required by State law to notify the City in advance. If contacted, the City will make arrangements to inform and assist renters to find alternative housing. The risks of these properties converting within the next few years are low considering the current depressed housing market.

Table 2.6-2 Locally-assisted Developments At Risk of Conversion

Project Name	*Address*	*No. of Units*	*Type of Subsidy*	*Program Type*	*Current Owner*	*Earliest Expiration*	*At Risk* [1]
California Apartments	1700 Broadway Street CA94520	31	City RDA	Senior	Private Owner	7/2014	Lower Risk
1681 Haller Court	1681 Haller Court, Concord CA 94520	1	City RDA	Multifamily	Private Owner	7/2010	Lower Risk
1691 Haller Court	1691 Haller Court, Concord CA 94520	1	City RDA	Multifamily	Private Owner	7/2010	Lower Risk
1751 Diane Court	1750 Diane Court, Concord CA 94520	4	City RDA	Multifamily	Private Owner	12/2013	Lower Risk
1854 Robin Lane	1854 Robin Lane, Concord CA 94520	2	City RDA	Multifamily/ Rehab	Private Owner	12/2012	Lower Risk
1880 Robin Lane	1880 Robin Lane, Concord CA 94520	2	City RDA	Multifamily/ Rehab	Private Owner	12/2009	Lower Risk
1890 Robin Lane	1890 Robin Lane, Concord CA 94520	2	City RDA	Multifamily/ Rehab	Private Owner	12/2010	Lower Risk
Meadow Lane Apartments	1149 Meadow Lane, Concord CA 94520	2	City RDA	Multifamily	Private Owner	3/2010	Lower Risk

[1]Conversion risk (higher or lower risk) are determined based on the cumulative impact of individual factors that will affect risk including the total number of displaced households (if converted), conversion intent of the owner, economic condition of the local market, ownership of the property (profit or non-profit based), and date of earliest expiration of assistance for each assisted housing project. This assessment serves as a guide only, and may not reflect individual projects.

Source: City of Concord, 2008. Dyett & Bhatia, 2008.

COST OF REPLACEMENT VS. PRESERVATION

The best ways to ensure that no assisted units convert to market rate within the planning period are either to acquire and preserve all at-risk units or to construct new housing to replace those units. Either of these methods will ensure affordable controls and price restrictions are extended to at-risk households under current federal, State, and local programs. In Concord, the cost of preserving assisted units is estimated to be less than that required to replace the units through new construction. Land prices, land availability and construction costs are generally the limiting factors to development of new affordable housing.

Table 2.6-3 analyzes the relative costs for replacing versus preserving a typical at-risk housing unit. The costs of replacing these units – based on a market survey of the costs of land and construction – would be approximately $290,000 for a two-bedroom unit in 2008, including financing and permit fees.[12] This assumes zero profit (a developer typically adds 8 to 14 percent to development costs to provide a return on the capital invested), sales and marketing fees, or permit fees, since the City would be developing these projects itself and will not need to profit from them. To replace all 407 federally and City-assisted multifamily units at-risk within the current planning period would cost approximately $118 million (407 x $290,000) for the City.

[12] Assuming two bedroom unit at 720 square feet in size.

If on the other hand, the City decides to acquire all 407 units at market rate and rehabilitate them, the cost would be $108.6 million(407 x $267,000). This would equal an average savings of approximately $9.3 million or $23,000 per unit.[13]

Table 2.6-3 Comparison of Replacement vs. Preservation Cost of One Multifamily Unit

Fee/Cost Type	*Cost per unit ($)*
Preservation	
Acquisition[1]	$157,000
Rehabilitation[2]	75,000
Financing/Other[2]	35,000
Total Estimated Cost	$267,000
Replacement	
Land Acquisition[3]	$126,000
Construction[4]	126,000
Financing/Other[4]	38,000
Total Estimated Cost	$290,000

[1] Cost of acquisition is an average of the price of all current multifamily housing properties on sale from a survey of Loopnet and Ziprealty on 11 March.

[2] Cost of rehabilitation is assumed to be 50 percent of the cost of acquisition. Financing and other costs are assumed to be 15 percent of acquisition plus rehabilitation costs. Both based on estimates given by Keller Williams Realty and typical pro-forma of rehabilitation in Contra Costa County by Seifel Consulting.

[3] Cost of land acquisition is based on an estimate of land price at 29 dollars per square feet, for one unit in a ten unit apartment on a one acre lot. Cost of land per square foot is an average of all land properties on sale on Ziprealty's and Loopnet's MLS listings on 11 March.

[4] Cost of construction is based on unit of 720 square feet with estimated construction cost of $175 per square feet. Financing and other costs are assumed to be 15 percent of land and construction costs.

Source: Dyett & Bhatia, 2008

As can be seen from the estimates, the cost of replacement far outweighs the costs associated with acquiring and rehabilitating all at-risk units. A more important factor to consider is that not all units identified as being at-risk are in need of rehabilitation, but may simply require acquisition in order to be preserved as affordable units. This will reduce the amount of money required for preservation. Nonetheless, the cost of acquisition alone is significant enough to limit the City's ability to undertake a program to acquire all units. The most economical option is to continue the status-quo by providing subsidies to households and helping property owners keep assisted housing affordable for lower income households, while at the same time, acquire and rehabilitate units when necessary. From 1999 to 2006, the City rehabilitated a total of 309 units and carried out rehabilitation projects in Camara Circle, Jordan Court II, Lakeside Apartments, Maplewood & Golden Glen Apartments, Standard Housing, 1890 Farm Bureau Road, 2021 Sierra Road Apartments, and Victoria Apartments.

[13] Assuming all are two bedroom units. In reality, there will be greater savings because about half of the current affordable stock are single room units.

QUALIFIED ENTITIES

The California Department of Housing and Community Development (HCD) keeps a current list of all of the qualified entities across the State. A "qualified entity" is a nonprofit or for-profit organization or individual that agrees to maintain the long-term affordability of housing projects. The qualified entities that HCD lists for Contra Costa County are listed in **Table 2.6-4**

Table 2.6-4 Qualified Entities for Contra Costa County

Qualified Entity	*City*	*Contact*
ACLC, Inc	Stockton	(209) 466-6811
Affordable Housing Associates	Berkeley	(510) 649-8500
Alameda County Allied Housing Program	Hayward	(510) 881-7310
BRIDGE Housing Corporation	San Francisco	(415) 989-1111
C. Sandidge and Associates	Hercules	(510) 724-7845
Christian Church Homes of Northern California, Inc.	Oakland	(510) 632-6714
Community Housing Developers, Inc.	San Jose	(408) 279-7676
Community Housing Development Corp.	Richmond	(510) 412-9290
Community Housing Opportunities Corporation	Davis	(530) 757-4444
Contra Costa County Department of Conservation and Development	Martinez	(925) 335-7200
East Bay Asian Local Development Corporation	Oakland	(510) 287-5353
Eden Housing, Inc.	Hayward	(510) 582-1460
Eskaton Properties Inc.	Carmichael	(916) 334-0810
Foundation for Affordable Housing, Inc.	San Jose	(408) 923-8260
Kendra Care Incorporated	Sacramento	(916) 395-3418
Matinah Salaam	Concord	(925) 671-0725
Northern California Land Trust, Inc.	Berkeley	(510) 548-7878
O.P.E.N. Inc	Oakland	(510) 430-8103
Oakland Community Housing, Inc.	Oakland	(510) 763-7676
Pacific Community Services, Inc.	Pittsburg	(925) 439-1056
Phoenix Programs Inc.	Concord	(925) 825-4700
Resources for Community Development	Berkeley	(510) 841-4410
Richmond Neighborhood Housing Service Inc.	Richmond	(510) 237-6459
Rubicon Programs, Inc.	Richmond	(510) 235-1516
Rural California Housing Corp	West Sacramento	(916) 414-4400
Satellite Housing Inc.	Berkeley	(510) 647-0700
Senior Housing Foundation	Clayton	(925) 673-0489
Vallejo Neighborhood Housing Services, Inc	Vallejo	(707) 552-4663
Walnut Creek	Walnut Creek	(925) 943-5899 x236

Source: California Department of Housing and Community Development, 2008.

Although none of the owners of at-risk housing units have expressed to City staff any intention to convert their properties to market rate housing or prepay their contracts, a number of them are at high risk of conversion because they are owned or run for-profit or their terms are slated to expire within the next ten years. If conversion becomes reality, the City will contact potential qualified entities to assess their interest in acquiring and managing at-risk properties to replace any converted units.

2.7 OPPORTUNITIES FOR ENERGY CONSERVATION

Under State law, the Housing Element must include an analysis of the opportunities for energy conservation in residential development (Government Code Section 65583 (a)(7)). Planning for energy conservation is important for a number of reasons, but mainly because of the environmental costs and financial costs involved in energy use. This section of the report will discuss both factors briefly before moving on to discuss City programs and strategies to reduce energy use.

GREENHOUSE GAS EMISSIONS

Reducing Greenhouse Gas (GHG) emissions is an important priority in the 2030 Urban Area General Plan. GHG emissions consist of a number of gasses, including carbon dioxide, nitrous oxide and methane. They are produced as by-products in the combustion of fossil fuels in power stations as well as cars. GHGs are widely considered to be harmful to the environment. In large quantities, GHGs may also be detrimental to human health.

In 2006, the Governor of California signed into law the California Climate Solutions Act, which requires the reduction of statewide GHG emissions to 1990 levels by the year 2020. Under the Statute, the requirement will be enforced through a statewide cap which comes into effect in 2012. In September 2008, California passed SB 375, the nation's first law to control greenhouse gas emissions by curbing sprawl. The law provides emissions-reducing goals for which regions can plan, integrates disjointed planning activities, and provides incentives for local governments and developers to follow new conscientiously-planned growth patterns. Policies in the 2030 Urban Area General Plan were written with the objective of curbing GHG emissions and reducing sprawl in mind. One of the major goals of the Plan was to support land use decisions that will lead to reduced reliance on cars. Another major goal is to promote compact development. Examples of Plan policies are listed in the Energy Conservation section below. Besides implementing Plan policies, the City will coordinate with regional agencies to ensure its transportation plans, programs, and projects conform to the most recent air quality and GHG reduction requirements. A Climate Action Plan also is being prepared for the City's consideration as part of base reuse planning for the CNWS.

UTILITY COSTS

In addition to reducing GHG emissions, planning for energy conservation can reduce utility and maintenance costs, which in turn, leads to housing affordability. This is particularly important to lower income households with less disposable income to pay for utilities. Depending on the age and condition of the home and the number and type of appliances, energy costs can represent more than 25 percent of overall monthly housing costs. As such, the incorporation of energy saving features, energy saving materials and efficient systems in new as well as remodeled homes is an important consideration.

5 Resources and Constraints

The availability of financing resources from federal, State, and local sources, as well as private lenders and non-profit organizations; is essential to the construction and rehabilitation of housing. The success of housing projects is also affected by governmental constraints (such as land use controls and development fees) and non-governmental constraints (such as the housing market situation and environmental constraints.) These factors will be discussed in this chapter.

5.1 FINANCING AND SUBSIDY SOURCES

Federal, State and local agencies provide a wide variety of resources to help support the construction, acquisition, and rehabilitation of housing units for lower-income households in Concord. Many of these resources are made available to local tenants, owners, and developers of affordable housing through City and County programs and services. Although there are a wide range of programs, the availability of funding through these programs is typically inadequate to satisfy all needs. As a result, there is a fair amount of competition for program funds that are available, and any one development may need to draw upon multiple resources to be financial feasible.

FEDERAL RESOURCES

The federal government offers a wide variety of resources related housing assistance. The mortgage interest deduction and the real estate tax deduction are just two of the most common choices for homeowners provided through the income tax code. The deductions promote homeownership and reduce tax liabilities for home-owning taxpayers. Moreover, the deductions are used widely and expansively across the nation. The Congressional Joint Committee on Taxation estimates that the value of the mortgage interest deduction to taxpayers, that is, its tax expenditure, is equal to $69.4 billion for 2006. Among the states, California has the highest amount of mortgage interest and real estate tax deducted every year.

Aside from tax or mortgage deductions, the federal government provides housing assistance to California jurisdictions through a number of programs. These programs are administered in Concord through the City's Housing Program as well as through the Contra Costa County Housing Authority.

Like State programs, federal programs often change in terms of program details, application procedures, and amount of subsidy dollars available. For detailed descriptions, current subsidy levels, and up-to-date application procedures, refer to program literature available online from HUD at http://www.hud.gov.

Some of the largest programs, based on current funding levels, include:

Community Development Block Grant Program (CDBG)

The Community Development Block Grant (CDBG), a longstanding program of HUD, funds local community development activities such as affordable housing, anti-poverty programs, and infrastructure development. Cities with populations of over 50,000 receive CDBG funds directly from HUD while smaller cities apply directly to the County or State for a portion of the funding that is allocated and administered by those entities. HUD makes allocations based on a formula that takes population, poverty, and housing distress into account. CDBG funds can be used for a variety of housing efforts including activities aimed at reducing costs for private development (helping fund site acquisition, improvement, and other soft costs); housing acquisition and rehabilitation through short and long-term loans, grants or loan guarantees; direct payment of rent or mortgage and housing counseling services; activities relating to energy conservation and renewable energy resources; and fair housing activities. CDBG funds are best used in combination with other subsidy sources or to provide pre-development funding to initiate housing development.

The City's Community Grant Division of the Community and Recreation Services Department, administers the CDBG program for the City of Concord. CDBG funds in Concord have been used to support multifamily housing acquisition and both multifamily and single-family rehabilitation activities (including grants and low-interest loans), as well as lead-based paint abatement activities. CDBG funds also fund programs and services for homeless individuals and families, people at risk of homelessness, and other special needs groups in collaboration with the other entitlement communities of Antioch, Pittsburg, Richmond, Walnut Creek, and the County. Program and service priorities are established and implemented through the five-year strategic plan of the Contra Costa Consolidated Plan. In fiscal year 2006-07, Concord used $433,845 of its allocated CDBG funds on housing.

Emergency Shelter Grant (ESG) Program

HUD's Emergency Shelter Grants program provides funds for emergency shelters — immediate alternatives to the street — and transitional housing that helps people reach independent living. The ESG Program strives to help homeless individuals and families, and subpopulations within this group, such as victims of domestic violence, youth, people with mental illness, families with children and veterans. Grantees use ESG funds to rehabilitate and operate these facilities, provide essential social services, and prevent homelessness. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs.

The Contra Costa County Department of Conservation and Development, Housing Division, receives ESG funds from HUD and make them available to eligible recipients serving all areas of the County. Agencies and organizations which actually run the homeless assistance projects, apply for ESG funds to the County. Grantees must match ESG grant funds dollar for dollar with their own locally generated amounts.

The City does not apply for ESG funding but non-profit agencies that operate in the City r regularly apply for and receive funding. One example is Lutheran Social Services of Northern California which received $70,973 in FY 2008 for its Mi-Casa transitional housing program for youth aging out of foster care into homelessness.

HOME Investment Partnership Act

HOME is the largest federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Also a HUD program, HOME funds must be spent only on housing and are intended to provide incentives for the acquisition, construction and rehabilitation of affordable rental and home ownership. HOME requires local governments to provide matching funds, though the matching ratio depends on the specific uses to which HOME funds are to be put. Concord is a member of the Contra Costa County HOME Consortium. The Consortium requires successful applicants to provide a 25 percent match from non-federal sources for all projects. The HOME program is administered through the Contra Costa County Department of Conservation and Development (DCD). According to the DCD, the County typically receives $3 million in HOME funds each year both from their own direct allocation from HUD, and from the pooled HOME allocations of the cities of Antioch, Concord, Pittsburg, and Walnut Creek.[31] Projects are then selected and funded throughout the County excluding Richmond, which manages its own HOME funding.

The County uses HOME funds towards the following:

- Acquire, rehabilitate, and construct new multifamily rental housing.
- Assist the homeless and those at risk of becoming homeless by providing emergency, transitional, and permanent affordable housing with appropriate supportive services.
- Assist Community Housing Development Organizations (CHDO). CHDO's are funded by the HOME Program, which is obligated to reserve 15 percent of its annual funding to support housing construction, acquisition, or rehabilitation projects by certified CHDO's. According to the County and HUD, there are no certified CHDO's in Concord at the present.[32]

Housing for Persons with AIDS (HOPWA)

The HOPWA program provides funds for the acquisition, conversion, lease and repair of facilities to provide housing and services for lower-income persons living with HIV/AIDS and their families. Funds are provided on an annual basis to the City of Oakland for the Alameda/Contra Costa eligible metropolitan area. Contra Costa County receives approximately 25 percent of the total allocation, or $470,000.[33] The HOPWA funds are primarily used for the development of permanent housing. Some funds are used for support services, which help people with HIV/AIDS obtain or maintain housing.

Low-Income Housing Tax Credits (LIHTC)

The LIHTC program is a large federal and State housing subsidy program that provides substantial financing for the development of affordable housing. It provides tax credits to the private sector for the construction or acquisition and rehabilitation of very affordable rental housing. These tax credits are crucial to the success of affordable housing developers, who sell credits directly to corporations and private investors or receive the equity from one of a number of investment entities now making tax credits available.

To be eligible for a tax credit, 20 percent of the units in a housing development must rent to very-low-income households earning less than 50 percent of area median incomes, or 40 percent of the units must rent for incomes under 60 percent of the median. California law also requires that developments retain these levels of affordability for at least 55 years. In the last few years, several affordable apartment projects in Concord have been funded in part by LIHTC proceeds, including Lakeside Apartments (in 2004), La Vista Apartments (2007), and Windsor Apartments (2007).

Mortgage Credit Certificates

The Mortgage Credit Certificate Program (MCC), administered by the Contra Costa County Department of Conservation and Development, provides financial assistance to "First time homebuyers" for the purchase of new or existing single-family home in all cities as well as unincorporated areas of

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[31] Kara Douglas, Affordable Housing Program Manager, Contra Costa County in December 2008.

[32] A list of certified Community Housing Development Organizations (CHDO) is available at: http://www.hcd.ca.gov/fa/home/CHDO_List.html

[33] Kara Douglas, Affordable Housing Program Manager, Contra Costa County in December 2008.

the County. This federally created program assists first-time homebuyers with a federal income tax credit. Under the MCC program, the maximum tax credit available is equal to 20 percent of the annual interest paid on the borrower's mortgage. This enables first-time buyers to qualify for a larger mortgage than otherwise possible, and can thus bring homeownership within their reach.

MCCs are available only to first-time homebuyers and come with a number of application restrictions. Authority for the issuance of MCCs must be obtained from the California Debt Limit Allocation Committee (CDLAC) and use of MCCs involves converting some mortgage revenue bond funding authority.

Mortgage Revenue Bond Program

The County has a Mortgage Revenue Bond (MRB) program to help support the development of affordable housing. Under the MRB program, the County issues tax-exempt bonds for affordable housing projects which meet program requirements. In particular, the Multifamily Residential Rental Housing Revenue Bond Program assists developers of multifamily rental housing in increasing the supply of affordable rental units available to qualified households. The proceeds from bond sales are used for new construction, acquisition, or rehabilitation of multifamily housing developments.

Loans under the multifamily bond program will generally be amortized for 30 years and will be due at the expiration of the credit enhancement. In recent years, project loans made by the County have been as small as $425,000 for a ten unit development to as much as $125 million for a larger project.

Section 8 Assistance

HUD’s Section 8 housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Households are provided with vouchers that are paid to private market-rate landlords, who are then reimbursed by HUD. Section 8 assistance in Concord is administered by the Contra Costa County Housing Authority. As of December 2007, there were 1,176 families receiving Section 8 assistance in Concord, 619 of them were listed as disabled.[34]

STATE RESOURCES

State agencies play an important role in providing housing assistance by allocating federal housing funds and/or making loans available to affordable housing developments. The three principal agencies involved are the State Treasurer’s Office, the California Housing Finance Agency (CHFA), and HCD.

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[34] Telephone conversation with Bruce Smargiasso, Director of Housing Assistance Programs from the County Housing Authority, November 2008. The data are approximate because they are not available on a Citywide level. The County keeps data on a zip code level and the data listed above are from the four following zip codes that make up the City of Concord: 94518, 94519, 94520, 94521.

Programs for housing assistance change frequently and detailed descriptions of programs, application procedures and amounts of subsidy available are provided by the concerned agencies. The major sources of State housing assistance include:

The California Debt Limit Allocation Committee (CDLAC)

CDLAC, an agency within the Treasurer's Office, is responsible for overseeing private bond issuances.

The California Tax Credit Allocation Committee (CTCAC)

CTCAC, also an agency within the Treasurer's Office, is responsible for allocating federal and State tax credits that are crucial to the construction and rehabilitation of affordable housing developments. See the discussion of Low-Income Housing Tax Credits on the preceding page.

California Housing Finance Agency (CalHFA)

CalHFA offers a variety of programs to fund new construction and resale of single-family housing for first-time homebuyers. Its 30-year Fixed Mortgage Program, for example, loan offers up to 95% financing with a 30-year term and a low, fixed interest rate. CHFA also provides government insured/guaranteed loans and down-payment assistance loan programs such as the Affordable Housing Partnership Program (AHPP); whereby a deferred payment subordinate loan from a locality is utilized by the first-time homebuyer to assist them with down payment and/or closing costs.

Department of California Housing and Community Development (HCD)

HCD administers more than 20 programs that award loans and grants for the construction, acquisition, rehabilitation and preservation of affordable rental and ownership housing, homeless shelters and transitional housing, public facilities and infrastructure, and the development of jobs for lower income workers. With rare exceptions, these loans and grants are not made to individuals, but to local public agencies, nonprofit and for-profit housing developers, and service providers. In many cases these agencies then provide funds to individual end users.

The HCD Financial Assistance website (http://www.hcd.ca.gov/fa/) provides current information on the various grants and funding programs available.

CITY OF CONCORD

Mobile-home Rent Stabilization

The City has a Mobile Home Rent Stabilization Ordinance in its Municipal Code (Chapter 58) to regulate mobile home rent increases. The ordinance controls the frequency of rent increases and ties any adjustments to the consumer price index. This policy covers all 11 mobile home parks in the City, which together offer approximately 1,800 mobile home spaces.

City of Concord Redevelopment Agency

Concord is fortunate to have a successful Redevelopment Agency that helps to generate funds that in turn support the City's housing initiatives. 'Tax increment funds' are created through the increased property tax revenues generated as the result of initial public investment in the redevelopment area, which in turn result in new private investment in the area. Tax increment funds are collected by the Redevelopment Agency, and in accordance with California Community Redevelopment Law, at least 20 percent of all property tax increments are 'set aside' in a special fund to subsidize the construction and rehabilitation of housing. California's redevelopment law also authorizes the acquisition and assembly of land for redevelopment purposes, which can include the construction of new housing, the provision of low-or no-cost land subsidies for affordable housing, or other forms of assistance in the preservation and upgrading of the redevelopment project area. During Fiscal Year 2009-10, the Agency will contribute a total of $3,199,168 to low- and moderate-income housing.

As noted above, the State of California requires that redevelopment agencies contribute funds to low- and moderate-income housing under the set-aside program. Agencies established in or prior to 1976 were able to defer this 20 percent set-aside if the agency's tax increments were needed for previously identified projects or to meet existing debt obligations. Agencies deferring their set-aside obligation were required to create indebtedness to the low- and moderate-income housing fund equivalent to their unfulfilled obligation. Since 1996, Agencies are no longer able to defer their set-aside obligations if tax increments are needed for previously identified projects. The Concord Redevelopment Agency was formed in 1974 and elected to defer the majority of its low- and moderate-income housing set-aside payment. The Concord Redevelopment Agency began paying the full 20 percent set-aside in Fiscal Year 1996-97.

The Redevelopment Agency's low- and moderate-income housing set-aside deficit totals $9.5 million. The cumulative deferral of the low- and moderate-income housing set-aside must be spent for low- and moderate-income housing before the termination of the Central Concord Redevelopment Plan. Any future Agency allocation of funds to low- and moderate-income housing in excess of 20 percent of the tax increment will be credited against this account. The Redevelopment Agency plans to pay the deficit by Fiscal Year 2023-24, about 30 percent of this payback will occur during the planning period for this Housing Element, augmenting available revenues.

The Redevelopment Agency's contribution to low- and moderate-income housing will also meet the Agency's Replacement Housing Requirement. Under Health and Safety Code Section 33413(a), when residential units that house low- or moderate-income persons are destroyed or taken out of the low- and moderate-income market as part of a redevelopment project, the Redevelopment Agency must replace those units with new or newly rehabilitated low- and moderate-income units.

The Project Area Housing Production requirement, under Health and Safety Code Section 33413(b), requires redevelopment agencies to cause 15% of all new and substantially rehabilitated housing units in the project area to be available at an affordable cost. This requirement is applicable to those areas created or added to existing areas after 1976 and applies to the West Concord and Commerce Avenue portions of the Central Concord sub-area, which were adopted in 1976 and 1979, and to the portions of the Redevelopment Area added in October 2006: North Concord, the Willow Pass Road Corridor, and the Monument Blvd. Corridor. As housing is developed in these areas, new affordable housing units must be developed in the Redevelopment Area equal to 15 percent of the newly constructed units. Of this total, 40 percent must be for very low-income households. These units must remain affordable for 45 years if they are ownership or for 55 years if they are rental.

The Concord Redevelopment Agency's projected revenues and expenditures are contained in its Ten-Year Implementation Plan, including a summary of projected revenues and expenditures for Low- and Moderate-Income Housing Assistance. For 2009-2014 , total expenditures, are planned to be $23.2 million, while expenditures already made for 2007 and 2008 were $5.6 million, bringing the total available for this Housing Element planning period to $28.5 million. **Table 5.1-1**, below, summaries revenues and expenditures for the 2009-14 period; year by year projects are in **Table 5.1-2.**

Table 5.1-1 Summary of RDA Housing Set-Aside Funds, 2009-2014

Revenue	*Total*
Low & Moderate Income Housing Set-Aside	$20,364,008
Use of Money & Property	$370,833
Scheduled Loan Repayment-Principal & Interest	$900,000
Total Revenues	**$21,634,841**
Expenditures	
Operating Expenditures:	
City Staff; Admin & Gen's Services	$7,447,544
Consultant/Contract Services	$4,184,424
Housing Programs:	
Housing Loans	$9,405,647
Building Inspection	$360,581
Fair Housing Counseling	$960,726
Plaza Tower Repayment	$866,099
Total Expenditures	**$23,225,021**

Source: City of Concord Redevelopment Agency 2009 Budget

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Table 5.1-2 Concord RDA Housing Set-Aside Fund Projections by Year, 2009-2014

	2009-10 [1]	*2010-11*	*2011-12*	*2012-13*	*2013-14*	*2014-15*	*Total*
Fund Balance 07/01	$2,898,299	$2,233,615	$1,842,059	$1,647,229	$1,494,136	$1,396,463	
Revenue							
Low & Moderate Income Housing Set-Aside	$3,199,168	$3,199,168	$3,312,768	$3,429,368	$3,549,768	$3,673,768	$20,364,008
Use of Money & Property	55,762	56,490	58,955	62,628	66,482	70,516	$370,833
Scheduled Loan Repayment-Principal & Interest	150,000	150,000	150,000	150,000	150,000	150,000	$900,000
Total Revenues	**$3,404,930**	**$3,405,658**	**$3,521,723**	**$3,641,996**	**$3,766,250**	**$3,894,284**	**$21,634,841**
Expenditures							
Operating Expenditures:							
City Staff; Admin & Gen's Services	1,150,802	1,197,635	1,226,788	1,258,179	1,290,451	1,323,689	$7,447,544
Consultant/Contract Services	643,498	664,176	685,503	707,497	730,179	753,571	$4,184,424
Housing Programs:							
Housing Loans	1,935,962	1,584,869	1,444,542	1,460,114	1,464,119	1,516,041	$9,405,647
Building Inspection	53,527	57,507	59,303	61,298	63,390	65,556	$360,581
Fair Housing Counseling	148,526	152,982	157,571	162,298	167,167	172,182	$960,726
Plaza Tower Repayment	137,299	140,045	142,846	145,703	148,617	151,589	$866,099
Total Expenditures	**$4,069,614**	**$3,797,214**	**$3,716,553**	**$3,795,089**	**$3,863,923**	**$3,982,628**	**$23,225,021**
Revenues Over (Under) Expenditures	($664,684)	($391,556)	($194,830)	($153,093)	($97,673)	($88,344)	
Contingency Reserve	$179,000	$186,000	$191,000	$197,000	$202,000	$208,000	
Fund Balance - 6/30	**$2,054,615**	**$1,656,059**	**$1,456,229**	**$1,297,136**	**$1,194,463**	**$1,100,119**	

[1] Revenues and expenditures may be affected by the State's borrowing from local governments under the State's 2009-10 Budget and recently adopted budget "solutions".

Source: City of Concord Redevelopment Agency 2009 Budget

In the near term, the Agency will be adversely affected by the State's budget "solution". This is because the State intends to take $6 million from Concord to balance its budget. The State budget also borrows $2 million in City property tax money. Next year, the State will take an additional $1.2 million from the Redevelopment Agency. As a consequence, the Agency may consider borrowing from the Housing Set-Aside fund as allowed by the State, to pay for the State's borrowing of the Agency's funds. However, these funds will be replaced when the economy improves. In fact, the City plans to add $9.5 million to the Low- and Moderate Income Housing Fund between now and 2013-14 to make up for past borrowings. So, looking ahead, the Set-Aside fund is expected to generate sufficient revenues to support both ongoing and new housing programs included in the Housing Element planning period.

In addition to providing funds for a wide range of local housing programs, redevelopment law enables the Redevelopment Agency (RDA) to issue tax allocation bonds and loans to generate revenues for implementing redevelopment plans. This includes land acquisition and financing for the construction of new housing or rehabilitation of existing units. The RDA can also negotiate purchases and has the power of eminent domain, which allows it to acquire sites for housing, both within and outside of the redevelopment project area.

In the past, the practice of 'redevelopment' in some communities led to the demolition of affordable housing stock and the displacement of existing residents. Now, State laws require public participation, the replacement of all low- and moderate-income housing units removed by redevelopment, and the relocation of tenants and homeowners.

Following is a list of the programs that are currently supported by RDA funds:

- **Multi-Family Rental Rehabilitation Loans** (low-interest loans of up to $15,000 to address code compliance and related issues in multifamily rental units)
- **Multi-Family Acquisition and Rehabilitation Loans** (financing for the acquisition and rehabilitation of deteriorated rental units, with long-term affordability restrictions put in place on some or all of the upgraded units)
- **Single-Family and Mobile Home Rehabilitation Loans** (loans of up to $55,000 to fund repairs for low- and moderate-income single-family homeowners, and loans up to $15,000 to fund repairs for low- and moderate-income mobile homeowners)
- **Assistance to First-Time Homebuyers** (zero interest second mortgages to qualified low- and moderate-income homebuyers)
- **Fair Housing Counseling Services** (including fair housing and tenant/landlord counseling services)
- **Plaza Tower Property Tax Assistance** (payment of the annual property tax for the 96-unit Plaza Tower development serving low- and moderate-income seniors; $131,968 in the 2007-08 fiscal year)
- **New Construction** - Partnerships with Affordable Housing Developers (assistance to support new construction of affordable units, including lot assemblage, density bonus, infrastructure improvements, or capital to offset development costs)

- **Neighborhood Preservation Program** (assistance to help preserve and enhance the living environment of low- and moderate-income neighborhoods. Staff works from citizen complaints to educate people on City Codes and seek voluntary code compliance to control and eradicate blight)
- **Capital Improvements to Assist Low- and Moderate-Income Housing** (funding of capital improvements that assist in the redevelopment of affordable housing developments)
- **Grant Programs** (Exterior Enhance Rebate Grant, Emergency Home Repair for Elderly and Disabled Grant, Weatherization and Home Security for Seniors Grant)

FINANCING AND SUBSIDY RESOURCES

The housing element must identify all federal, State, and local financing and subsidy programs that are available as preservation resources. The following table shows the amount of funds that are available under each program which have not been legally obligated for other purposes and therefore could be used to preserve at-risk, assisted housing units. Funds for the years 2009-2014 are estimates or projections since it is not certain exactly how much money will be available in the future. The tax increment projections are relatively accurate because Proposition 13 establishes a formula for assessments and annual increases. They can though be affected by conditions in the real estate market, which may justify revaluations and by the State Budget, as noted earlier.

The housing set-aside funds are allocated across nine distinct programs and three grant programs as listed in the section above. Because the City will be repaying the Set aside Fund for money borrowed, when economic conditions improve, this Fund should have substantially more revenues available in the future to support housing programs than it had for implementation of the prior Housing Element.

Table 5.1-3 Financing Resources Expected: January 1, 2007 to June 30, 2014

	2007	*2008*	*2009*	*2010*	*2011*
City					
20% Housing Set-Aside Funds (tax increment) [1]	$2,613,122	$2,696,374	$3,199,000	$3,199,000	$3,313,000
Federal					
HOME Funds [2]					
CDBG Funds [3]	$433,845	$432,100	$435,000	$435,000	$435,000
Total	**$3,046,967**	**$3,128,474**	**$3,634,000**	**$3,634,000**	**$3,748,000**

	2012	*2013*	*2014*	*Total*
City				
20% Housing Set-Aside Funds (tax increment) [1]	$3,429,000	$3,550,000	$3,674,000	$25,673,000
Federal				
HOME Funds [2]				
CDBG Funds [3]	$435,000	$435,000	$435,000	$3,476,000
Total	**$3,864,000**	**$3,985,000**	**$4,109,000**	**$29,149,000**

[1] The Housing Set-aside funds are budgeted across financial years. Hence 2007 refers to the amount for FY2006-07, and so forth.

[2] Concord is not eligible for State HOME funds. The federal HOME funds are administered through the Contra Costa Consortium and the funds are not annually allocated to the City. They are allocated to projects as they come forward. For example, the Lakeside Apartments project received $2.8 million HOME and HOPWA funds.

[3] CDBG funds shown for housing-related activities only.

[4] Totals are rounded to the thousandth.

Source: City of Concord, 2009.

5.2 GOVERNMENT CONSTRAINTS ON HOUSING PRODUCTION

It is in the public interest for the government to regulate land use and building standards to protect the general welfare of the community. On the other hand, stringent regulations, processing fees and lengthy procedures can potentially deter private enterprise from developing housing. The City of Concord regulates the use of land within the City limits through the General Plan, Redevelopment Area Plan, the Zoning Ordinance, the Subdivision Ordinance, and building codes and standards.

REGIONAL POLICIES AND PROGRAMS

- **Contra Costa County Measure J – 2004**

  This initiative, approved by county voters in 2004, provides for the continuation of the County's half-cent transportation sales tax for 25 more years. In addition, Measure J includes revisions to the County's existing Growth Management Program to encourage