

Inclusionary Housing Ordinance

City of Antioch

Community Workshop | February 4, 2024



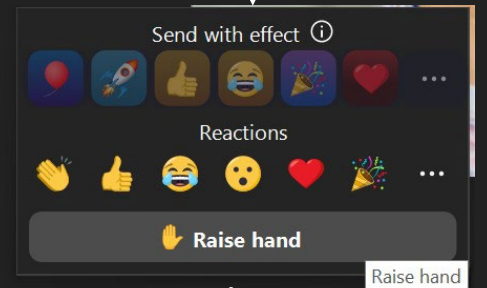
Use "Chat" function to write comments or questions

Use "Raise hand" function to ask questions during Q&A

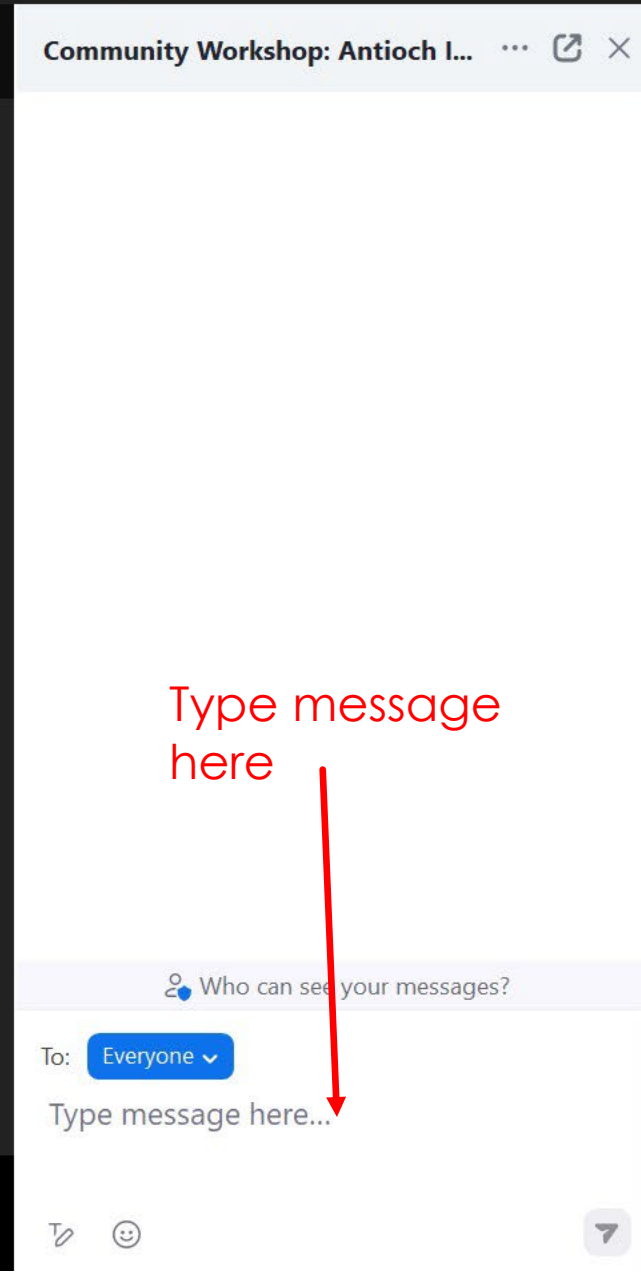
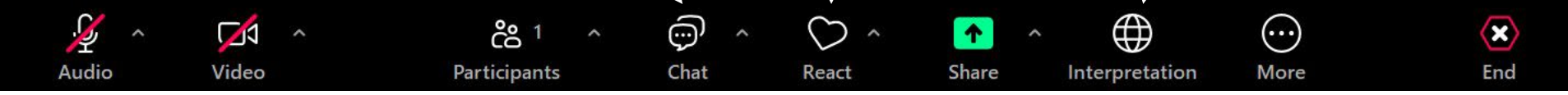
Use "Globe" symbol to access Spanish interpretation

"Globe" may be in "More" drop-down

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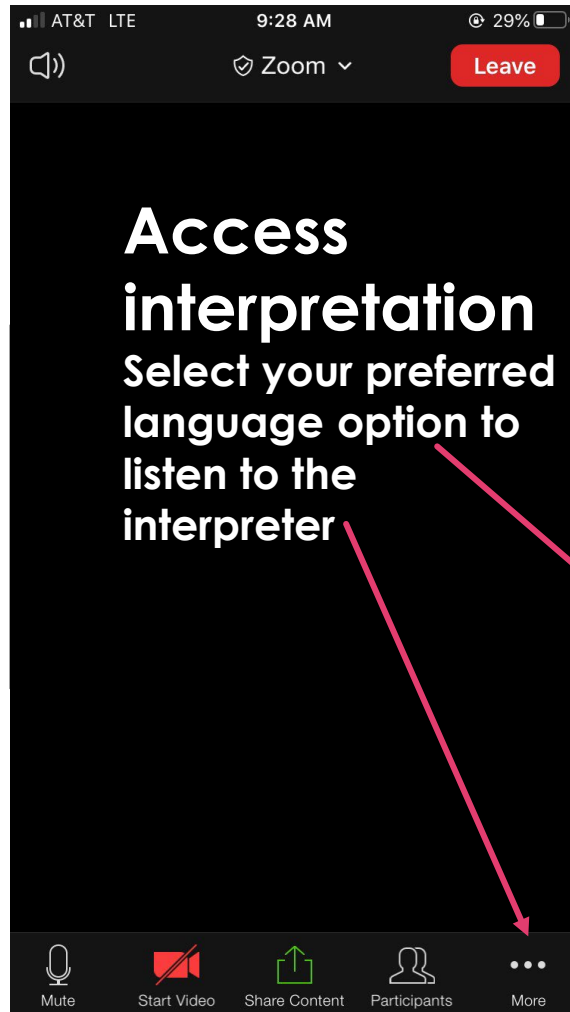


Greg Goodfellow

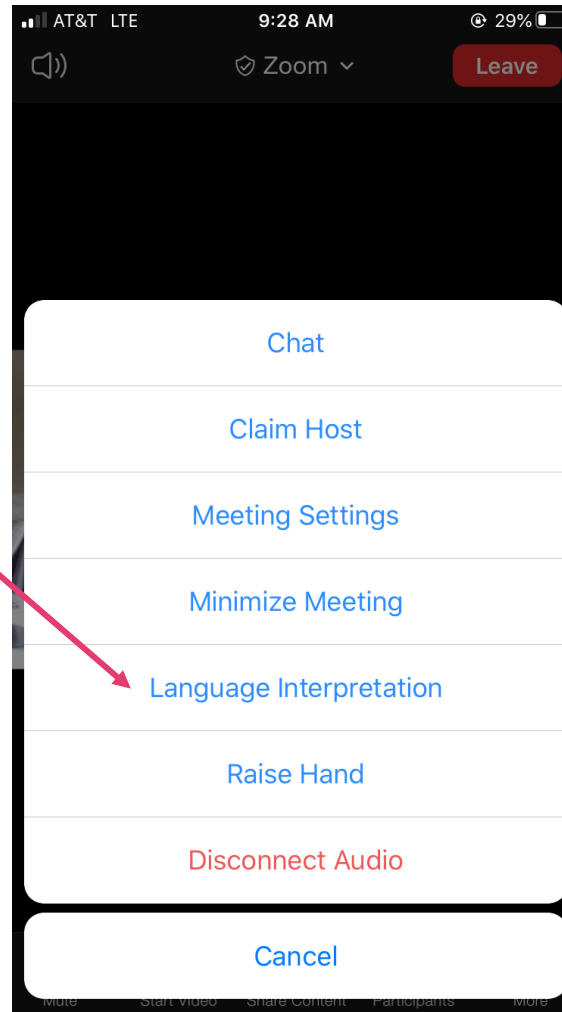


Interpretation (Smart Phone/Tablet)

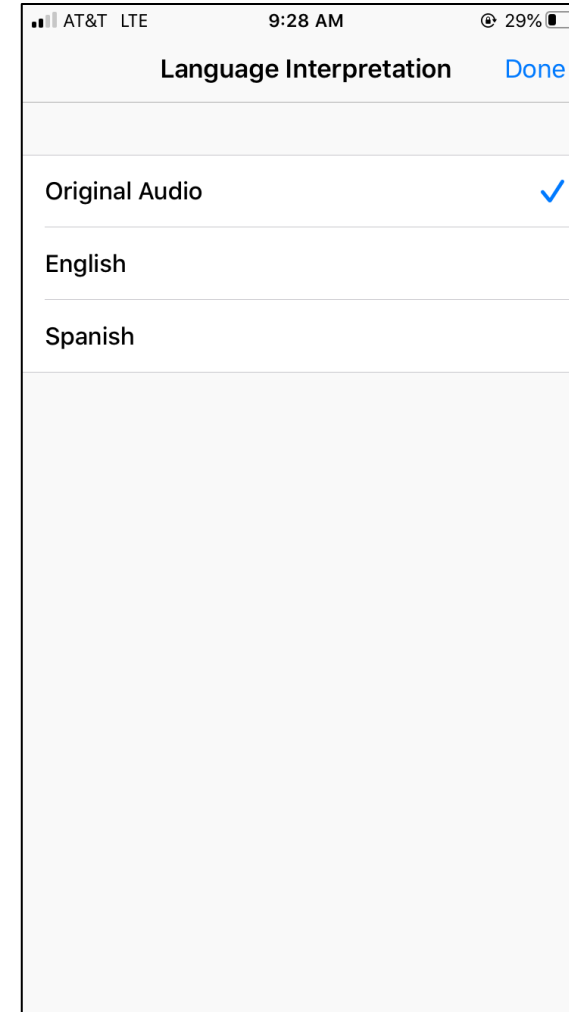
Step 1



Step 2



Step 3



6:30	WORKSHOP & PROJECT WELCOME
6:35	LEGAL AND LOCAL CONTEXTS + VIRTUAL POLL
6:50	PROJECT FEASIBILITY AND FORM
7:05	COMMUNITY FEEDBACK + VIRTUAL POLL
7:25	NEXT STEPS + VIRTUAL POLL
7:45	Q & A SESSION

Workshop & Project Welcome



PROJECT TEAM



City of Antioch

Zoe Merideth, Planning Manager

Kevin Scudero, Senior Planner



PlaceWorks, Inc.

Greg Goodfellow, Project Manager

Steve Gunnells, Chief Economist

Cliff Lau, Senior Associate

Bilingva, LLC

Live Translation

WORKSHOP GOALS



- 1. Introduce inclusionary housing and City goals**
- 2. Establish legal and local background**
- 3. Collect community feedback**
- 4. Review how inclusionary housing can affect housing projects**
- 5. Review previous analyses and outreach**

INCLUSIONARY HOUSING 101



■ Requires new projects to set aside % of units as affordable

- » Privately-subsidized affordable housing.
- » Includes incentives and alternatives to avoid constraints on housing production.
- » Included in zoning code.

■ IHO in Antioch

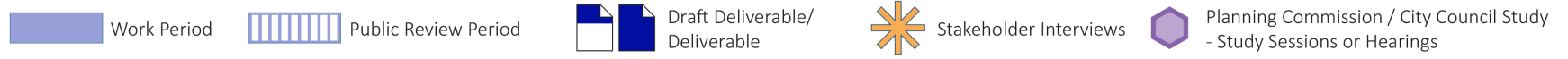
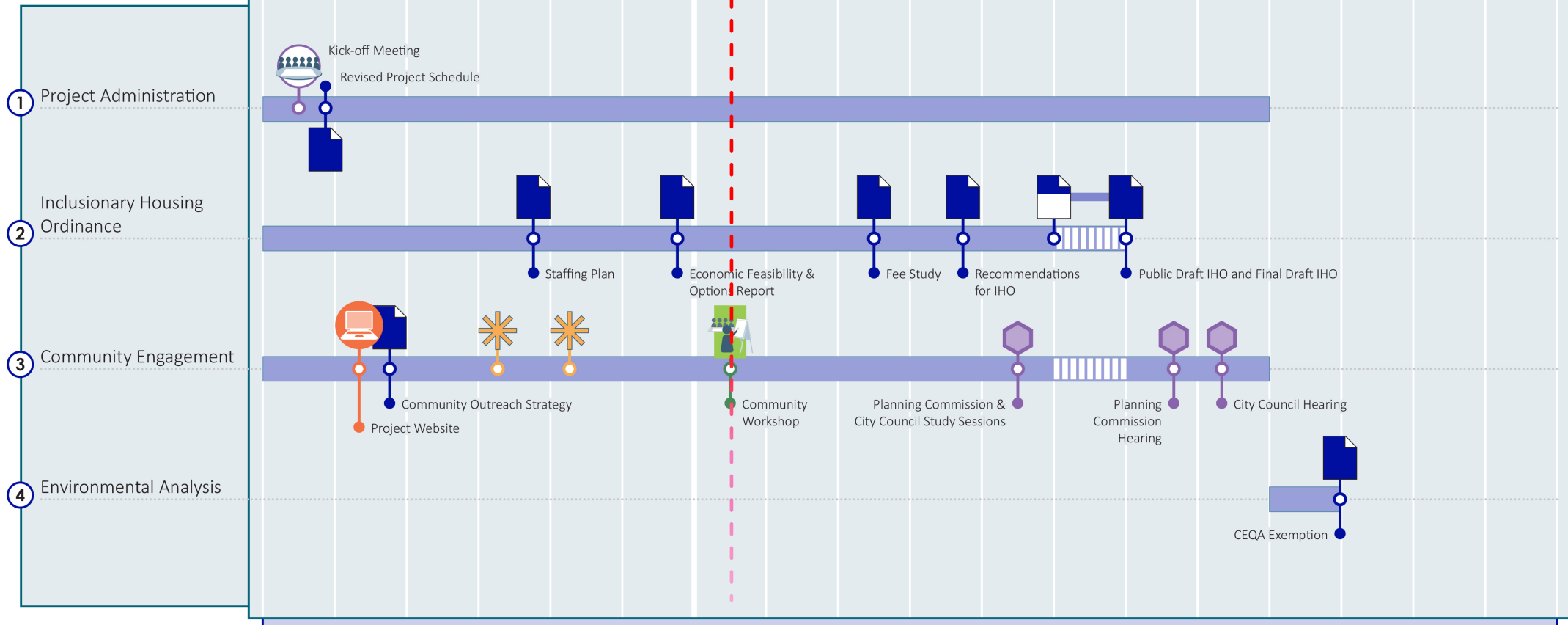
- » Affordability crisis across state.
- » City's "fair share" is 1,741 VLI, LI and MI units.
- » IHO program established in certified Housing Element.
- » IHO goal: Construction of 360-460 affordable units.

Project Tasks

2024

2025

JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



Legal and Local Contexts



IH LEGAL FRAMEWORK



■ Land use regulation, not an “exaction”

- » Must only relate to the “general welfare.”
- » Does not require a nexus study to “establish reasonable connection between new development and the fee that charged.”

■ Adopted via gov’t police power

- » Like all zoning.

■ Units qualify for State Density Bonus

- » Developers may increase market rate units in projects.

Housing Impact Fee

- » Legal local exaction.
- » Requires nexus study.
- » 2023 Supreme Court:
 - Questioned constitutionality of fees.
 - Heightened scrutiny of all impact fees.

15 PERCENT RENTAL THRESHOLD



- No legal limit to IH requirement
- Must not “unduly constrain the production of housing”
- Rental requirement >15%
 - » Determined to be threshold of potential constraint.
 - » May trigger submittal of financial feasibility analysis to State.
 - » Must offer alternative means of compliance.

IN-LIEU FEES



■ Option in most IHOs

■ NOT an impact fee = no nexus study

1. Affordability Gap Method

- » Difference between market price for unit and what a low-income household can afford.
- » X total number of units.

2. Production Cost Method

- » Difference between cost of developing an affordable unit and income generated by an affordable unit.
- » X total number of units.

3. Indexed Fees Method

- » Local formula based on density, location, community value.
- » Per sq. ft. calculation.
- » X gross floor area.

WHAT IS "LOW INCOME"?



Median Family Income in Contra Costa County: \$155,700			
Household Size	Very Low Income: 50% AMI	Low Income: 80% AMI	Moderate Income: 120% AMI
1	\$54,500	\$84,600	\$130,800
2	\$62,300	\$96,650	\$149,500
3	\$70,100	\$108,750	\$168,500
4	\$77,850	\$120,800	\$186,850
5	\$84,100	\$130,500	\$201,800
6	\$90,350	\$140,150	\$216,750
7	\$96,500	\$149,800	\$231,700
8	\$102,800	\$159,500	\$246,650

WHAT IS "AFFORDABLE"?



Contra Costa County Gross Rent Limits, June 1, 2024

Bedroom Count	Very Low Income: 50% AMI	Low Income: 80% AMI	Fair Market Rent
Studio	\$1,362	\$2,179	\$1,825
1	\$1,460	\$2,336	\$2,131
2	\$1,752	\$2,803	\$2,590
3	\$2,024	\$3,238	\$3,342
4	\$2,258	\$3,613	\$3,954
5	\$2,491	\$3,986	\$4,547

IH IN CONTRA COSTA



■ Concord

- » Requirement: 15% total for-sale, 6% total rental
- » Options: In-lieu fee, off-site development, non-profit partnership
- » Incentives: Density bonus, FAR increase

■ Richmond

- » For-sale requirement: 17% MI or 15% LI or 10% VLI or 12.5% combination
- » Rental requirement: In-lieu fee or 17% MI, 15% LI, 12.5% VLI
- » Option: Land donation

Virtual Poll #1: Needs and Concerns

Project Feasibility and Form





Inclusionary Requirement

More affordable units, Less financial return

Maximize State Density Bonus

More total units, Greater financial return



Higher construction costs, Less financial return

FINANCIAL FEASIBILITY ANALYSIS



- **How will requirements impact the financial return of development scenarios?**
- **Compares market rate project to inclusionary project**
 - » Analysis based on current Antioch market conditions.
 - » Accounts for land costs and all hard & soft development costs.
 - » Detailed assessment of development schedule.
 - » Accounts for state density bonus.

FOR-SALE DEVELOPMENT SCENARIOS



**Feasibility
Threshold:
15% IRR**

	Large Lot, SFD Subdivision	Small Lot, SFD Subdivision	For-Sale Townhouses
Base Market Rate Project			
No inclusionary housing	15.0%	21.0%	20.6%
15% Inclusionary Requirement			
15% Very low income	-1.5%	26.5%	15.5%
15% Low income	-7.1%	19.9%	12.8%
15% Moderate income	-14.3%	11.1%	19.9%
10% Inclusionary Requirement			
10% Very low income	-2.6%	24.6%	16.3%
10% Low income	-5.3%	21.8%	12.6%
10% Moderate income	-12.0%	13.4%	19.8%
5% Inclusionary Requirement			
5% Very low income	-1.3%	24.5%	18.2%

FOR-RENT DEVELOPMENT SCENARIOS



**Feasibility
Threshold:
6% Yield**

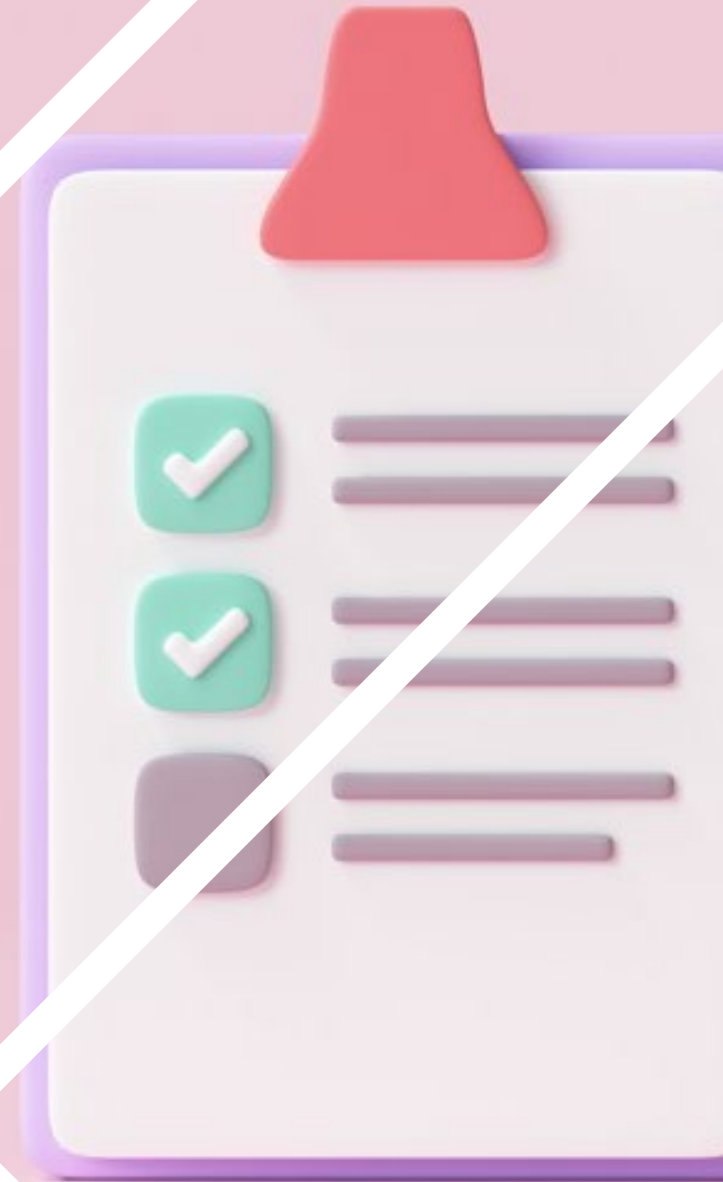
	Medium/High Density Multifamily Flats	High Density Multifamily Flats
Base Market Rate Project		
No inclusionary housing	6.1%	6.6%
15% Inclusionary Requirement		
15% Very low income	6.2%	6.3%
15% Low income	4.9%	6.4%
15% Moderate income	5.2%	6.9%
10% Inclusionary Requirement		
10% Very low income	6.1%	6.3%
10% Low income	4.8%	6.4%
10% Moderate income	5.0%	6.6%
5% Inclusionary Requirement		
5% Very low income	6.1%	6.3%

FINANCIAL FEASIBILITY SUMMARY



- VLI and LI single-family homes best achieved via higher-density, small lot subdivisions.
- Townhomes sensitive to LI requirements, can accommodate VLI and M units.
- Medium to high density apartments feasible with VLI requirements, due to density bonus.
- High density apartments can accommodate all requirement levels.

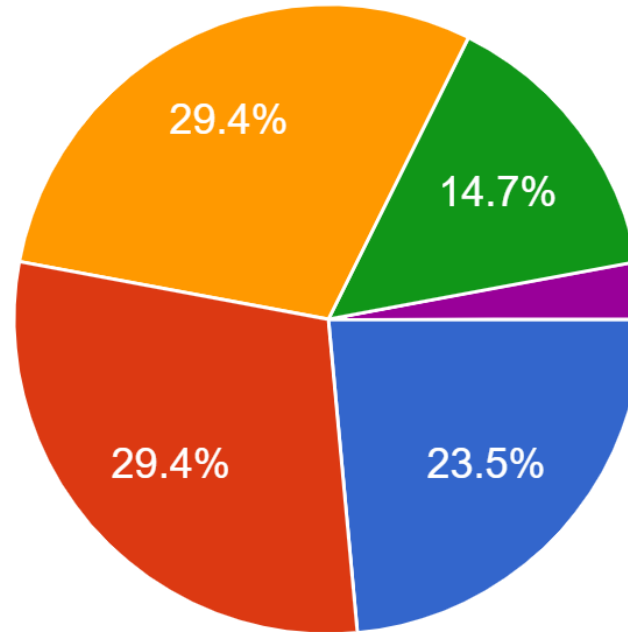
Community Feedback



SURVEY RESULTS



- 44% “Developer/landowner”
- 29% “Community advocate/organizer”
- 32% “Antioch resident”
- 3% “Planning Commissioner”



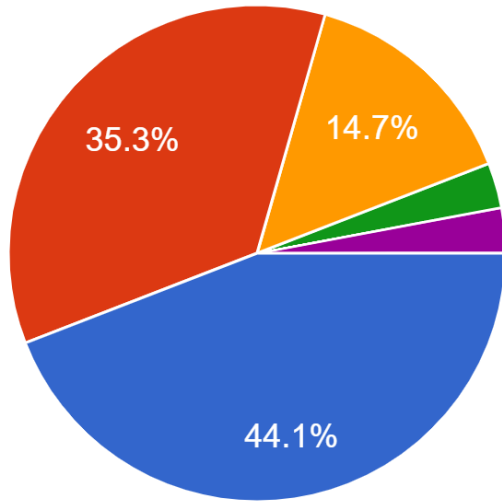
24% Unfamiliar

29% Somewhat Familiar

29% Very Familiar

15% Expert

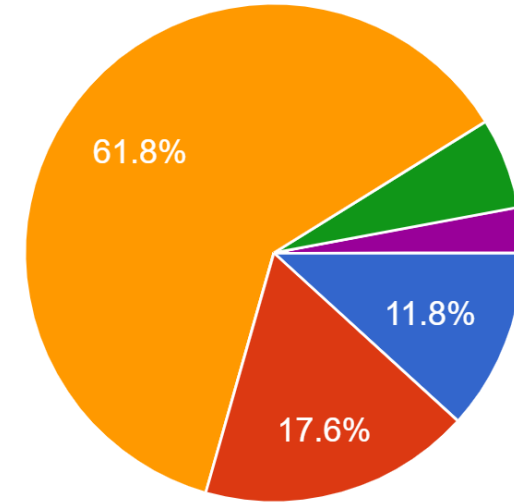
SURVEY RESULTS



44% Fully Supportive

35% Somewhat Supportive

15% Unsupportive

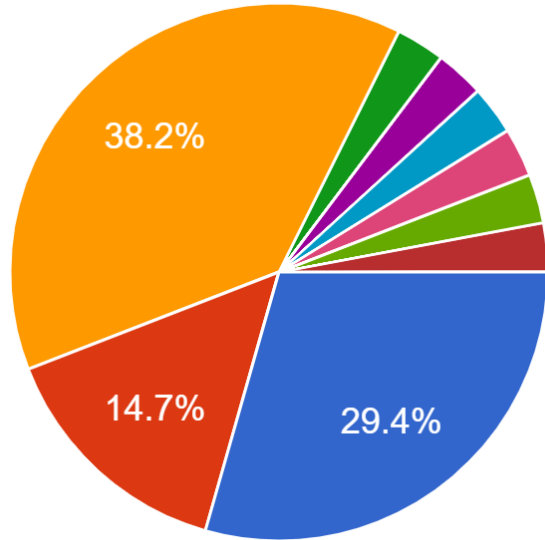


12% For-Sale Housing Only

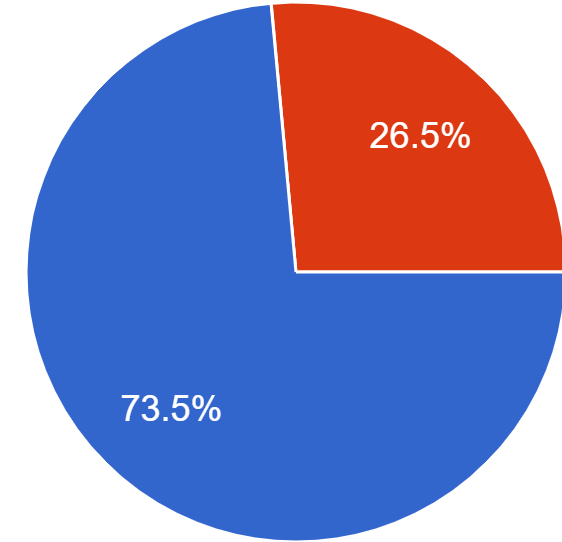
18% Rental Housing Only

62% Both Housing Types

SURVEY RESULTS



29% 5+ units **3% 50+ units**
15% 10+ units **3% 150+ units**
38% 20+ units



74% IHO should apply citywide
27% IHO should not apply citywide

INPUT: ALTERNATIVE COMPLIANCE



- 1. Dedicate land to City for affordable housing.**
- 2. Payment of in-lieu fees.**
- 3. Construction of off-site affordable units.**
- 4. Rehabilitate existing housing into affordable units.**
- 5. Construct affordable rentals in for-sale projects.**

■ Additional Suggestions

- » Fulfill requirement with ADUs.
- » Donate land to affordable housing developer.
- » Credit against in-lieu fee for “affordable by design” approaches.

CONCERNS AND COMMENTS



■ Hot Topic: In-Lieu Fees

- » Purchase land on transit corridors.
- » Subsidize affordable apartment communities or for down payment assistance.
- » Combine with other affordable housing funds to build rentals near transit & retail.
- » Administration: Explore all best practices for housing trust funds.

■ Other

- » IHO must not “lump” affordable housing into one area of city or projects.
- » Ensure standards for affordable units:
 - Same unit mix and construction quality as market rate units.
 - Use sustainable materials wherever possible.
 - Remain affordable for 45-55 years.

DEVELOPER FEEDBACK



■ Limits of financial modeling & feasibility analyses

■ Value of density not universal

- » “Density is expensive.”
- » Costs of additional story can outweigh return.
- » Market limited to 3-story walk-up.

■ In-lieu fees vital

- » Add stability & clarity.
- » Passed to BMR experts.

■ Other approaches

- » Partner with affordable developers on mixed-income projects.
- » Careful approach to for-sale requirement: people need to qualify.
- » IH incentives required.

Virtual Poll #2:

Location and Projects

Next Steps



1



Local Market Data:

Assess factors that influence local housing development.

- » Residential development trends.
- » Sale and rent data.
- » Residential zoning standards.

2



Financial Feasibility Analysis:

Calculate how affordability requirements would impact housing project feasibility.

- » Create for-sale and rental housing development scenarios.
- » Model the financial impacts of affordability requirements on each scenario.

- **Submit FFA**

3



Fee Study:

Calculate how much developers who do not provide affordable units must pay.

- » "In-lieu" fees are an alternative to constructing affordable units.
- » Fees must cover the cost of constructing all units.

4



Outreach and Refinement. Coordinate with Antioch residents and stakeholders on approach to IHO.

- » Interview local developers.
- » Conduct Community Workshop.
- » Lead study sessions with Planning Commission and City Council.

5



Inclusionary Housing Ordinance: Develop Draft IHO informed by studies and outreach.

- » Establishes affordability requirements for very-low, low and moderate-income households.
- » Explains how in-lieu fees are calculated.
- » Includes development standards that ensure quality of affordable units.
- » Includes alternatives to complying with affordability requirements.

6



Adoption. Integrate staff and public comment into Final Draft IHO and present to City leadership for adoption.

- » Planning Commission approval.
- » City Council adoption.

Virtual Poll #3: Addressing Local Leadership

Q & A Session



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