



# AGENDA REPORT

Community Development

<b>DATE:</b>	December 19, 2023
<b>TO:</b>	Mayor Martinez and Members of the City Council
<b>FROM:</b>	Lina Velasco, Director of Community Development Kaitlyn Quackenbush, Housing Fellow
<b>Subject:</b>	Written Report of Draft Equitable Public Land Disposition Policy
<b>FINANCIAL IMPACT:</b>	Currently, the policy development work of the Housing Fellow is funded by a Breakthrough Grant, received from the San Francisco Foundation for the period of June 2022-May 2024. As the policy is finalized, staff will present on the expected budget for staffing related to implementation and administration of the policy
<b>PREVIOUS COUNCIL ACTION:</b>	None
<b>STATEMENT OF THE ISSUE:</b>	Currently, the City does not have a comprehensive policy to inform both process and priorities for the use of its property. The City of Richmond would benefit from an established policy whereby the public and City staff have a common framework for how City-owned property will be utilized to achieve public benefit. Furthermore, the use of public land for affordable housing is a state and regional strategy, and a local policy would align with those processes and carry out the City's housing goals and objectives from the Housing Element. City staff is providing a written report and will present an overview of the key components of an Equitable Public Land Disposition Policy for the Council's and public's feedback at a future meeting in January.

<b>RECOMMENDED ACTION:</b>	RECEIVE a written report regarding the Draft Equitable Public Land Disposition Policy that will be presented for discussion in January - Community Development Department (Lina Velasco/Kaitlyn Quackenbush 510-620-6841).
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**DISCUSSION:**

Background

In 2021, the City, along with the community-based organization RichmondLAND, applied for a [Breakthrough Grant from the Partnership for the Bay's Future](#) to: 1) design and implement strategies to enable community land trusts to acquire public land, 2) create an inventory of vacant and blighted properties, and 3) create a Public Land Policy package to encourage and enable production of permanently affordable housing. Managed by the San Francisco Foundation, the Breakthrough Grant partners local governments with community organizations to ensure community voices are represented in the policy process. A housing policy fellow is also embedded in each entity to serve as a catalyst to advance policy innovation. The City of Richmond and RichmondLAND were awarded the grant, and a housing fellow was assigned in June 2022, for a 24-month period. The Equitable Public Land Disposition policy proposal is one of the grant's key policy objectives for the City of Richmond.

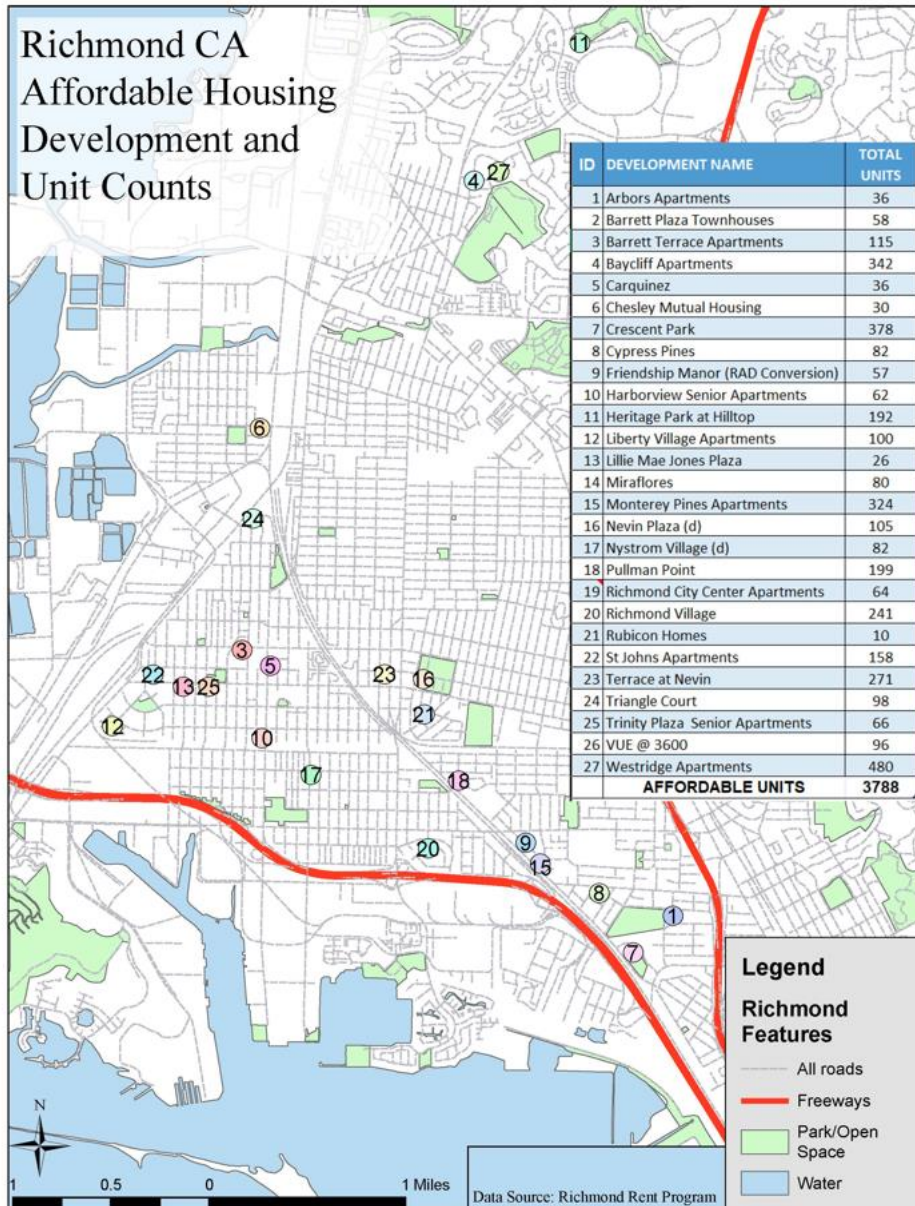
The City of Richmond's Affordable Housing Production and Need

The City of Richmond has made significant efforts to meet the needs of residents and generate affordable housing. In contrast to other Contra Costa County jurisdictions, during the 2015 to 2021 planning cycle, Richmond issued permits for 100 percent of its very low-income housing goal (438 Units) and 70 percent of its low-income housing goal (214 Units).<sup>1</sup>

Below is a map of the existing affordable housing developments within the City as of February 2022. The map shows the City has 27 affordable housing developments, totaling 3,788 units. Since the map was prepared, additional affordable housing units have come online, including the 150-unit Hacienda Heights development. Richmond's affordable housing units are nearing 4,000 units and total 28 developments, with more approved. The approved projects include the 131-unit 100 38<sup>th</sup> Street project, proposed by Eden Housing and Community Housing Development Corporation and the 150-unit Metrowalk Phase 2 project proposed by Pacific West Communities, with several others also in the development pipeline. An important item to note is that qualifying low-income rental housing with rents 80% or below Area Medium Income, owned and operated by qualifying organizations, can seek a welfare exemption from property taxes, further reducing the City's property tax revenue.

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<sup>1</sup> As of December 31, 2022, City of Richmond Annual Element Progress Report to CA Housing and Community Development Department.



Despite considerable progress, Richmond’s history, demographics, and geography create distinctive and pressing requirements for affordable housing. Richmond has a more racially and ethnically diverse population than either Contra Costa County or the Bay Area as a whole. Overall, household income in Richmond is lower than that of Contra Costa County. Richmond’s median household income in 2019 was \$68,472 compared to the County’s median income of \$99,716. The concentration of high-income households in Richmond is lower than in the County and the region.<sup>2</sup> As a result, Richmond experiences a higher demand and need for housing with subsidized rents than other Contra Costa County jurisdictions, and Richmond’s progress toward its Regional Housing Needs Allocation (RHNA) goals varies from many Contra Costa County jurisdictions, which tend to underproduce low-income housing and overproduce

<sup>2</sup> [Certified 6th Cycle Housing Element Update Appendix F \(2023\). Richmond, CA](#)

above-moderate income housing. Additionally, Richmond is often the first place lower-income people move to when relocating into Contra Costa County because of its lower housing prices.

Thus, while Richmond has a higher need for, and consequently concentration of, affordable housing, this fact attracts new residents to Richmond, which in turn, increases the competition for and cost of housing as well as the need for more affordable housing. This additional demand for housing contributes to rising rental and home prices in Richmond. Housing costs in Richmond grew considerably over the past decade. According to Zillow, between 2011 and 2020, the typical value of a Richmond home increased by 159 percent from \$247,317 to \$641,530. Additionally, between 2015 and 2019, Richmond median rent increased by 25 percent, from \$1,102 to \$1,381.<sup>3</sup>

### Utilizing City-Owned Land to Address the Need for Affordable Housing

The City of Richmond currently owns over 100 vacant sites, and many more with structures or current city uses. In 2020, the City Council passed a resolution approving the City's inventory of leased and owned properties pursuant to Government Code Section 50569 and declared 14 parcels as Surplus Land and 71 parcels as Exempt Surplus Land in accordance with the California Surplus Land Act. Today, these 14 parcels could be marketed and developed for affordable housing.

### The Equitable Public Land Disposition Policy

Currently, the City does not have a comprehensive policy to inform both process and priorities for the use of its property. The City of Richmond would benefit from an established policy whereby the public and City staff have a common framework for how City-owned property will be utilized to achieve public benefit.

An **Equitable Public Land Disposition Policy** for affordable housing is a process and set of criteria established by a local government to lease or sell parcels of publicly controlled land at below market prices to improve affordability of housing and maximize public good. The reduced land price lowers the cost of development and allows for lower rents and greater affordability.

### Utilizing Public Land for Affordable Housing is a State and Regional Strategy

The Equitable Public Land Disposition Policy is an integral part of a broader state and regional strategy for addressing housing affordability and land use. [The Surplus Land Act](#) – updated by AB1486 in 2020 – requires that unused public land be prioritized for affordable housing while reducing cost barriers to housing development. Public land reuse is [one of the eight housing strategies](#) identified in [Plan Bay Area 2050](#) – the Bay Area's long-range regional plan – to meet present and future housing needs.

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<sup>3</sup> *ibid.*

According to Plan Bay Area 2050, reuse of public lands would provide 170,000 permanently affordable homes for low- and middle-income families, with homes in transit- and opportunity-rich communities across the Bay Area.

The City of San Francisco has a [Public Land Policy](#), and the City of Oakland is currently developing a framework for a [Public Land Policy](#).

Richmond's Equitable Public Land Disposition Policy aligns with state and regional processes and carries out key policies and programs within the City's 6th Cycle Housing Element Update (HEU).

Per City's Housing Element Program 6.R: Equitable Public Land Policy, the City will conduct robust community engagement, including engaging a minimum of 300 residents from Richmond's lower income neighborhoods by December 2023; adopt a new Equitable Public Land policy in consultation with Community Land Trusts, Limited Equity Cooperatives, and other non-profit entities that prioritize permanently affordable housing while supporting homeowner equity attainment and renter stabilization; or immediate and long-term housing solutions for unhoused residents; and issue annual Notice of Availability, for one to two parcels to provide a minimum of six units beginning September 2024.<sup>4</sup>

Richmond's Equitable Public Land Disposition Policy plays a vital role in a broader state and regional strategy aimed at addressing housing affordability and meeting local housing objectives.

### Cross-Sector Collaboration

As part of the Partnership for the Bay's Future Breakthrough Grant, the community engagement and policy development process is grounded in a cross-sectoral approach, bringing together leaders from the Richmond community and government to find the solutions. RichmondLAND, as the community partner to the City of Richmond, has worked to ensure that Richmond resident voices are represented in this policy process. As partners, they support the Housing Fellow by helping them understand local context and build trust with the community, as well as providing input for the policy development process.

### Community Engagement

The City of Richmond through its partnership with RichmondLAND began engaging Richmond residents about a possible public land policy in July 2022. From July to November 2022, the City of Richmond, in collaboration with RichmondLAND, initiated robust community engagement around a potential public land policy. First, through the Resident Advisory Council (RAC) for the Affirmatively Furthering Fair Housing (AFFH) initiative. Post-AFFH, the City intensified its commitment with Neighborhood Outreach and Community Meetings, fostering continuous direct communication with residents.

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<sup>4</sup> *Ibid.*



Targeted efforts extended to Neighborhood Councils, and in September and October 2023, Focus Groups engaged Non-Profit Affordable Housing Providers and Richmond Community-Based Organizations, to glean insights for shaping the public land policy. The ongoing Community Survey since August 2023 provides a platform for residents to voice opinions about development on City-owned land. Pop Up Events facilitated by the City and RichmondLAND staff further gathered community input. These efforts have empowered Richmond residents' priorities and needs to deeply inform the policy development process. In total, the City of Richmond and RichmondLAND have collectively engaged 350 residents and held over 30 community engagement meetings and/or focus groups.<sup>5</sup>

### Why this is important to Richmond residents and Community-Based Organizations

Through the community engagement process, the City has surprised residents by revealing that it owns many of the vacant lots they have seen in their neighborhoods throughout their lives. When asked, residents asserted that publicly owned land should be utilized to address the housing crisis displacing their neighbors. Residents want opportunities to support and lead the solutions to address housing unaffordability and instability in the City of Richmond. Richmond CBO's working on issues ranging from park development and environmental justice to housing justice are recognizing that residents need to be in the driver seat for development decisions.

### Benefits

This policy represents a crucial step towards fostering a more inclusive, resilient, and vibrant community. The Equitable Public Land Disposition Policy serves as a comprehensive framework to guide the city's approach to the use of public land, ensuring that it is harnessed to maximize the public good. The Equitable Public Land Disposition Policy addresses the following:

*Affordable Housing Crisis:* Richmond, like many cities in California, is grappling with an escalating affordable housing crisis. Higher rents and housing costs have left a significant portion of the population struggling to secure stable, affordable housing.<sup>6</sup> As of 2019, 56 percent of Richmond residents are rent burdened, meaning they pay more than 30 percent of their income on rent. 27 percent pay more than 50 percent of their monthly income on rent.<sup>7</sup> The Equitable Public Land Disposition policy directly tackles this crisis by prioritizing affordable housing as a primary land use for city-owned land.

*Displacement Prevention:* According to the Urban Displacement Project, over 60 percent of low-income households in Richmond live in neighborhoods at risk of

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<sup>5</sup> Public engagement efforts are tracked for Breakthrough Grant purposes by the Housing Fellow and analyzed by the evaluation firm, Informing Change.

<sup>6</sup> [According to Zillow](#), as of April 2023, the Median Rent for a 2-bedroom apartment in Richmond is \$2,400, while the [Richmond Minimum Wage](#) is \$16.17. Someone working full time earning minimum wage, would have approximately \$187 remaining after rent in an average month.

<sup>7</sup> Just Cities, LLC. (2022). (rep.). *Affirmatively Furthering Fair Housing, Appendix F*. Richmond, CA.

gentrification and displacement.<sup>8</sup> Residents with low income should have the opportunity to remain and thrive as new investments arrive in their neighborhoods. By incorporating community land trust development models, this policy creates a unique pathway for residents to access affordable housing while participating in community wealth-building. Community land trusts are a proven mechanism for achieving long-term affordability, preventing displacement, and facilitating intergenerational wealth transfer.<sup>9,10</sup>

*Economic Resilience:* The average disposable income for rent burdened households in Contra Costa County overall would have been \$9,262 higher with no rent burden. If renters weren't paying too much rent, they could spend more on family needs and in the community.<sup>11</sup> Economic inclusion is a critical component of this ordinance. By ensuring affordable housing options for a broad range of income levels, the City actively contributes to the economic resilience of Richmond. Workers across various sectors, including essential services, can access affordable housing, reducing transportation costs and enhancing overall workforce stability.

*Homelessness Reduction:* The Equitable Public Land Disposition Policy plays a vital role in reducing homelessness. It directly addresses the homelessness crisis by providing stable, affordable housing options for individuals and families who are unhoused or at risk of becoming unhoused. This is a powerful strategy to connect vulnerable populations to housing and essential support services. Additionally, by increasing the supply of affordable housing, this policy will prevent more residents from becoming unhoused due to housing cost burden. This policy is an upstream solution to the homelessness crisis.

*Social Equity and Inclusivity:* The policy actively promotes social equity by making sure that affordable housing, as well as community land trusts, are accessible to all residents, regardless of their socioeconomic background. This approach combats the segregation of poverty by encouraging affordable housing developments in various parts of the city where City-owned land exists, fostering diverse and inclusive communities.

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<sup>8</sup> UC Berkeley Urban Displacement Project; American Community Survey | Bay Area Equity Atlas

<sup>9</sup> Factors Affecting Spillover Impacts of LIHTC Developments: An Analysis of Los Angeles (January 3, 2023). Cityscape: A Journal of Policy Development and Research)

<sup>10</sup> Nelson, K., DeFilippis, J., Kruger, R., Williams, O., Pierce, J., Martin, D., & Hadizadeh Esfahani, A. (2020). The Commodity Effects of Decommodification: Community Land Trusts and Neighborhood Property Values. Housing Policy Debate, 30(5), 823–842.

<https://doi.org/10.1080/10511482.2020.1768573>. Also see: Ellen, Ingrid Gould & Ioan Voicu. "The Impact of Low Income Tax Credit Housing on Surrounding Neighborhoods: Evidence from New York City." NYU Furman Center for Real Estate & Urban Policy Working Paper 07-02 (May 2007).

Smith, Brent C. "The Impact of Community Development Corporations on Neighborhood Housing Markets." Urban Affairs Review 39:2 (Nov. 2003), pp. 181-204. Community Land Trusts for Sustainably Affordable Rental Housing Redevelopment: A Case Study of Rolland Curtis Gardens in Los Angeles Cityscape: A Journal of Policy Development and Research • Volume 24, Number 1 • 2022

<sup>11</sup> Bay area equity atlas. Bay Area Equity Atlas. (n.d.). <https://bayareaequityatlas.org/>

*Health and Well-being:* Access to stable, affordable housing is intrinsically linked to improved physical and mental health outcomes. Affordable housing is a critical factor in breaking the cycle of health disparities often associated with housing instability. This policy fosters healthier and more prosperous communities.

*Educational Opportunities:* Affordable housing near quality schools is an investment in the education of Richmond's youth. Stable housing leads to improved attendance rates and academic outcomes for children. This policy supports not only the well-being of residents but also the prospects of the city's youth.

*Economic Stimulus:* The development of affordable housing generates economic activity, creating jobs in construction and property management and stimulating local economies. This leads to increased consumer spending and further economic benefits for the city.

*Long-term Sustainability:* The Equitable Public Land Disposition Policy represents a long-term commitment to providing stable, affordable housing for generations to come. By securing stable housing for all residents, the city builds a foundation for long-term growth and resilience, ensuring that Richmond remains a thriving and equitable community.

### Future Implementation

In order to make the Equitable Public Land Disposition Policy real for the City and Richmond residents, City staff anticipate implementation to include the following key steps: form an Implementation Oversight Committee or identify lead staff person for implementation; create a Monitoring and Evaluation Framework to gauge impact, develop a detailed Request for Proposals (RFP) for potential developers; establish clear Selection Criteria, publish the RFP to attract proposals; form a diverse Review Committee for proposal evaluation; negotiate with and select developers; and conduct an evaluation of the implementation process.

The Housing Fellow will implement at least one Request for Proposals (RFP) for a City-owned site and based on that process, will develop a detailed plan for implementing the policy going forward. This plan will include an analysis of staffing needs to bring to the City Council, ensuring sustainable implementation of the Equitable Public Land Disposition Policy.

**ENVIRONMENTAL REVIEW:** This presentation and overview of the Land Disposition Policy is not a project subject to the California Environmental Quality Act (CEQA). Any project constructed because of this policy will be evaluated under CEQA, as applicable.

**NEXT STEPS:** City staff will present the draft policy in January for City Council input and will prepare edits to the policy addressing comments and questions received. Accordingly, City staff will prepare the Public Land Disposition policy for City Council's consideration and approval in early 2024.



**DOCUMENTS ATTACHED:**

Attachment 1 – DRAFT Equitable Public Land Disposition Policy Framework

Attachment 2 – Analysis of Lease Vs. Sale of City-Owned Land

Attachment 3 – Public Land Disposition Policy Best Practices