# RESOLUTION NO. 234-01

## A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA ACCEPTING AND APPROVING THE INFILL MARKET STUDY PREPARED BY APPLIED DEVELOPMENT ECONOMICS, AND THE CITY OF ARCATA HOUSING ELEMENT 6$^{TH}$ CYCLE PREPARED BY PLACEWORKS.

**WHEREAS**, the City of Arcata was awarded Community Development Block Grant (CDBG) 17-CDBG-12017 on April 25, 2018, of which $93,023 was allocated for a Planning Only Community Development Activity for development of a housing strategic plan under the Standard Agreement; and

**WHEREAS**, the City of Arcata City Council awarded a contract to Applied Development Economics on May 1, 2019 for a total of $70,000 for development of an Infill Market Study, which award was subsequently increased by the Council to $82,888 on December 30, 2020 for development of an Appendix with feasible development scenarios, which was fully funded by the 17-CDBG-12017 Planning Only Activity; and

**WHEREAS**, the City of Arcata City Council awarded a contract to PlaceWorks on June 27, 2019 for a total of $60,197 for the Sixth Cycle Housing Element Update, of which $10,674.75 was funded by the 17-CDBG-12017 Planning Only Activity; and

**WHEREAS**, the City of Arcata used CDBG Program Income and Grant funds which resulted in analysis and an “Infill Market Study” dated January 8, 2021 and a “Workforce Housing Financial Feasibility Analysis” dated  Appendix dated April 27, 2023 (Exhibit 1); and

**WHEREAS**, the City Council adopted the Infill Market Study at its February 3, 2021 meeting; and

**WHEREAS**, the City of Arcata used CDBG Program Income and Grant funds which resulted in analysis and the “City of Arcata Housing Element 6$^{th}$ Cycle” report (Exhibit 2); and

**WHEREAS**, the City Council adopted the City of Arcata Housing Element 6$^{th}$ Cycle at its December 18, 2019 meeting by Resolution 190-40; and

**WHEREAS**, CDBG requires that the City Council provide a “Resolution accepting each/all final product(s)” prior to closeout of the 17-CDBG-12017 grant; and

**WHEREAS**, the City Council accepts the Workforce Housing Financial Feasibility Analysis dated April 27, 2023 as an Appendix to the Infill Market Study;

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARCATA AS FOLLOWS:**

1. The analysis and the Infill Market Study dated January 8, 2021 with Appendix dated April 27, 2023, prepared by Applied Development Economics and attached as Exhibit 1, is hereby accepted for CDBG grant 17-CDBG-12017closeout purposes.
2. The analysis and the City of Arcata Housing Element 6$^{th}$ Cycle, adopted December 18,

2019, prepared in part by PlaceWorks and attached as Exhibit 2, is hereby accepted for CDBG grant 17-CDBG-12017 closeout purposes.

DATED: July 19, 2023

ATTEST:

_______________________________
City Clerk, City of Arcata

APPROVED:

_______________________________
Mayor, City of Arcata

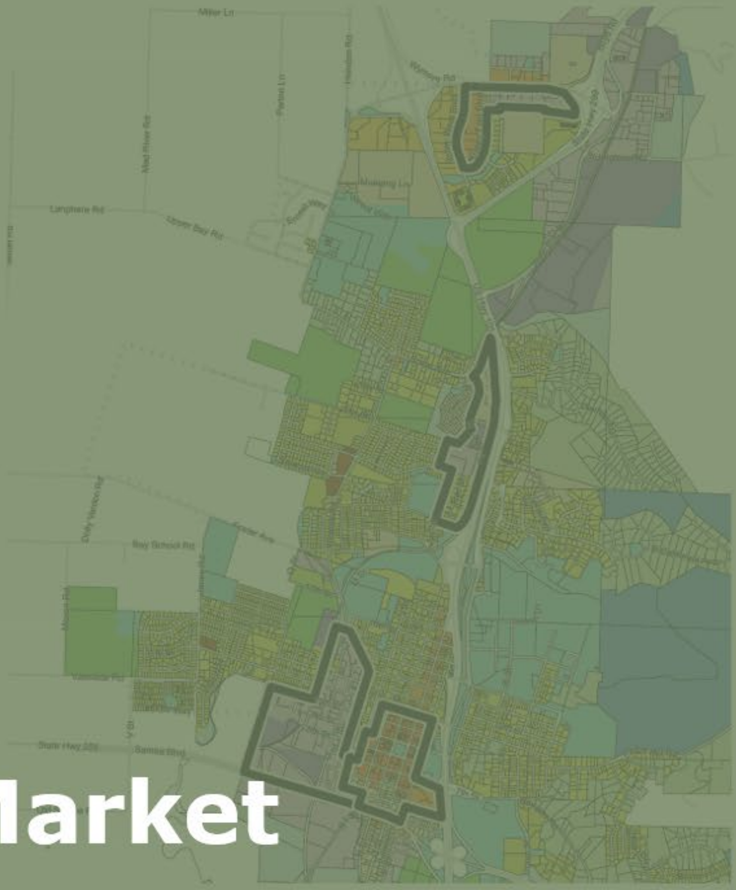
Clerk's Certificate

I hereby certify that the foregoing is a true and correct copy of Resolution No. 234-01, passed and adopted at a regular meeting of the City Council of the City of Arcata, Humboldt County, California held on the 19th day of July, 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTENTIONS:

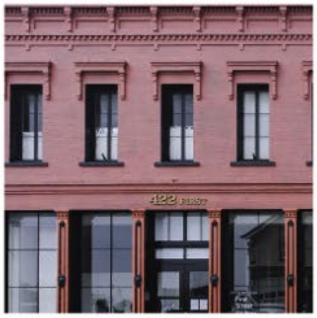
_______________________________
City Clerk, City of Arcata

APPLIED
DEVELOPMENT
ECONOMICS



# Infill Market Study

January 2021

**Prepared for:**
City of Arcata

**Prepared by:**
Applied Development Economics, Inc.
Cynthia Trobitz-Thomas
Equinoss Consulting

January 8, 2021

# Infill Market Study

***Prepared for:***

**City of Arcata**

***Prepared by:***

**Applied Development Economics, Inc.**
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# SUMMARY

The Infill Market Study is intended to assist the City to develop a Strategic Infill Redevelopment Program, including a Specific Plan and General Plan and Zoning Code amendments to promote housing development in the City. The study includes market and feasibility analysis of various types of potential infill development in Arcata and a fiscal analysis to address service cost efficiencies. The Study also addresses economic development opportunities and evaluates several potential models for mixed use development.

Key findings of the study include the following:

- The City's 2019-2027 Regional Housing Need Allocation (RHNA) of 610 units represents a minimum level of demand for housing in Arcata. There are indications of additional latent housing demand generated by the existing jobs/housing balance as well as anticipated in-migration due to climate change and increasing acceptance of remote work.

- Infill housing can supply more than 1,000 units to meet existing and future demand under existing development standards. However, significant additional units could be obtained with revisions to the density standards in the zoning and flexibility in the parking standards.

- Infill housing can provide housing at all affordability levels but the City will need to rely on tax credit programs and other subsidies to achieve Low and Very Low Income levels. Unsubsidized infill housing will likely mostly be feasible at the Above Moderate Income level, unless density restrictions and parking requirements are changed to support higher building efficiency on the sites.

- There are a number of feasible models for mixed use development on infill sites, allowing the City to increase its housing capacity while also providing business expansion and job growth opportunities.

- Infill development offers a fiscally beneficial option for Arcata compared to greenfield development in annexation areas. Infill development reduces the City's long term costs for infrastructure maintenance and service delivery.

## KEY COMMUNITY ENGAGEMENT FINDINGS

The Study process included extensive community and stakeholder outreach to gain widespread input on housing needs and barriers to both development of new housing and access to existing housing, particularly for disadvantaged groups in the community. Given the City's interest in reaching a variety of community members who both currently live inside Arcata's city limits as well as those that do not but would like to, we used a multi-pronged engagement approach that included an online survey, focus groups, community workshops and events, pop up events at HSU and stakeholder interviews. This allowed us to gain insight into people's experiences with housing and provide various opportunities to offer input into the housing plans under development. The community and stakeholder input is integrated into the body of the report in the discussion of housing needs and in the recommendations for City actions and programs.

## SURVEY FINDINGS

- The majority (79.5%) of survey participants that have not been able to move to Arcata, but want to, stated that they could not afford to move or find an affordable place to live in Arcata.
- The most common reasons survey participants stated for not being satisfied with their current living situations is because it is too expensive or too small.
- Half of the 600 participants who gave income and rental cost information via the survey pay over 30% of their annual income for housing each year.
- The top three factors that are most important to survey participants when choosing a place to live are 1) Cost they can afford, 2) Feel safe and welcoming, 3) Walkable/bikeable neighborhood.
- The majority of survey participants stated their top preferences for housing types are to live in a single-family home, followed by an apartment, and then a mixed-use apartment building.
- From the survey, the only racial disparity or significance that was found was the racial difference in homeownership. Almost half of the participants (44.65%) who identify as a person of color are renters. Almost half of the participants (41.44%) who identify as white are homeowners. In comparison, about 27.04% of participants who identify as a person of color are homeowners.

## FOCUS GROUP FINDINGS

- In providing housing stock for the most vulnerable and housing insecure people, low-barrier housing is needed with good universal design, and provided in partnerships with service providers.
- People want neighborhood and housing designs that build community cohesion.
- Community members voiced a strong desire for good two-way communication with City staff, and meaningful and authentic involvement in the improvements made to neighborhoods. Many people spoke of a strong desire for having shared power and agency.
- Housing is in short supply; the application process is intimidating for some vulnerable community members and the application fees are a hardship for many.
- Many non-English speakers experience discrimination and racism in finding and maintaining housing in Arcata.
- Many parents with young children expressed concerns about safety for their children when living in multi-family housing and mobile home parks with no amenities.

# BARRIERS TO HOUSING CREATION

- Based on our analysis, City fees do not constitute a significant barrier to development. However, City and State requirements, such as energy efficiency and fire protection sprinklers, as well as water quality studies significantly increase costs for design, construction and navigating the compliance approval process for housing. In many cases these required improvements reduce resident or public safety costs during the life of the units, but they also reduce initial affordability.

- There is substantial uncertainty in the Arcata development approval process, both at the staff level and at the review broad and decision maker level. For most developers, it is difficult to attract and commit capital for long periods of time when the outcome is uncertain. The City should identify development models for which approvals can be gained rapidly in order to attract greater construction activity.

- The litigation risk associated with Conditional Use Permits (CUPs), particularly for condominium projects, have driven insurance costs up beyond the point of feasibility. This is a major barrier for multi-family ownership housing, which is a market gap in Arcata.

- When doing infill, demolition costs can be high, and sometimes existing infrastructure needs to be improved or expanded to provide sufficient capacity. In certain circumstances these costs can be higher than for greenfield development, creating the need for additional subsidies to make infill housing feasible.

## POTENTIAL SOLUTIONS

- Adopt a form-based code that would define the allowable building envelope without limiting the density of units on the site  to improve project feasibility and increasing housing production.

- Increase height limits would to increase housing production per site. Keep in mind this may require higher per unit subsidies to keep units affordable.

- Permit larger building envelopes to increase the potential to locate amenities and services in the development and increase access to social services as well as recreational and cultural amenities.

- Reduction of parking requirements has a measurable benefit for project economics, provided consumer acceptance follows pace. Couple reduced parking with free transit passes or other transportation alternatives.

- Use City or other publicly owned land or City investments to write down land costs, particularly if the infill development requires demolition. Use incentives such as tax credits more aggressively to achieve high-density developments.

- Create a fee deferral program to allow developers to defer City fees until just prior to the development being occupied (i.e. the recreation fee for new construction).

- Stakeholders are very supportive of the City's initial proposed concept of developing a master plan with environmental analysis completed upfront to identify the maximum potential of each infill site. This could include creating pre-approved plan sheets for vacant properties with approved uses and requirements to develop the properties with an idea of fees and timeline to get it through the process, thereby develop an inventory of principally permitted properties.

- Stakeholders recommend that Arcata hire a building official and a plan checker to improve the speed and quality of service, rather than rely on outside consultants. The County of Humboldt offers all in house plan-checkers and this simplifies the process. Also, the County utilizes an online portal that facilitates interdepartmental communication.

- Pursue partnerships with more non-profit developers who can apply for State or Federal funds to reduce costs. The Rural Housing Development Corporation builds all over the state but needs incentives.

## ARCATA GATEWAY AREA SPECIFIC RECOMMENDATIONS

The Arcata Gateway Area offers a number of unique planning opportunities and the City is anticipating creating a specific plan to guide development in this area. The community engagement conducted for this Study provided some additional considerations of the City as it moves forward with planning for this area.

### LAND USE AND CIRCULATION

- While the Arcata Gateway District has a definite focus on the arts and has much of the available industrial property in the City, stakeholders generally agree that housing is a good use in this area. Interest was expressed particularly for artists' live/work housing as well as additional senior housing. Stakeholders believe that mobile home parks and personal storage facilities are not a good fit for this District, although there was some discussion of converting the storage units to live /work units.

- Landlords also report that half of their tenants either walk or bike to work. Having a good pedestrian and bike trail system would be an asset. Also, EV charging spaces would be used if they could be provided.

### BARRIERS TO HOUSING CREATION

- Property owners and those seeking to plan for change in the District see the Coastal Commission as a major challenge. Some stakeholders have been petitioning to move the Coastal Zone to a straight line south of 8$^{th}$ St. One concern is that ditches from old logging ponds are categorized as "Environmentally Sensitive Habitat Areas" and then are protected by the coastal zone.

- In terms of circulation, it would be helpful to revisit the truck traffic plan. K St. should give way to O St. for truck traffic (Los Harbors improvements), and O St. should be improved.

### POTENTIAL SOLUTIONS

- The City Land Use Code has policies pertaining to live/work development but should review these requirements to improve the feasibility and neighborhood suitability of this type of development.

- Ensure that the desired housing and mixed use building products are principally permitted uses in the appropriate zoning districts.

# 1. INTRODUCTION

The Infill Market Study (Study) is intended to assist the City of Arcata with the development of its Strategic Infill Redevelopment Program. The purpose of the Program is to align the City's programs and policies with the market need and the available resources in order to address Arcata's housing and economic development needs into the future. The Program will result in amendments to the General Plan, development of new programs to support housing and economic development, adoption of a Specific Area Plan, targeted rezoning, and an Environmental Impact Report to address the Program's environmental impacts.

The Study includes residential and non-residential market research, land use analysis and fiscal impact analysis to identify and evaluate the potential for infill housing development and business development in Arcata. The Study process also included extensive community and stakeholder outreach to gain widespread input on housing needs and barriers to both development of new housing and access to existing housing, particularly for disadvantaged groups in the community. The community engagement process is described in further detail below and the complete discussion of the input received is presented in Appendix A of the Study. The community and stakeholder input is also integrated into the body of the report in the discussion of housing needs and in the recommendations for City actions and programs.

## COMMUNITY ENGAGEMENT PROCESS

Given the City's interest in reaching a variety of community members who both currently live inside Arcata's city limits as well as those that don't but would like to, we used a multi-pronged engagement approach to gain insight into people's experiences with housing and provide various opportunities to offer input into the housing plans under development (the Appendix to the City's Housing Element provides a complete discussion of the community and stakeholder input received).

### ENGAGEMENT SUMMARY

- **911 people completed an online survey** (in English and Spanish) about housing needs, concerns, affordability.

- Consultants and City employees surveyed at **ten community events** in Arcata, Eureka, and McKinleyville.

- **Four focus groups** were conducted with Latinx families; Creamery District artists, residents, and business owners; housing advocates who work with members of our community who are housing insecure; and low-income seniors.

- We gained insight into **Humboldt State University students' experiences** through a variety of methods including: "Pop-up" event surveying on the quad, one-to-one conversations with students during events, and analyzing qualitative and quantitative data shared with us by HSU's Off-Campus Housing Coordinator.

- **Two community workshops** were held, one in English and the other in Spanish, where City staff shared information about the state and local housing context, current housing plans under development, and gathered input on the tensions that will have to managed as new housing is developed, as well as how to reach the City's housing goals.

- Held one **"We'll Come to You" Session** with True North Organizing Network.

- The consultants interviewed 17 representatives from the Development, Realtors/Property Managers, Healthcare Providers, "Creamery District" Stakeholders, and Legal communities.

## REPORT ORGANIZATION

The Study begins in Chapter 2 with a discussion of the residential housing market and barriers to housing development and access to housing. The third chapter addresses economic development trends and opportunities in Arcata. The fourth chapter provides the detailed analysis of infill development potential in Arcata and analyzes both the private sector financial calculus in developing various infill housing and mixed use products and also the public sector cost/revenue trade-offs between infill and greenfield development. The final chapter presents conclusions and recommendations from the Study. Much of the technical detail from the analyses and the community engagement is provided for reference in the appendices.

# 2. HOUSING MARKET

In December 2019 the City of Arcata adopted a new Housing Element for the 2019-2027 planning period. That document contains extensive information on future housing demand and needs as well as the socioeconomic characteristics of population segments within the City requiring special housing needs. This chapter provides supplemental housing market information as well as input from both community stakeholders and residential developers regarding community housing needs and the barriers to supplying sufficient numbers and types of housing units to meet the needs over the next ten years (Appendix B provides additional demographic and housing market data).

The analysis indicates that housing demand over the next ten years will be similar to the past five years due to the age demographics of the population and projected job growth. Significantly, however, the younger under 30 head of household age group and the 55+ age group will see the greatest growth. **These age cohorts would have the highest demand for infill multi-family housing in Arcata between 2020 and 2030.**

In addition, analysis of the existing population identifies significant segments of households who over pay for housing and are living in overcrowded conditions. These are both indicators that the housing market is under supplied. This is consistent with the State Housing and Community Development Department's 6$^{th}$ cycle RHNA for the City of Arcata, which identified the following housing needs by income type (Table 1).

**Table 1: Arcata Regional Housing Needs Allocation 2019-2027**

| Income Group | Total RHNA | Progress Since January 2019* | Remaining RHNA |
|---|---|---|---|
| Very Low | 142 | 20 | 122 |
| Low | 95 | 23 | 72 |
| Moderate | 111 | 12 | 99 |
| Above Moderate | 262 | 3 | 259 |
| Total | 610 | 58 | 552 |

*Building Permits and/or Planning Permits issued for new residential construction.

*Source: City of Arcata, 2019; HCAOG, Regional Housing Needs Plan.*

Based on the analysis in Chapter 4 below, this report concludes that the low and very-low units needs will be met through existing housing units or future subsidized housing projects. However, there is an opportunity to address the moderate and above-moderate housing needs by creating a mix of unit types, a portion of which can be constructed as market rate infill within the identified infill areas in Arcata City limits.

The following section draws from the Appendices of the adopted 6$^{th}$ cycle Housing Element as well as new data created for this Study by ADE. Our independent analysis finds that HCD's projections are on target for the next housing cycle (2019-2027).

## 2.1 DEMOGRAPHIC TRENDS AND PROJECTIONS

Between 2010 and 2019, Arcata grew 0.5 % per year in population, adding 847 people during that time. The County as a whole grew more slowly, at only 0.1 % per year. Eureka experienced a slight population decline during this period while the other cities and the unincorporated area were stable (Table 2).

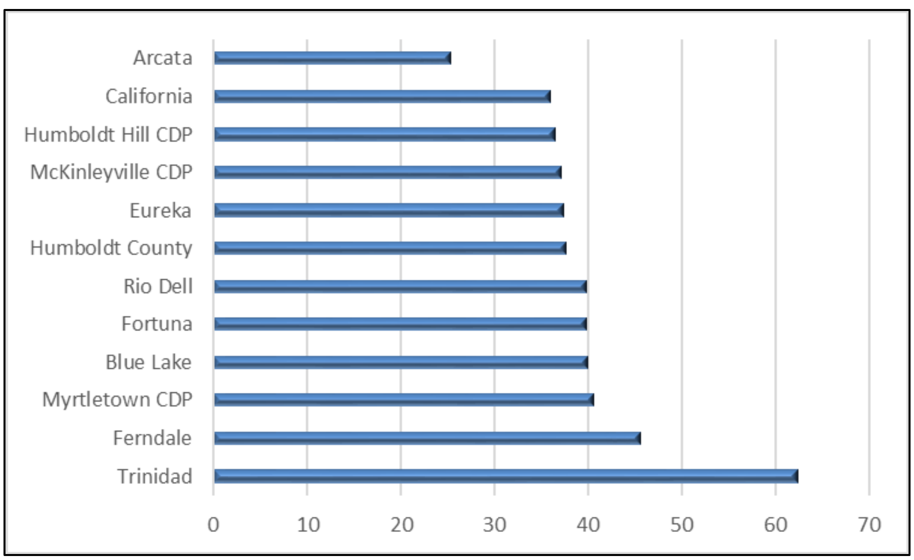
**Table 2: Trends in Population: Humboldt County, Arcata and Other Jurisdictions, 2010-2019**

| Year | Total Humboldt County | Arcata | Eureka | Other Cities | Unincor-porated |
|---|---|---|---|---|---|
| Annual Growth Rate* | 0.1% | 0.5% | -0.1% | 0.0% | 0.0% |
| Change | 710 | 847 | -214 | 63 | 14 |
| 2019 | 135,333 | 18,078 | 26,977 | 18,348 | 71,930 |
| 2018 | 136,084 | 18,054 | 27,195 | 18,455 | 72,380 |
| 2017 | 136,562 | 18,118 | 27,301 | 18,461 | 72,682 |
| 2016 | 135,666 | 17,952 | 27,170 | 18,376 | 72,168 |
| 2015 | 135,435 | 17,860 | 27,178 | 18,346 | 72,051 |
| 2014 | 135,280 | 17,815 | 27,192 | 18,297 | 71,976 |
| 2013 | 135,424 | 17,941 | 27,147 | 18,319 | 72,017 |
| 2012 | 135,795 | 17,916 | 27,181 | 18,333 | 72,365 |
| 2011 | 135,977 | 17,867 | 27,291 | 18,396 | 72,423 |
| 2010 | 134,623 | 17,231 | 27,191 | 18,285 | 71,916 |

*Source: ADE, Inc., based on California DOF E-5 Reports. *Compound Annual Growth Rate (CAGR).*

Arcata has the youngest median age of any community in Humboldt County due to the HSU student population (Figure 1 and Table B-1). This affects the type of demand for housing in Arcata.

**Figure 1: Median Age by Community in Humboldt County and the State of California**




*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B01001 and B01002]; Note: CDP refers to Census Designated Place.*

However, in the general population, the older age groups ("Baby Boomers") are projected to grow the fastest. The State Department of Finance (DOF) projects Humboldt County to add 3,068 persons between 2020 and 2030, with nearly 2,900 persons in the 55+ age group. The growth of older persons is offset by a decline in the 0-14 age group of about 1,900. The 15-29 age group is projected to add about 2,100 persons while the prime working age group shows a slight decline (Table 3).

Due to the aging of the population and low birth rates, the growth in the County population will be due mainly to net in-migration (Table 4).

**Table 3: Humboldt County Population Projections by Age Group, 2020-2030**

| Age Group | 2020 | 2025 | 2030 | Change | Annual Growth Rate* |
|---|---|---|---|---|---|
| 0-14 | 23,384 | 22,591 | 21,481 | -1,903 | -0.5% |
| 15-19 | 9,894 | 10,659 | 10,564 | 670 | 0.6% |
| 20-29 | 20,704 | 21,279 | 22,237 | 1,533 | 0.7% |
| 30-54 | 39,744 | 39,938 | 39,616 | -128 | 0.0% |
| 55+ | 44,707 | 45,831 | 47,603 | 2,896 | 0.6% |
| Total | 138,433 | 140,298 | 141,501 | 3,068 | 0.2% |

*Source: Projections Prepared by Demographic Research Unit, California Department of Finance, February 2017*
*Note: * Compound annual growth rate (CAGR).*

**Table 4: Humboldt County Components of Projected Population Change, 2020-2030**

| Starting data: | | Components of Change: | | | Ending data: | |
|---|---|---|---|---|---|---|
| **Date** | **Population** | **Births** | **Deaths** | **Net migrants** | **Date** | **Population** |
| 7/1/2020 | 138,433 | 1,404 | 1,378 | 409 | 7/1/2021 | 138,868 |
| 7/1/2021 | 138,868 | 1,404 | 1,308 | 401 | 7/1/2022 | 139,365 |
| 7/1/2022 | 139,365 | 1,345 | 1,414 | 396 | 7/1/2023 | 139,692 |
| 7/1/2023 | 139,692 | 1,271 | 1,386 | 394 | 7/1/2024 | 139,971 |
| 7/1/2024 | 139,971 | 1,329 | 1,395 | 393 | 7/1/2025 | 140,298 |
| 7/1/2025 | 140,298 | 1,339 | 1,392 | 390 | 7/1/2026 | 140,635 |
| 7/1/2026 | 140,635 | 1,282 | 1,375 | 390 | 7/1/2027 | 140,932 |
| 7/1/2027 | 140,932 | 1,274 | 1,377 | 390 | 7/1/2028 | 141,219 |
| 7/1/2028 | 141,219 | 1,218 | 1,479 | 390 | 7/1/2029 | 141,348 |
| 7/1/2029 | 141,348 | 1,218 | 1,455 | 390 | 7/1/2030 | 141,501 |
| 7/1/2030 | 141,501 | 1,297 | 1,549 | 390 | 7/1/2031 | 141,639 |
| **2020-2030 Change** | | **14,381** | **15,508** | **4,333** | | **2,771** |

*Source: Projections Prepared by Demographic Research Unit, California Department of Finance, February 2017*

Translating these projections to the City of Arcata, we expect Arcata to grow at a 0.6 % annual rate between 2020 and 2030, compared to 0.2 % per year for the county. Some of this growth would be to recover HSU enrollments, which have dropped in 2019-20. Although Arcata's population growth will be more concentrated in the younger age groups it will also experience an aging in its population, leading to the need for more senior housing (Table 5).

**Table 5: Projected Arcata Population Growth and Related Housing Demand**

| Age Group | 2020 | 2025 | 2030 | 2020-2030 | CAGR |
|---|---|---|---|---|---|
| 0-17 | 1,903 | 1,850 | 1,800 | -103 | -0.6% |
| 18-21 | 3,896 | 4,024 | 4,432 | 536 | 1.3% |
| 22-29 | 4,245 | 4,387 | 4,534 | 289 | 0.7% |
| 30-54 | 3,842 | 3,970 | 4,103 | 262 | 0.7% |
| 55+ | 3,847 | 3,932 | 4,020 | 173 | 0.4% |
| Total | 17,733 | 18,164 | 18,890 | 1,157 | 0.6% |
| Household Size | | | | | 2.04 |
| Household Growth 2020-2030 | | | | | 567 |
| Dwelling Unit Demand 2020-2030 (with 4.5% vacancy rate) | | | | | 593 |

*Source: ADE, based on DOF countywide projections and EMSI job projections.*
*Notes: Projections for age groups 0-17 and 55+ are based on countywide demographic projections for these age groups by CA DOF. Projections for 18-21 age group are three times the county growth rate based on the proportion of this age group in Arcata; however, they are adjusted for current and projected enrollment declines at HSU through 2025. Projections for the 22-29 and 30-54 age groups are based on projected job growth for Arcata.*

The projected population growth for Arcata over the ten years would generate demand for 593 new dwelling units as shown in Table 5. On an annual basis, this is slightly below the current eight year Regional Housing Needs Allocation (RHNA) of 610 units between 2019 and 2027 (Table 5). It should be noted that while this projection accounts for current enrollment declines at HSU (about 1,000 students between 2018 and 2019),[1] it does not account for latent demand from students who might prefer to live in Arcata but for the higher costs of housing there.[2]

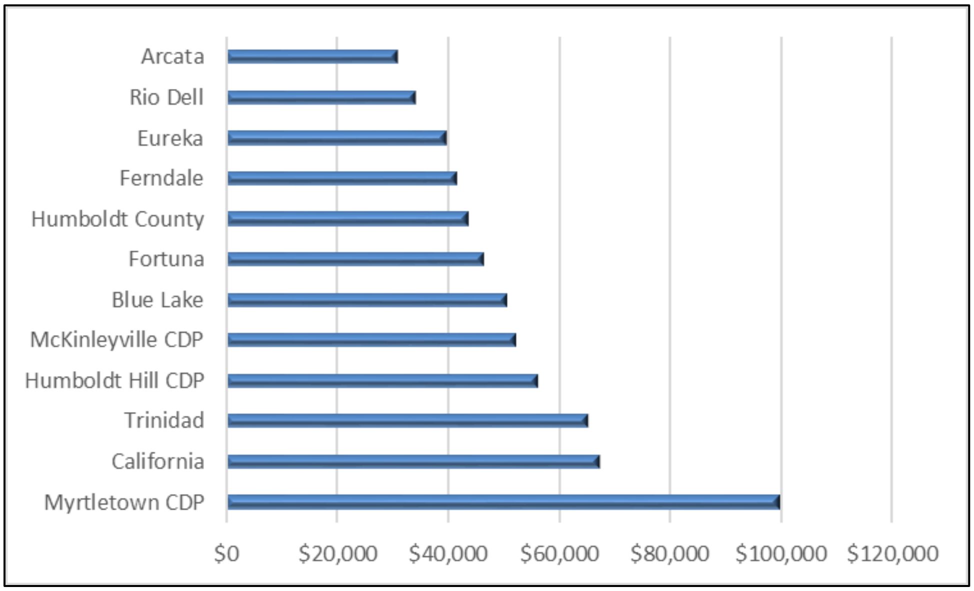
It also does not account for latent housing demand from existing households who overpay for housing currently or who are experiencing overcrowding or homelessness. Moreover, the estimate does not consider changes to immigration patterns related to climate change, the pandemic, and advances in and acceptance of remote working. These factors are discussed in more detail in the Summary of Housing Needs section further below.

Arcata has a lower median household income than other communities in the County, at $30,866 compared to $43,718 for the county as a whole (see Figure 2 and Table B-4). While much of this is likely due to the student population, householders 35 years and older are estimated to have median incomes of about $40,000, still below the county overall average. This factor may help explain the fact that Arcata has a higher proportion of multifamily housing than either Eureka or the County as a whole (Figure 3 and Table B-6). It also has a higher proportion of renter households, at 63%

[1] "HSU Enrollment is Down by Over 1,000 Students and Expected to Keep Falling for Years" by Freddy Brewster. Lost Coast Outpost. September 24, 2019.
[2] HSU, Student Housing Master Plan Briefing Document. June 2017.

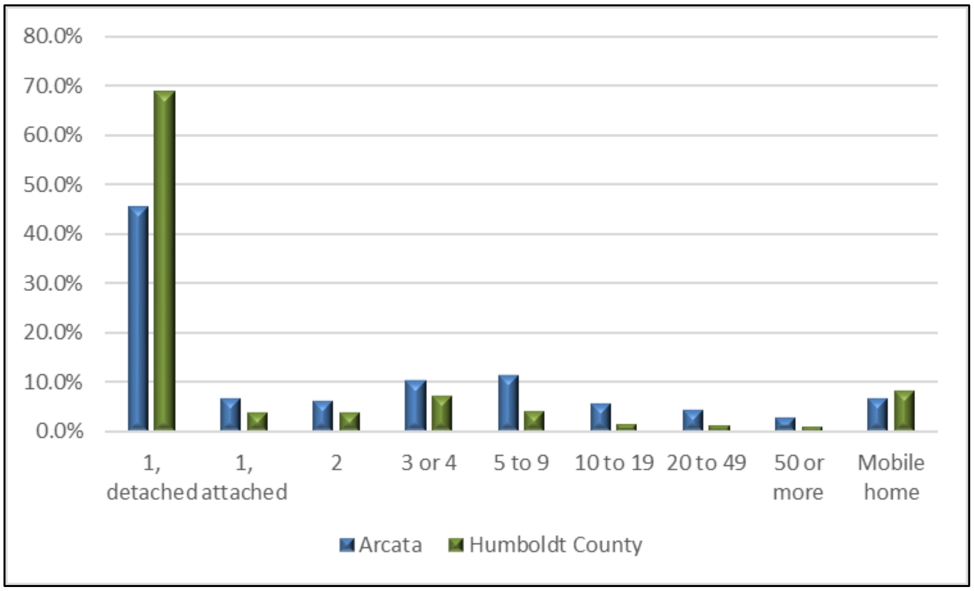
compared to 43.5% for Humboldt County. In Arcata, 96.3% of households whose head is 35 years or less old are renters, while only 28.8% of households in the 55+ year group are renters (Table B-5). **The relatively low incomes and the high rate of renter households are related and signify the need for more affordable home ownership opportunities in Arcata to better balance housing opportunities.**

**Figure 2: Median Household Income for California and Communities in Humboldt County**




*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B19001, B19013, and B19080]*

**Figure 3: Unit Types in Arcata and Humboldt County**




*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B19001, B19013, and B19080]*

Despite the fact that Arcata's median income is lower than other areas of the County, the median home price is higher than the county average and all the other communities except Ferndale and Trinidad (Table 6). Arcata rent levels are also higher than the County average and a number of the other communities including Eureka and McKinleyville among others.

**Table 6: Median Home Value and Contract Rent, Arcata and Comparison Areas, 2013-2017 Average**

| Jurisdiction | Median Value | Median Contract Rent |
|---|---|---|
| California | $443,400 | $1,227 |
| Humboldt County | $285,800 | $815 |
| Arcata | $335,400 | $866 |
| Eureka | $229,650 | $759 |
| Blue Lake | $277,600 | $956 |
| Ferndale | $368,800 | $911 |
| Fortuna | $251,800 | $788 |
| Rio Dell | $191,600 | $635 |
| Trinidad | $512,100 | $1,333 |
| McKinleyville CDP | $286,200 | $851 |
| Myrtletown CDP | $270,600 | $1,040 |
| Humboldt Hill CDP | $238,600 | $855 |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017*

### ADDITIONAL HOUSING DEMAND FROM IN-COMMUTERS

The RHNA projections address the baseline projected growth in population related to demographic characteristics and past migration trends. However, it is likely there is latent housing demand from with Humboldt County due to the mismatch between jobs and housing in Arcata. Data reported in Chapter 3 indicate that Arcata has about 11,500 jobs but a labor force of 8,400. This means that there are potentially 3,100 workers in Arcata who may want to live in the City to reduce their commute. In reality, the Census reports that in 2018 75% of the workers in Arcata commute in from elsewhere, as people's live/work decisions are more complex than commute alone. However, the fact that there are insufficient housing opportunities for the employed workforce means that there is likely added pressure on the housing market.

The census provides some general income data for commuters, as shown in Table 7. The Census provides the estimates of in-commuters for the monthly wage level categories shown in the left hand column of the Table. ADE has estimated what annual household incomes correspond to the monthly categories, based on the income distribution for all households in Humboldt County. The resulting income levels range from Very Low Income to Above Moderate Income thresholds in the RHNA affordability levels. These worker groups represent additional market segments that would likely seek housing in Arcata if it were available at affordable prices.

**Table 7: Estimated Incomes of Workers Commuting Into Arcata, 2018**

| Monthly Earnings | Workers | Percent | Estimated Annual Household Income |
|---|---|---|---|
| $1,250 or Less | 2,424 | 29.1% | $15,900 |
| $1,251 to $3,333 | 3,043 | 36.6% | $27,000 |
| More than $3,333 | 2,853 | 34.3% | $87,100 |

*Source: ADE, Inc., based on Longitudinal Employer-Household Dynamics, 2018.*

### SPECIAL NEEDS: PERSONS WITH DISABILITIES AND VETERANS

In terms of groups who may have special housing needs, the census reports on persons with disabilities and veteran status. Approximately 16.7 % of county residents (non-institutionalized) and 12.0 % of Arcata residents have disabilities, compared to 10.6 % for the state (Table B-2). Arcata has a lower percentage of veterans than the county or the state, at about 4.7 %, but a relatively high proportion of disabled persons in Arcata are veterans (Table B-3).

- Using the countywide Census Public Use Microdata Series (PUMS), we have compiled data on a number of market segments important to future housing needs in Arcata. In this section, we report on characteristics of households whose head is less than 30 years old and those that are 55+. These demographic segments would have higher demand for multi-family infill housing.

    - Among renting households whose head is under 30 years of age, 35% are overcrowded (more than 1 person per room) and 48% pay more than 30% of their income for housing (Table B-10). While these are countywide statistics, the young renter households are disproportionately represented in Arcata. In addition to the projected growth in households discussed above, these groups represent existing demand for more housing that can lower costs and alleviate overcrowding.

    - As noted above, households in the 55+ years old category have a much higher rate of homeownership, but 22.6% of homeowners in this age group pay more than 30% of their income for housing (Table B-12). Thirty-eight percent of households in this group have a person with a disability and 25.3% are veterans (Tables B-13).

    - Among renter households in the 55+ age group, 17.9 % are overcrowded, and 40.4% pay more than 30% of income for rent (Table B-14). Over half of renter households 55+ years old have disabilities (Table B-15).

## 2.2 ARCATA HOUSING NEEDS AND BARRIERS

The housing market analysis above identifies some of the numerical requirements for housing production over the next 8-10 years as well as some of the demographic and economic characteristics that affect housing demand. Through the community and stakeholder outreach for the project we have gained much more detail on the housing needs of the community and the barriers preventing residents from accessing adequate housing, including barriers to producing more housing in the community.

As can be expected, there is a wide range of opinions regarding the current and future of Arcata's housing needs. Renters and housing advocates expressed concern that housing is limited and too expensive. Legal professionals fear that the shortage will result in renter discrimination. Healthcare providers view housing availability and quality an issue when attracting healthcare professionals to the area. Developers are concerned about the cost of developing affordable housing with the State and City requirements. Rental property owners/managers are concerned about the "glut" in the rental market and construction cost ("residential construction not penciling out"). Neighborhoods, such as the "Creamery District", want a livable, walkable community with a focus of "Artist Live-Work" spaces.

## HOUSING NEEDS

### STUDENT HOUSING

The City Housing Element reports that in 2018, HSU had 7,774 student enrolled, with approximately 1,984 living on campus and the remaining 5,830 living in nearby communities. It has been reported that current enrollments are down about 1,200 students, due to a number of factors. HSU anticipates enrollments will increase again gradually, but this has created some concern among student apartment owners and managers that this may increase vacancies and reduce the investment in new construction, and maintenance and upgrade of exiting units. In addition, there have been several new student housing projects built with another recently receiving approval. On a positive note, the lower HSU enrollments and additional student housing may create a window to address the larger concern that HSU recruits out of state students to increase diversification but does not provide sufficient on campus housing. An HSU study of student housing demand in 2017 concluded that more than 800 new beds were needed at that time.

As would be expected, the newer housing projects oriented to students tend to charge higher rents. The perception of property managers interviewed for this Study is that rent money is not an issue for most student tenants, as all renters have cosigners and parents are typically from other areas of California and familiar with California rents. However, an HSU student survey reports that 21% of students experience housing insecurity and 10.9% of CSU students statewide experience homelessness during the academic year.

Despite perceptions about housing affordability, the availability of housing is a big issue for all students. Students are applying to live in the new units despite the higher rents but are packing in more students per unit, with occupancy limits not being enforced. In addition, the higher rents charged to students may affect the broader rental market.

Organizations have formed to address the need for student housing. The Humboldt Tenant Landlord Collaboration (HTLC), a community collaboration of over 140 participants across the county designed to address students' increasing need for off-campus housing support, while also meeting the needs of landlords. HTLC asserts that students are being negatively impacted by a local housing market in which:

- There is not enough development,

- A constrained market raises the asking price of rentals,
- The quality of available housing is inadequate,
- There are non-compliant landlords,
- Rental practices that are inequitable: many application fees are collected for the same property; many students are accepted per room like dorms; people are not housed on a first come first served basis.

When rental owners were asked about working with HSU on student housing needs, they responded saying "HSU does not have a good access point for communication." Property owners/managers advertise available units on Craig's List, google ads, on-site banners and in the Mad River Union and seldom coordinate with HSU on student housing needs.

However, to address the student housing issue, HSU established an Off-Campus Housing Coordinator (Coordinator) position in 2018. The Coordinator's responsibilities include: (1) helping current students transition from the on-campus to off-campus housing market, (2) working with students and community members to develop connections and advocate for the housing needs of students, and (3) work with property managers and landlords to create greater access to housing for students.

To tackle the housing challenges for students and create a stronger connection with landlords and students, the "Educated Landlord Tenant Program" was developed.[3] According to recent reports, "…HSU is also developing an innovative new housing education program designed to ease housing barriers for students and build a stronger connection between Humboldt County landlords and student tenants… HSU's new Educated Landlord and Tenant Program (ELTP.)"

Under the ELTP, HSU students and landlords will take facilitated courses several times a month. With an emphasis on equity, courses will cover a range of topics such as how to be a good landlord and tenant, implicit bias, indigenous perspectives, emotional and service animals, and personal finance.

"The Educated Landlord and Tenant Program is a town-and-gown project that includes over 14 departments on campus, the City of Arcata and several collaborators who are coming together with hopes of relieving pressure on a complex issue that intersects with racial inequity, poverty, and other social challenges."

That collaboration was evident in a November 2019 town hall meeting. The forum, geared toward landlords and property managers, gave participants a chance to discuss students' housing concerns and share their own perspectives and ideas. The intention of the meeting was not to point fingers— it was to build stronger relationships. "The fact landlords participated was huge," said the Coordinator. "That tells us there's a need for open communication on both sides and that landlords are willing to listen to us."

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[3] Magazine of Humboldt State, Fall 2019 article:
www2.humboldt.edu/magazine/fall2019/helpingstudentsfindahome.html

Community education is another key to the local housing shortage. HSU and College of the Redwoods hosted a community housing summit last year (2018) to build awareness and empathy, and to support existing programs and services. Equity Arcata, an effort of the University, City of Arcata, and local businesses to address equity and inclusion issues, is a hub for local stakeholders to prioritize affordable housing…."

### Affordable Housing

For purposes of this discussion, affordable housing refers to below market rate housing serving primarily Low- and Very Low-Income households, although the RHNA also include affordability categories for Moderate and Above Moderate income households. Representatives from the local affordable housing and advocacy groups were engaged in focus groups to obtain more insight on affordable housing gaps. They generally agreed housing is in short supply in Humboldt County due to availability and affordability.

There are currently over 300 people on the Coordinated Entry and Homeless Management System (HMIS) in Humboldt County, which gets people into rapid re-housing. However, rapid re-housing is not a failsafe solution.[4]

The following data regarding affordable housing in Arcata was received through focus groups with affordable housing providers and advocacy groups:

- It's estimated that there are about 400 people living on the streets or in shelters in Arcata. (The January 2020 Point in Time survey identified 1,400 homeless in Humboldt County).
- Of the total number of people served by the organizations, it is estimated that about 200 people that are currently housed (and are being served by the organizations) are in units that are not affordable, given their income (defined as "rent burdened").
- The roughly 400 people currently unhoused and 200 people living in housing that is above their means would all qualify for affordable housing.
- Providers just gave back $60,000 in unused rental assistance because they could not find units for people.
- There is a two-year waiting list for affordable housing.
- There are 40 youth on the shelter list.
- Some advocates noted a trend where more people who are currently unhoused are migrating to Arcata. They attribute this to more aggressive policing that is happening in neighboring communities like Eureka and Garberville.
- Unlike in years past where many people experiencing homelessness were from elsewhere in the country, advocates noted a trend that the people they are serving are from Humboldt; they are "not just passing through."

[4] "Coordinated entry is a process developed to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs. Rapid Re-housing is designed to get people back into housing when they become homeless, it does not help homeless get into housing.  Rapid re-housing is only one form of assistance people can access through Coordinated Entry." - Federal Housing and Urban Development Department.

According to property managers, rental rates are lower in Valley East and West areas than in downtown Arcata. The property owners/managers want to keep good tenants and do not cater to students (no partying allowed). However, in this area, according to the group, rentals can be difficult for low income households to access because tenants are required to have good credit, a two-year job history and have an income that is at least three times the monthly rent. Good credit is required regardless of having a cosigner, which is also a barrier for many low income renters.

#### MARKET RATE HOUSING

In focus groups with developers, property managers and major employers, a shortage quality housing for HSU faculty, medical providers and retirees was identified as an opportunity for developers. It has been difficult for the community to retain both professors and medical professionals, some of which may be related to lack of housing options. Doctors, in particular, want new housing rather than old. In general, there is high demand for two-bedroom, one bath units with an ocean view. The strength of the demand for housing in Arcata is reinforced by the fact that older homes are getting their asking price even if it is probably 20% too high and high end homes are selling for 20% more than average homes. Retirees are seen as a good market as well as first time homebuyers.

Lack of healthcare providers is of major concern for the North Coast. Discussions with United Indian Health Services and Mad River Hospital focused on their frustrations, needs and recommendations on how to attract and retain more medical professionals to the area. Some of the recommendations are not housing related, such as a programs to help pay off student loans, assistance to help spouses of new employees also find employment, and ways to make new hires feel more included in the community. However, many of the issues are housing related, as indicated below.

- New employees typically want to rent before purchasing a home.
- More people are renting instead of buying.
- The young hires want to live in downtown Arcata, whereas older professionals generally move to Blue Lake or McKinleyville.
- UIHS has a loan repayment program for student loans, which is attractive to new professionals.
- Temporary housing is needed, since it can take months to find a home to buy.
- It is difficult to get a rental before moving here—landlords want to see the tenant in person before renting to them.
- Households that have pet dogs have a hard time renting.
- The hospital has several houses for traveling health care professionals, such as nurses and doctors.
- The home purchase price physicians could afford is between $300,000 and $500,000, while non-doctors can afford between $200,000 and $300,000.

## SUMMARY OF HOUSING NEEDS

The housing market data and the qualitative input from housing industry and community stakeholders provide a profile of the need for new housing production in Arcata. The 610 units required under the RHNA program is but a starting point to address baseline population projections. There are indications that there is substantial latent demand that would exceed existing projections if the housing market could provide more suitable options.

- Between 2010 and 2019, Arcata added 944 new jobs but only 415 new housing units. Arcata has about 1.1 worker per household, so the increase in housing stock only accommodated about half the increase in workers in the City during this time. In reality, the US Census indicates that about half of the new housing is occupied by workers commuting out of Arcata to work, further exacerbating the mismatch between workforce and housing.[5] Data presented later in this report suggests that the City has a surplus of 3,000 jobs over employed workers. This disparity adds pressure to the existing housing stock, which increases housing prices and leads to overcrowding.

- The survey conducted as part of the community outreach for this Study, in conjunction with the Housing Element Update, found that more than half of the survey respondents not already living in Arcata would like to move there but are deterred by housing cost and availability.

- HSU has identified the need for more than 800 additional beds of student housing due to inadequacies in the existing housing market.

- There are at least 400 unhoused persons in Arcata and 1,400 countywide who need housing.

- In terms of new trends, the effects of climate change on increasing fire danger in inland areas may motivate households to relocate to wetter coastal regions such as Humboldt County. Also, the pandemic has accelerated trends toward remote work and motivated many workers to consider relocating out of the metropolitan areas. The baseline population and household projections do not account for increased in-migration due to these factors.

- In the survey, 300 households (50% of respondents) indicate they pay more than 30% of their income for housing and about 200 households say they pay 50% of their income for housing. Related to these high costs, the Housing Element identifies 172 households experiencing overcrowding and about 300 of the survey respondents indicated that their current home is too small. There is latent demand for larger, but more affordable units, and accelerating the pace of growth in housing would help meet this demand.

- The housing market in Arcata is heavily skewed toward rental housing, compared to the county and the state averages. This results from a variety of factors including the City's income distribution, age distribution, and student population, but there is a clear need to provide more affordable home ownership opportunities. If new ownership housing were built, it would help to free up existing housing for more affordable rental opportunities.

Given all of these factors, the true demand for housing in Arcata is likely several times higher than the RHNA allocation. In the discussion above, the private market developers and property managers

[5] Jobs data from Table ___ below; housing growth from DOF E-5 reports; labor force from American Community Survey 2013-2017; commute data from Longitudinal Employer-Household Dynamics (OnTheMap) by US Census and Bureau of Labor Statistics, 2010-2018.

identified strong demand for two bedroom houses and identified retirees and first time homebuyers as strong market segments. These observations are very consistent with the demographic analysis and the survey results.

About two-thirds of the survey respondents said they wanted a two bedroom unit or larger and one-third wanted a one bedroom or studio unit. A majority of survey respondents would prefer single family homes, but there was fairly wide and evenly distributed acceptance of multi-family units as a second choice, in the form of apartments, ADUs, mixed use apartments and duplexes and triplexes (Table 8). As demonstrated in Chapter 4 of this report, infill housing can potentially provide all of these types of units and is particularly well suited to provide more affordable ownership housing opportunities. However, the next section of the report describes the barriers that must be overcome to achieve the housing potential in Arcata.

**Table 8: Kinds Of Housing Survey Participants Would Accept If They Could Not Afford Their Top Choices.**

| Housing Type | Participants |
|---|---|
| Apartment | 39% |
| Mother in law unit | 31% |
| Mix-use apartment | 31% |
| Single-family home | 29% |
| Duplex/Triplex | 28% |
| Tiny house village | 27% |
| Co-housing | 24% |
| Room in house with roommates | 23% |
| Single room | 15% |
| Senior housing | 13% |
| College dorms | 9% |
| Campground | 7% |

*Source: Equinos Consulting*

## BARRIERS

### Barriers to Upgrading Existing Housing

Property managers indicate that rentals are older and in need of repair but to make non-cosmetic repairs, permits are needed, and this process puts landlords under scrutiny to repair other code violations. The improvements trigger upgrades which do not pencil out, which discourages owners from improving property.

Landlords incur additional management costs incurred due to the unsheltered population. Examples include securing trashcans in locked, enclosed areas, maintaining a fire lanes clear from illegal parking, installing slats under stairwells to keep people from sleeping there, etc. There is a concern among landlords that homelessness and crime are deterring investment in property maintenance and new construction.

### Barriers to Affordable Housing

The need for affordable (very-low, low income) rental housing in Arcata is apparent from the community and housing advocate input discussed under Housing Needs above. Developers see the need, but the largest issue is development cost.  Government subsidies, especially tax-credits can provide the financial "sweet spot." New construction is just not penciling out for low income housing without public subsidy.

Generating equity through the use of Low Income Housing Tax Credit Programs for affordable housing development can vastly improve financial feasibility, but require very specialized expertise in handling the paperwork and the competitive process. Some developers specialize in this, but also non-profit groups can be good partner to manage the process, with the private sector doing the construction.

One downside is that government subsidies trigger prevailing wage requirements, which significantly increases the final per unit cost. Compliance with prevailing wage laws and the risk associated with reporting the compliance is the responsibility of the developer.

There is a concern that the City of Arcata Planning Commission does not understand the process for housing projects when public subsidies or other affordable housing funding is involved. The project design and approval process has to be consistent with the law and also with funding requirements.

City policies limit housing production. A 4-story affordable housing project could have been built as a 5-7 story building with the right density bonus, but currently those incentives are not in place.

#### Overall Housing Production Barriers

The cost to build in California has been and continues to be high. The permitting process can, in some cases, take years, which can further add to the cost of development. The new energy efficiency, ADA, environmental, labor shortage, and safety requirements add additional costs on top of holding costs. Health Insurance and Liability Insurance costs have risen. The lack of construction workers is also an issue. All these factors contribute to a situation where "…builders are gambling millions of dollars for a 5% profit margin at best, and many are no longer interested".

### City Process and Fees

- Extensive Conditional Use Permits (CUPs) increase costs and insurance has become very expensive due to litigation risk around CUPs ($50-75,000 per door for insurance on a condo which is upfront money). Some developers assert that the condominium market is dead until insurance companies can be reassured with regards to CUPs.
- The City's impervious pavement fee, required above 2,500 sq. ft., is very expensive, which makes developers want to eliminate parking although that comes with the hassle of fielding calls from disgruntled tenants.
- A subdivision typically takes 3-4 years from the time of purchase to be developed. The holding costs increase the resulting home prices and rents to consumers.
- Lack of code enforcement means that legal developers have to compete with outlaws who build without permits or do not lawfully employ their contractors
- Arcata is a challenging community to be a developer. Available sites are limited due to community interest in protecting fields and forest.
- Too often plan checking occurs only after the units are built, rather than on the front end, leading to units that are already built being held up on occupancy because of the building department.
- Due to lack of staffing, the City employs outside consultants, some as far away as Sacramento, so the City building inspector has become just a person to check that all consultant paperwork is in.

- Developers experience a wide variation in City staff interpretation of adopted ordinance, leading to decisions based on personal preference.

### State Policy

- ADA requirements for ground floor units are onerous and often appear counterproductive.
- Government is protecting residents so well, the development costs become so high it is difficult for people to afford to pay rent. Regulations are killing development.
- Developers believe that the state's analysis of affordable housing costs does not reflect all of the costs developers face.
- Hard if not impossible to keep affordable rents with all of the regulations.

### Energy Efficiency

- State and local energy efficiency requirements increase construction costs and home prices even if they improve homeowner and renter operating costs. Solar panels are but costly in a remote area like Humboldt County, where it costs $15-20,000 to put in a solar panel system, compared to the State Energy Commission estimate of $9,500 statewide. Home Energy Rating System (HERS) consultants are required to verify energy efficiency and their fees are higher because there is no one local to do this.
- Quality insulation inspection was recently added alongside the requirement to use spray-on insulation.
- Requirements to go from gas to electric increase costs from a $1,000 heating system to a $3,500 heating system.
- Energy audits take massive amounts of paperwork, as well as water quality studies.

### Insurance and Labor Benefits

- Health insurance has more than doubled since 2009 and added to the cost of construction labor, as much as $20,000 per house built.
- Liability insurance is $14,000/year when house is in construction and $400-500 when out of construction.  When liability is bought in bulk over many houses it is 2% of gross income.

### Other

- PG&E is a year out on appointments to get utility hook ups.
- The sprinkler requirement for new construction adds additional cost. Single family and duplex home prices cannot always bear this cost.
- Costs are high. Economies of scale only work to a certain degree—a plumber, for example, charges per fixture, so building more stories doesn't necessarily make things more doable. Plus, it takes more contractor time on the upper floors because of safety issues.
- Developers and landlords are concerned that rent control will limit availability of capital for investment in construction and maintenance of apartments.
- Rent and home values are not keeping up with construction costs, and the mentality of home buyers is that they can buy the house up the street for less.
- No longer such thing as instant equity when purchasing a new home. The same thing true in rental market: investor/builders are going to be more sensitive and want positive cash flow from the start
- Hard to find construction workers—builders are lucky to get one bid per subcontractor. There is an acute shortage of all trades workers.
- The difficult development process means that builders are gambling millions of dollars for a 5% profit margin at best, and many are no longer interested.

### Barriers to Accessing Existing Housing

Housing availability is the major barrier to accessing existing housing, followed by affordability. Discrimination is a particular issue in Arcata and if there is not enough housing stock landlords can easily discriminate. According to Legal Services of Northern California (LSNC), who see over 800 people from Humboldt, Del Norte and Trinity Counties per year, "In Arcata, most calls come from students, a fair number of which are around rental discrimination and most calls are about a denial of housing." In addition, LSNC offered the following:

- LSNC has been asked several times to do tests of discrimination but this is costly and complex.
- Studies conducted by the CSU system indicate that 10% of CSU students statewide have been homeless at some point in their college career. Informal surveys by local newspapers in Humboldt County suggest the number may be as high as 20% for HSU students.
- Illegal discrimination is a particular issue in Arcata, mostly racial discrimination.
- LSNC will intervene with affirmative lawsuits on particularly problematic landlords.
- LSNC does not see many code enforcement evictions in Arcata. Sometimes renters are evicted for asserting their rights.
- There has been a huge increase in senior evictions because the landlords want to increase rents and seniors can't afford these rents.
- There is an affordability issue for the units that are available. Renters need three times the rent and it is legal to ask for a credit report to qualify for consideration. Difficult to accomplish both.
- Section 8 means guaranteed payments to landlord but the requirements for building standards take much of the housing stock off the Section 8 market. There is also a perception that it is more difficult to get "fair market" rent on vouchers and the quality of the tenant is questionable. Tenant pays 30% of whatever their income is. Under new state legislation, it is illegal not to rent to Section 8 voucher holders.

## 2.3 RECENT STATE HOUSING LEGISLATION

As California's housing supply and homelessness crisis continues, the State Legislature has for the past several years passed numerous pieces of housing legislation in each legislative session, including more than 30 individual pieces of housing legislation enacted into law in 2019. Some of these new laws directly addressed issues raised by the community and stakeholder summarized above. The law firm of Holland & Knight has published a summary of the new legislation, which is summarized in Appendix C of this report, grouped into following categories[6]:

- **Tenant Protections.** A statewide rent control measure that will take effect in 2020, among other tenant protection measures.
- **Streamlining, Increasing Density and Reducing Barriers to Production.** Sen. Nancy Skinner's "Housing Crisis Act" creates important new vesting rights for housing developments,

[6] Holland and Knight, "California's 2020 Housing Laws: What You Need to Know." December 2019.

and the Legislature has also enacted important new reforms to the Density Bonus Law and clarifications to SB 35's Streamlined Ministerial Approval Process.

- **Accessory Dwelling Units and "Triplexes."** A groundbreaking package of new laws that some are calling "the end of single-family zoning" will create new incentives and streamlined processes to build ADUs and triplexes.

- **Surplus Land Availability / Planning and Impact Fee Data.** New laws significantly expand Surplus Lands Act requirements for local agencies in an effort to achieve more affordable housing on surplus publicly owned properties.

- **CEQA and Housing.** The major transit stop definition was broadened to make more projects eligible for streamlining and a handful of limited California Environmental Quality Act (CEQA) exemptions were created for specific homelessness projects.

- **Funding.** Gov. Gavin Newsom vetoed a bill that would have created an "Affordable Housing and Community Development Investment Program" that would have revived redevelopment, but he signed a number of smaller funding bills, including laws that will create new regional finance agencies in the Bay Area and the San Gabriel Valley. Appendix C also contains a summary of available housing financing program.

With regard to infill housing, some of these new laws help to streamline project processing, increase allowable densities, and make more sites available for housing. The legislature is moving toward a "by right" model for housing that complies with local zoning and planning rules.

# 3. ECONOMIC DEVELOPMENT

It is important for the City to consider opportunities for economic development along with its efforts to improve the housing supply. Well-paying jobs create household income that helps to support the residential market and reduce the public subsidies needed for low income housing. In addition, combining residential and non-residential development in mixed use projects creates great opportunities for a more vibrant living and working environment in which residents can work close to their homes. As discussed further in the next chapter, many potential infill housing sites are on property currently zoned for industrial or commercial uses. It is critical to ensure that as these properties redevelop, the City preserves adequate opportunities for job creation to support its workforce.

As shown in Table 9, the top twenty employers in Arcata account for about 4,000 jobs, or 35% of total jobs in the City. Humboldt State University is the largest employer, followed by Sun Valley Group and Mad River Community Hospital.

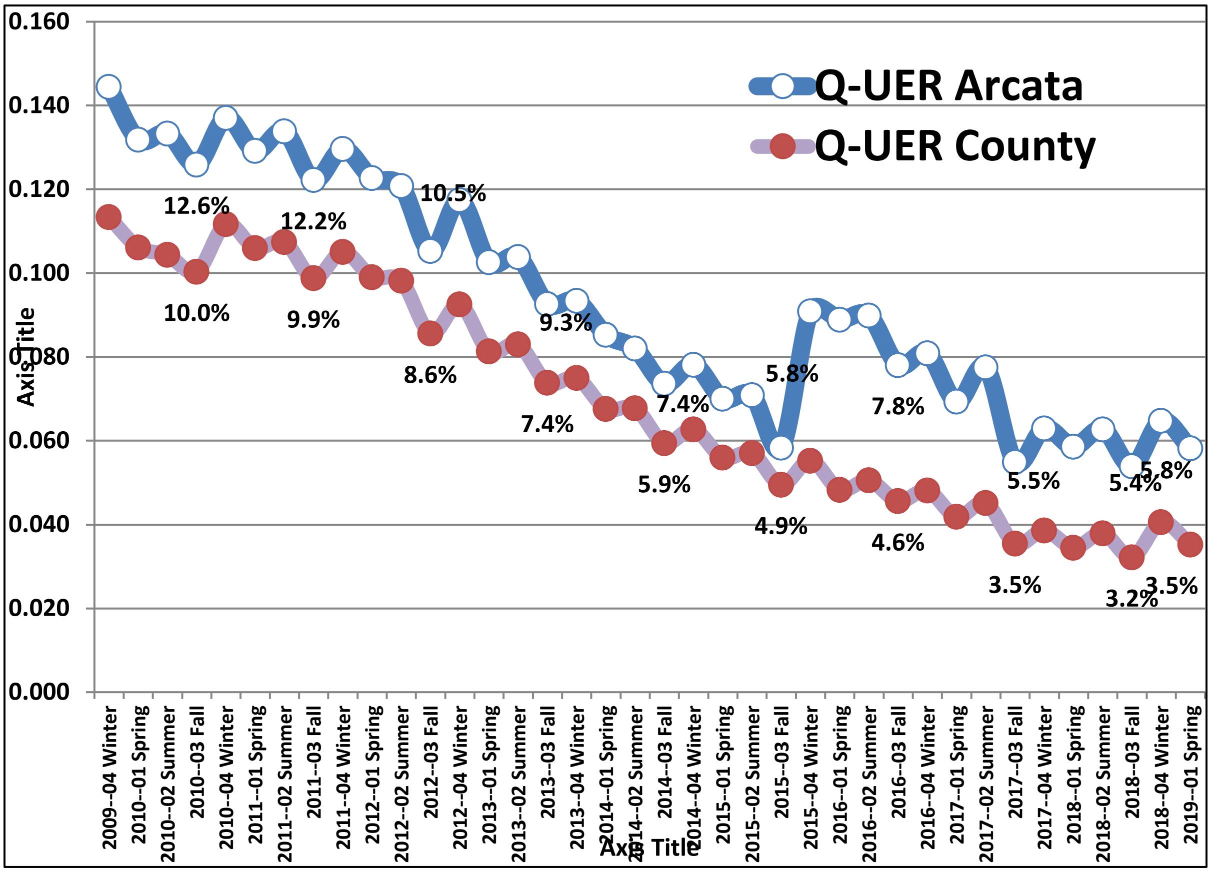
**Table 9: Top Twenty Employers in Arcata, 2021**

| Company Name | Neighborhood | Industry | Jobs |
|---|---|---|---|
| **Public Sector** | | | 1,719 |
| Humboldt State University | HSU/Northtown | University | 1,106 |
| City of Arcata | Downtown-Uniontown | City | 120 |
| Center Arts At Humboldt State | HSU/Northtown | Museums | 100 |
| Pacific Union School | Westwood-Vassaide | Elementary & Secondary Schools | 100 |
| Arcata High School | Arcata Heights-Northtown | Elementary & Secondary Schools | 93 |
| Arcata Community Pool | Arcata Heights-Northtown | Fitness & Recreational Sports Centers | 70 |
| Redwood Science Lab | HSU/Northtown | University | 65 |
| US Post Office | Downtown-Uniontown | Postal Service | 65 |
| **Private Sector** | | | 1,952 |
| Sun Valley Group | N/A | Nursery & Tree Production | 500 |
| Mad River Community Hospital | Westwood-Vassaide | General Medical & Surgical Hospitals | 456 |
| Bettendorf Trucking | West End Rd. | Specialized Freight | 280 |
| North Coast Co-Op-Arcata | Downtown-Uniontown | General Line Grocery Merchant Wholesalers | 200 |
| Arcata Forest Products | Aldergrove | Lumber, Plywood, Millwork/Wood Panel | 130 |
| Danco Property Management | Aldergrove | Offices Of Real Estate Agents & Brokers | 130 |
| Healthsport | Downtown-Uniontown | Fitness & Recreational Sports Centers | 130 |
| North Country Clinic | Westwood-Vassaide | Ambulatory Surgical & Emergency Ctrs | 126 |
| O & M Industries | Aldergrove | Fabricated Structural Metal Manufacturing | 100 |
| Good Collective | Downtown-Uniontown | Jewelry, Watch, Precious Stone/Metal | 90 |
| Open Door Community Health Center | Arcata Heights-Northtown | Ambulatory Surgical & Emergency Ctrs | 75 |
| Cypress Grove | Grandview/Windsong | Cheese Manufacturing | 70 |
| Safeway | Downtown-Uniontown | Supermarket | 65 |

*Source: InfoUSA.*

Looking at trends over the past ten years, jobs grew more rapidly than population despite job losses in 2011 and 2012 due to the recession. Arcata added jobs at a rate of 1.0% annually between 2010 and 2019 while the county had a 1.1 % job rate during this period (Tables 10 and 11). Arcata's unemployment rate has generally stayed a couple percentage points above the County rate, except in late 2015 when it shot up above 9% while the County remained below 6% (Figure 4). Job growth is projected to slow down during the next ten years, achieving a rate of 0.7 % annually in Arcata and 0.8 % annually countywide.

**Figure 4: Unemployment Rate for Arcata and Humboldt County, 2009-2019**




*Source: CA EDD.*

The City of Arcata updated its Economic Development Strategic Plan in 2009 and identified four Industry Targets of Opportunity:

- Diversified Health Care
- Management and Innovation Services
- Specialty Ag. Food & Beverage
- Niche Manufacturing

These targets were selected because in 2007 they represented industries with high concentrations of jobs compared to the County and they pay relatively high wages. More recent jobs trends for these

**Table 10: City of Arcata Job Trends: 2001-2019 and Projected to 2028**

| Job Sector | Actual | | Estimated | | | Projected | | |
|---|---|---|---|---|---|---|---|---|
| | 2001 | 2010 | 2019 | 2010-2019 | Annual Percent (CAGR) | 2028 | 2019-2028 | Annual Percent (CAGR) |
| Agriculture | 148 | 113 | 137 | 25 | 2.2% | 136 | -1 | -0.1% |
| Construction | 291 | 350 | 506 | 156 | 4.2% | 590 | 84 | 1.7% |
| Manufacturing | 1,750 | 898 | 804 | -95 | -1.2% | 781 | -23 | -0.3% |
| Wholesale | 302 | 256 | 244 | -12 | -0.5% | 256 | 12 | 0.6% |
| Retail | 1,685 | 1,573 | 1,608 | 35 | 0.2% | 1,650 | 41 | 0.3% |
| Transportation | 277 | 170 | 160 | -9 | -0.6% | 116 | -44 | -3.5% |
| Warehousing | 59 | 55 | 58 | 3 | 0.5% | 54 | -4 | -0.7% |
| Information | 34 | 42 | 26 | -16 | -5.2% | 13 | -12 | -6.9% |
| Finance and Insurance | 186 | 134 | 124 | -10 | -0.9% | 126 | 2 | 0.2% |
| Real Estate | 115 | 100 | 99 | -1 | -0.1% | 101 | 2 | 0.2% |
| Professional and Scientific | 397 | 434 | 402 | -32 | -0.8% | 415 | 14 | 0.4% |
| Mgt. of Companies | 306 | 147 | 85 | -62 | -5.9% | 51 | -34 | -5.5% |
| Administrative Support | 181 | 129 | 158 | 29 | 2.3% | 201 | 43 | 2.7% |
| Waste Remediation | 7 | 8 | 16 | 8 | 8.5% | 22 | 6 | 3.5% |
| Education | 2,106 | 1,922 | 1,968 | 46 | 0.3% | 2,039 | 71 | 0.4% |
| Health | 1,105 | 1,036 | 1,788 | 753 | 6.3% | 2,301 | 513 | 2.8% |
| Arts, Entertainment and Recreation | 116 | 151 | 144 | -8 | -0.6% | 131 | -12 | -1.0% |
| Lodging | 168 | 156 | 164 | 8 | 0.5% | 161 | -3 | -0.2% |
| Eating and Drinking Places | 1,222 | 1,180 | 1,357 | 177 | 1.6% | 1,385 | 28 | 0.2% |
| Other Services | 607 | 584 | 456 | -128 | -2.7% | 470 | 13 | 0.3% |
| Federal | 64 | 78 | 63 | -15 | -2.4% | 62 | -1 | -0.3% |
| State | 174 | 138 | 199 | 62 | 4.2% | 232 | 33 | 1.7% |
| Local | 690 | 897 | 911 | 14 | 0.2% | 934 | 23 | 0.3% |
| Misc. | 4 | 51 | 68 | 18 | 3.4% | 96 | 27 | 3.8% |
| **Total** | **11,995** | **10,602** | **11,546** | **944** | **1.0%** | **12,323** | **777** | **0.7%** |

*Source: EMSI*

**Table 11: Humboldt County Jobs Trends: 2001-2019 and Projected to 2028**

| Job Sector | Actual | | Estimated | | | Projected | | |
|---|---|---|---|---|---|---|---|---|
| | 2001 | 2010 | 2019 | 2010-2019 | Annual Percent (CAGR) | 2028 | 2028-2019 | Annual Percent (CAGR) |
| Agriculture | 1,427 | 1,138 | 1,201 | 63 | 0.6% | 1,092 | -108 | -1.0% |
| Mining | 15 | 24 | 8 | -16 | -11.6% | 6 | -2 | -3.5% |
| Utilities | 279 | 357 | 241 | -116 | -4.3% | 190 | -51 | -2.6% |
| Construction | 1,767 | 1,738 | 2,093 | 355 | 2.1% | 2,352 | 259 | 1.3% |
| Manufacturing | 4,649 | 2,140 | 2,020 | -120 | -0.6% | 1,767 | -253 | -1.5% |
| Wholesale | 957 | 970 | 1,011 | 41 | 0.5% | 1,100 | 89 | 0.9% |
| Retail | 7,476 | 6,922 | 7,265 | 343 | 0.5% | 7,395 | 130 | 0.2% |
| Transportation | 753 | 603 | 690 | 87 | 1.5% | 678 | -13 | -0.2% |
| Warehousing | 517 | 561 | 450 | -111 | -2.4% | 416 | -34 | -0.9% |
| Information | 748 | 600 | 366 | -234 | -5.4% | 266 | -99 | -3.5% |
| Finance and Insurance | 1,352 | 1,068 | 1,113 | 45 | 0.5% | 1,268 | 155 | 1.5% |
| Real Estate | 643 | 577 | 654 | 78 | 1.4% | 737 | 83 | 1.3% |
| Professional and Scientific | 1,379 | 1,457 | 1,539 | 82 | 0.6% | 1,721 | 181 | 1.2% |
| Mgt. of Companies | 594 | 285 | 165 | -120 | -5.9% | 99 | -66 | -5.5% |
| Administrative Support | 1,330 | 925 | 1,258 | 333 | 3.5% | 1,544 | 286 | 2.3% |
| Waste Remediation | 201 | 229 | 278 | 49 | 2.2% | 293 | 16 | 0.6% |
| Education | 6,027 | 5,457 | 5,941 | 484 | 0.9% | 6,231 | 290 | 0.5% |
| Health | 5,998 | 6,158 | 9,314 | 3,156 | 4.7% | 11,431 | 2,118 | 2.3% |
| Arts, Entertainment and Recreation | 491 | 605 | 595 | -10 | -0.2% | 605 | 10 | 0.2% |
| Lodging | 904 | 833 | 884 | 51 | 0.7% | 885 | 1 | 0.0% |
| Eating and Drinking Places | 3,807 | 3,741 | 4,274 | 533 | 1.5% | 4,388 | 114 | 0.3% |
| Other Services | 2,569 | 2,657 | 1,941 | -716 | -3.4% | 2,056 | 115 | 0.6% |
| Federal | 505 | 614 | 496 | -119 | -2.4% | 484 | -12 | -0.3% |
| State | 1,050 | 829 | 1,201 | 372 | 4.2% | 1,397 | 196 | 1.7% |
| Local | 4,163 | 5,412 | 5,494 | 82 | 0.2% | 5,633 | 139 | 0.3% |
| Misc. | 22 | 198 | 267 | 69 | 3.4% | 376 | 108 | 3.9% |
| **Total** | **49,623** | **46,097** | **50,758** | **4,661** | **1.1%** | **54,409** | **3,651** | **0.8%** |

*Source: EMSI*

industries show a less beneficial pattern, however, except for health care (Table 12). Health care produced most of the job growth in Arcata since 2010 and is projected to continue with strong job gains over the next ten years, led by outpatient care, services for the elderly and vocational rehab. The other industry target groups have declined in jobs and are not projected to rebound in the near future. However, within these industry groups, certain business sectors do have potential, which are highlighted in Table 12 (the full list of industries within each Target of Opportunity may be found in Appendix D). It is clear from the Table that the cannabis industry is not captured in the official jobs data. However, growth in value added cannabis products manufacturing is having a noticeable effect on the market for industrial building space. This is discussed in more detail below.

**Table 12: Targets of Opportunity/ Leading Industries**

| NAICS | Industry Description | Job Change | |
|---|---|---|---|
| | | 2010-2019 | 2019-2028 |
| | **Diversified Health Care** | 753 | 513 |
| 621498 | All Other Outpatient Care Centers | 128 | 121 |
| 624120 | Services for the Elderly and Persons with Disabilities | 460 | 246 |
| 624310 | Vocational Rehabilitation Services | 159 | 80 |
| | **Management and Innovation Services** | -62 | -2 |
| 541330 | Engineering Services | 25 | 22 |
| 541611 | Administrative/General Management Consulting | 11 | 7 |
| 541620 | Environmental Consulting Services | 7 | 7 |
| 541990 | All Other Professional, Scientific, and Technical Services | 14 | 7 |
| 561110 | Office Administrative Services | 30 | 17 |
| | **Specialty Ag, Food and Beverage** | -6 | -24 |
| 311812 | Commercial Bakeries | 14 | -3 |
| 311941 | Mayonnaise, Dressing, and Other Prepared Sauces | 4 | 7 |
| 311991 | Perishable Prepared Food Manufacturing | 4 | 6 |
| 312120 | Breweries | 6 | 2 |
| | **Niche Manufacturing** | -64 | 1 |
| 315210 | Cut and Sew Apparel Contractors | 15 | 6 |
| 326111 | Plastics Bag and Pouch Manufacturing | 169 | 75 |
| 334220 | Radio, TV Broadcasting and Wireless Commun. Equip. | 27 | 14 |
| 337211 | Wood Office Furniture Manufacturing | 24 | 14 |
| 339910 | Jewelry and Silverware Manufacturing | 44 | 8 |
| 339992 | Musical Instrument Manufacturing | 10 | 2 |

### DIVERSIFIED HEALTH CARE

The substantial projected growth of jobs in healthcare is an industrywide trend due to the increase in the senior age population and trends toward increased outpatient and residential care facilities. Additional training for health care professions was identified as a strong need in the stakeholder input for this study. There is a need a post graduate nurse program and it would be helpful if College of the Redwoods could expand its nursing program. Mad River Hospital indicated that its 20-year plan includes developing a health care college campus adjacent to the hospital. They anticipate that a major challenge will be to get the teachers, however, as most teaching level nurses find ready employment at St. Joseph hospital and Arcata housing prices are not conducive to teaching salaries.

#### MANAGEMENT AND INNOVATION SERVICES

Within Management and Innovation Services, industries with positive growth in Arcata include a variety of consulting disciplines as well as office administrative services. The growth in professional and technical services and administrative support jobs is even more pronounced for Humboldt County as a whole, with administrative support growing at the same 2.3% annual rate as healthcare, and professional and technical services with a higher than average growth rate of 1.2% per year. In addition, finance and insurance is projected to grow 1.5% per year in the county as a whole. These are all business sectors that pay higher than average salaries and Arcata could attract a larger share of these jobs if newly developed office space were available.

Comparing the types of jobs in the City and the occupations and industries of the resident workers, there are more Arcata residents employed in professional services firms than there are jobs in those businesses in Arcata (see Appendix Table D-2). Therefore, constructing more office space would also help create job opportunities for workers already living in Arcata.

From a real estate perspective, there is more office space than the market needs currently but most space has no parking and is not ADA compliant. Some brokers report that medical and paramedical professions are looking for space, but it must be ADA compliant. Aside from some demand for medical office space, most brokers say government agencies represent the only office market demand currently. However, as discussed above, this may change according to the job projections for Arcata and Humboldt County. In the Arcata Gateway District, property owners said they would welcome additional professional office space as it would increase foot traffic and support local retail and restaurant businesses.

#### SPECIALTY AG, FOOD & BEVERAGE

The Specialty Ag, Food & Beverage sector has shown little growth in the past decade and only a few specific business sectors, such as bakeries, breweries and some prepared food items are projected to have any job growth in the near future. This sector, should include cannabis, but it is not showing up in the official data, nor does it show up in Diversified Manufacturing in terms of botanicals and medicinal products. While value added cannabis is doing well based on industrial real estate metrics, the growers are not. Statewide legalization has had effects on the market price of cannabis, resulting in a reduction of income for local growers. As one consequence, restaurants and retail are under stress with less disposable income in the market.

#### NICHE MANUFACTURING

As shown in Table 11, there are some job growth opportunities in manufacturing, although EMSI projects that these jobs gains will be offset by declines in sawmill jobs (see Appendix Table D-1).

However, as noted above, EMSI is not projecting growth in manufactured cannabis products, which is anticipated locally to be significant.

Stakeholders interviewed for this study indicated that industrial space is extremely tight currently because of the expansion of cannabis related businesses. The City has established the Cannabis Innovation Zone in the industrial park on Aldergrove and non-cannabis businesses are being priced out of that area to some extent. Industrial lease rates have tripled from what they were in Arcata and doubled in Eureka. Pricing of industrial space in the Arcata Gateway has gone up and the non-cannabis market is not able to keep up with these rental rates. Industrial warehousing is a very good investment under these conditions. However, outside area clients look at Humboldt Bay Area as one block and will go to the most favorable location. A lot of industrial clients look at it from a supply line—wherever it is easier to get their trucks on and off the road. Fortuna or Aldergrove are considered the best, with areas west of Downtown Arcata, including the Arcata Gateway viewed as having poorer access.

Some of the interviewees did not see much demand for craft business space (small scale manufacturing and sales). However, property owners in the Arcata Gateway felt that crafts businesses would be a good fit there.

#### Construction Trades as Another Potential Target of Opportunity

The stakeholder input around housing issues also highlights the lack of skilled workers in construction trades. The job projections show 1.7% annual growth in construction jobs in Arcata and 1.3% countywide, but the availability of additional training and apprenticeship programs would help to accelerate that growth. Additional construction trades training could occur at College of the Redwoods, as well as through career technical education (CTE) at the high schools. With Arcata's strong interest in energy efficient development, programs specializing in training for energy systems design and installation could help reduce costs for local contactors as well as open up the local workforce to statewide job opportunities.

# 4. INFILL HOUSING POTENTIAL

## 4.1 INTRODUCTION

City staff has conducted a review of vacant sites in Arcata, as well as those that are currently underutilized and may be considered for future housing or mixed use development. The resulting inventory of potential infill sites includes 110 parcels covering nearly 73 acres. The parcels include a variety of sizes from single family lots to larger industrial properties with multiple acres per parcel. ADE has calculated the total residential development potential from these sites to range from 548 to 1,116 units, based on existing zoning in most cases. This wide range in development potential is due in part to the fact that Arcata zoning districts offer a range of allowable densities (e.g. the Residential High Density Zone allows densities ranging from 15.01 to 32 dwelling units per acre). The consultants also prepared feasibility studies of five development prototypes to serve as a basis for evaluating the key market characteristics of infill development in Arcata and the impact of zoning standards on the feasibility of the developments.

In addition, ADE formulated two alternative development scenarios of 1,000 units each for infill development and also for greenfield development. We have calculated the fiscal impacts of the two scenarios to compare and contrast the impact on City services of promoting infill development vs. lower density greenfield development on the periphery of the existing developed edge of the City.

## 4.2 INFILL DEVELOPMENT POTENTIAL

The potential infill development capacity shown in Table 13 is based on the inventory of property data provided by the City. For this calculation, we have used residential density ranges from the existing zoning in most cases. For non-residential zones, we have used allowable residential densities for the Commercial General and Industrial Limited zones. However, some of the parcels currently have other commercial and industrial zoning that does not permit housing. The Public Facility zone does not appear to allow housing, but we have assumed those parcels would be rezoned to Residential High Density (RHD). We have also assumed the allowable density in the Planned Mixed Use zone is similar to RHD. However, we have reduced the high end density by one-third to account for ground floor commercial.

Within the limitations described above, the identified infill parcels would have a potential development capacity of 548 to 1,116 units. As discussed further below, the City current RHNA requirement is 610 units for the period from 2019 to 2027. Since January 2019, 58 units have been granted building permits and count toward this RHNA requirement, leaving the need for 552 additional units. The Housing Element indicates that vacant residential land in 2019 is not sufficient to meet this goal and additional land will need to be zoned. As shown in Table 13, underutilized land and other potentially redeveloped parcels  could meet the RHNA need through infill development, provided it proves feasible to develop the infill sites at sufficient density. The feasibility analysis below evaluates this potential and provides the basis for recommended zoning changes that would improve the ability of the housing market to produce the needed level of housing in Arcata.

**Table 13: Inventory of Potential Infill Lots and Dwelling Unit Counts Under Existing Zoning**

| Summary of Infill Potential | Lot Size (sq. ft.) | Lot Size (acres | | | |
|---|---|---|---|---|---|
| Vacant Lots | 591,923 | 13.59 | | | |
| Underutilized Lots | 275,726 | 6.33 | | | |
| Potential Redevelop Lots | 2,307,270 | 52.97 | | | |
| **TOTAL INFILL POTENTIAL** | **3,174,919** | **72.89** | **1.22%** | **of total land in Arcata** | |
| | | **Projected Density (DU/AC)** | | **Units** | |
| **Breakdown of Vacant Lots** | | Low | High | Low | High |
| Residential Very Low & Low Density | 322,626 | 2.00 | 7.25 | 15 | 54 |
| Residential-Medium Density | 6,054 | 7.25 | 15.00 | 1 | 2 |
| Residential-High Density | 39,297 | 15.01 | 32.00 | 14 | 29 |
| Industrial | 140,803 | 7.25 | 15.00 | 23 | 48 |
| Commercial | 3,658 | 7.25 | 15.00 | 1 | 1 |
| Public Facility | 79,486 | 7.25 | 15.00 | 13 | 27 |
| Planned Mixed Use | 0 | 15.01 | 21.00 | 0 | 0 |
| Total Vacant Lots | 591,923 | | | 67 | 164 |
| **Breakdown of Underutilized Lots** | | | | | |
| Residential Very Low & Low Density | 101,288 | 2.00 | 7.25 | 5 | 17 |
| Residential-Medium Density | 0 | 7.25 | 15.00 | 0 | 0 |
| Residential-High Density | 69,445 | 15.01 | 32.00 | 24 | 51 |
| Industrial | 7,370 | 7.25 | 15.00 | 1 | 3 |
| Commercial | 57,110 | 7.25 | 15.00 | 10 | 20 |
| Public Facility | 17,222 | 7.25 | 15.00 | 3 | 6 |
| Planned Mixed Use | 23,291 | 15.01 | 21.00 | 8 | 11 |
| Total Underutilized Lots | 275,726 | | | 50 | 107 |
| **Subtotal Vacant and Underutilized** | **867,649** | | | 117 | 269 |
| **Breakdown of Redevelop Lots** | | | | | |
| Residential Very Low & Low Density | 9,157 | 2.00 | 7.25 | 0 | 2 |
| Residential-Medium Density | 14,451 | 7.25 | 15.00 | 2 | 5 |
| Residential-High Density | 66,844 | 15.01 | 32.00 | 23 | 49 |
| Industrial | 1,627,509 | 7.25 | 15.00 | 271 | 560 |
| Commercial | 385,698 | 7.25 | 15.00 | 64 | 133 |
| Public Facility | 0 | 7.25 | 15.00 | 0 | 0 |
| Planned Mixed Use | 203,612 | 15.01 | 21.00 | 70 | 98 |
| Total Redevelop Lots | 2,307,270 | | | 431 | 847 |
| **Total All Infill** | **3,174,919** | | | **548** | **1,116** |

*Source: ADE, Inc., based on property data provided by the City of Arcata.*

## 4.3 DEVELOPENT FEASIBILTIY ANALYSIS

ADE has evaluated several potential types of infill housing to determine the market feasibility of the development and whether City development standards and requirements are conducive to stimulate more infill housing. We considered several factors in selecting the prototypes for the analysis:

- The largest parcel in the infill land inventory is 12 acres and several parcels fall in the range of three to four acres. However, we did not choose these for analysis because larger parcels generally offer more options and flexibility in design and ways to mitigate environmental impacts. The greater difficulty with infill development is achieving density on smaller parcels where fewer efficiencies of scale are available. The largest parcel we selected for analysis is 1.58 acres, zoned RHD.

- Much of the development potential in the Infill Land Inventory is on parcels that have non-residential zoning and some recent housing developments in Arcata have occurred on property previously occupied by business uses. In addition, one of the concerns of the study is to identify economic development opportunities to ensure that job loss is minimized in the process of supporting housing development. Therefore, we have included mixed use prototypes showing the potential to mix housing with commercial, office and industrial uses.

- One of the best practices in residential design is developing "missing middle" densities (duplexes, triplexes and fourplexes) in single family neighborhoods. These projects can be designed to mimic single family home design and can provide substantial increases in density while maintaining single family compatible design standards. One of our prototypes evaluates this type of project in Arcata.

Each of the projects described below could be developed in Arcata, either in the downtown or in the Arcata Gateway District. However, the projects are intended in this analysis to be illustrative and do not reflect proposals on any specific sites.

A. High Density residential on a relatively large site of 1.58 acres, or 68,825 sq. ft.
B. Industrial mixed use on approximately one acre site. This would be "horizontal" mixed use with a craft business occupying one building of about 18,000 sq. ft. and the balance of the site developed in 15-30 townhomes or apartments.
C. Mixed Use Office: Ground floor office with 1-3 stories of residential on a 27,000 sq. ft. lot.
D. Mixed Use Commercial on a 6,410 sq. ft. site. This project would combine two existing surface parking lots into high density residential with ground floor commercial.
E. Medium Density: Tri-plex on a 6,054 sq. ft. single family lot.

Each project prototype begins with a building scenario based on existing City zoning standards. The analysis then proposes changes to City standards that would improve the project feasibility and increase the affordability of the residential units. Detailed assumptions used in this analysis are provided in Appendix E. Table 14 shows the construction costs for the various residential building types used in the analysis. These costs are all wood frame construction. In some iterations in the preliminary analysis, we tested the feasibly of steel frame construction for the four story buildings, but the increased cost does not appear feasible for unsubsidized housing in the Arcata market. However, there are efficiencies of scale for the multi-family buildings, and high density buildings have lower average costs. The townhomes and triplexes, though, are more similar to single family construction and have lower costs than the apartments. These costs are derived from information provided by local builders, supplemented with data from RS Means cost manuals.

**Table 14: Building Construction Costs for Infill Housing Types**

| Building Type | Cost per sq. ft. |
|---|---|
| Two-Story Multi-Family | $198.53 |
| Three Story Multi-Family | $186.09 |
| Four-story Multi-Family | $185.06 |
| Townhome | $182.23 |
| Tri-plex | $181.30 |

*Source: ADE, Inc.*

### Feasibility Assumptions

The construction costs shown in Table 14 include overhead and profit for the building contractors (10% general requirements, 5% overhead, 10% profit). The feasibility assumptions also include a separate developer fee of 10% and a 10% return on total project cost. The finished value of the project is calculated by dividing the net operating income (annual rent revenue less maintenance and operating costs) by a 6% capitalization rate.[7] In investment terms, the rental projects create a stream of revenue for the building owner and the capitalization rate calculates how much an investor would be willing to pay for that income stream. In cases where the residential units would be offered for sale, the equivalent sales price is used in the value calculation.

The analysis uses a static pro forma approach and does not estimate financing costs over time. The assumption is that if a project achieves a 10% return on total project costs, after builder and developer profits and overhead, then it provides a workable margin to factor in financing and normal insurance costs over time. It would require a much more detailed type of pro forma analysis to estimate actual financing costs for each project.

### Evaluating the Affordability of Feasible Project Types

The analysis uses a consistent set of dwelling unit characteristics and rent/price levels to test each development prototype. The unit sizes are adapted from recently proposed multi-family projects in Arcata plus a review of currently available rentals on Loopnet. In terms of rental levels or housing price, the focus of the analysis is to determine the project characteristics that would achieve the best results in terms of the RHNA affordability levels as shown in Table 15. Low income is 80% of the Area Median Income (AMI), which for Humboldt County is $64,800 in 2019. Moderate income levels are 120% of the AMI. Above Moderate levels are essentially market rates for above average income households and ADE has estimated the income and rent levels for this category based on the detailed

[7] This rate was derived by comparing rent levels and corresponding sales prices of residential properties in Arcata.

income distribution for Arcata from the 2013-2017 ACS. The housing market analysis in Chapter 2 estimated that more than 2,800 workers commute into Arcata with household incomes averaging $87,100 per year. This market segment would be served by the Above Moderate rents and sales prices shown in Table 15.

**Table 15: Arcata RHNA Units, Rent and Income Levels by Household Size, 2019-2027**

| | **Very Low** | **Low** | **Moderate** | **Above Moderate** | **Total** |
|---|---|---|---|---|---|
| **Arcata RHNA** | 142 | 95 | 111 | 262 | 610 |
| | 23.3% | 15.6% | 18.2% | 43.0% | 100.0% |
| **Income** | | | | | **Average** |
| 1-Person | $22,700 | $36,300 | $54,450 | $58,494 | $45,969 |
| 2-Person | $25,950 | $41,500 | $62,200 | $66,850 | $52,535 |
| 3-Person | $29,200 | $46,700 | $70,000 | $75,206 | $59,110 |
| 4-Person | $32,400 | $51,850 | $77,750 | $83,563 | $65,656 |
| 5-Person | $35,000 | $56,000 | $83,950 | $90,248 | $70,907 |
| **Rent** | | | | | **Average** |
| 1-Person | $565 | $908 | $1,361 | $1,462 | $1,149 |
| 2-Person | $649 | $1,038 | $1,555 | $1,671 | $1,314 |
| 3-Person | $730 | $1,168 | $1,750 | $1,880 | $1,478 |
| 4-Person | $810 | $1,296 | $1,944 | $2,089 | $1,641 |
| 5-Person | $875 | $1,400 | $2,099 | $2,256 | $1,773 |
| **Sales Price** | | | | | **Average** |
| 1-Person | $90,918 | $151,191 | $231,629 | $251,654 | $194,947 |
| 2-Person | $105,321 | $174,237 | $265,976 | $287,569 | $223,565 |
| 3-Person | $119,725 | $197,282 | $300,544 | $323,804 | $252,360 |
| 4-Person | $133,907 | $220,106 | $334,891 | $359,524 | $280,808 |
| 5-Person | $145,430 | $238,498 | $362,368 | $388,275 | $303,704 |

*Source: ADE, Inc.; City of Arcata Draft Housing Element, December 2019*

In addition to evaluating the feasible rent levels for the infill units, for one bedroom units and larger we have calculated the sales price that would correspond to the feasible rent level in each project. Infill housing could provide opportunities for home ownership as well as rental units. An analysis of 114 home sales in Arcata in 2018 and 2019 indicates that the sales price per sq. ft. ranged from $114 to over $800, with the median at $250 per sq. ft. The feasible prices for the prototypes range from $244 to $388 per sq. ft.

For each prototype, we summarize in Table 16 what rent levels or sales prices could be achieved and therefore what segments of the RHNA housing need could be met. **An important conclusion of the analysis is that while existing City development standards are conducive to feasible infill development, the number of units could be increased and the affordability of the units could**

**be improved by removing density restrictions and allowing more flexibility in parking requirements.**

**Table 16: Summary of Affordability for Infill Development Prototypes**

| Units | Unit Size | | Unit Type | Rent | Affordability Category | Sales Price | Affordability Category | Sales Price Per sq. ft. |
|---|---|---|---|---|---|---|---|---|
| **1.Residential High Density Zoning** | | | | | | | | |
| 10 | 400 | sq. ft. | studios | $1,555 | Above Mod 1 person | | | |
| 15 | 600 | sq. ft. | 1 bdrm | $1,777 | Above Mod 1 person | $233,036 | Mod 2 person | $388.39 |
| 20 | 835 | sq. ft. | 2 bdrms | $2,000 | Above Mod 4 person | $262,239 | Mod 2 person | $314.06 |
| 5 | 950 | sq. ft. | 3 bdrms | $2,221 | Above Mod 5 person | $291,210 | Mod 2 person | $306.54 |
| 50 | 689 | sq. ft. | Average | | | | | |
| **1.1 Residential High Density Zoning with no density limit** | | | | | | | | |
| 5 | 400 | sq. ft. | studios | $1,535 | Mod 2 person | | | |
| 5 | 600 | sq. ft. | 1 bdrm | $1,750 | Mod 3 person | $231,717 | Mod 2 person | $386.19 |
| 35 | 835 | sq. ft. | 2 bdrms | $1,943 | Mod 4 person | $257,276 | Mod 2 person | $308.11 |
| 35 | 950 | sq. ft. | 3 bdrms | $2,083 | Mod 5 person | $275,856 | Mod 3 person | $290.37 |
| 80 | 843 | sq. ft. | Average | | | | | |
| **1.2 Residential High Density Zoning with no density limit and one-third parking requirement** | | | | | | | | |
| 22 | 400 | sq. ft. | studios | $1,337 | Mod 1 person | | | |
| 30 | 600 | sq. ft. | 1 bdrm | $1,528 | Mod 2 person | $200,216 | Mod 1 person | $333.69 |
| 41 | 900 | sq. ft. | 2 bdrms | $1,720 | Mod 3 person | $225,306 | Low 5 person | $250.34 |
| 35 | 1,025 | sq. ft. | 3 bdrms | $1,910 | Mod 4 person | $250,197 | Mod 2 person | $244.09 |
| 128 | 778 | sq. ft. | Average | | | | | |
| **1.3 Residential High Density Zoning with no density limit, 45 ft. height limit and one-third parking requirement** | | | | | | | | |
| 29 | 400 | sq. ft. | studios | $1,294 | Mod 1 person | | | |
| 58 | 600 | sq. ft. | 1 bdrm | $1,479 | Mod 2 person | $192,372 | Mod 1 person | $320.62 |
| 55 | 835 | sq. ft. | 2 bdrms | $1,664 | Mod 3 person | $216,479 | Low 4 person | $259.26 |
| 36 | 950 | sq. ft. | 3 bdrms | $1,848 | Mod 4 person | $240,395 | Low 5 person | $253.05 |
| 178 | 711 | sq. ft. | Average | | | | | |
| **2.Industrial Mixed Use @ Industrial Limited Density** | | | | | | | | |
| 7 | 825 | sq. ft. | 2 bdrms | $2,151 | Above RHNA | $296,297 | Mod 3 person | $359.15 |
| 8 | 925 | sq. ft. | 3 bdrms | $2,403 | Above RHNA | $334,806 | Mod 4 person | $361.95 |
| 15 | 878 | sq. ft. | Average | | | | | |
| **2.1 Industrial Mixed Use with no density restriction** | | | | | | | | |
| 12 | 825 | sq. ft. | 2 bdrms | $1,944 | Mod 4 person | $265,976 | Mod 2 person | $322.40 |
| 12 | 925 | sq. ft. | 3 bdrms | $2,218 | Above Mod 5 person | $307,342 | Mod 4 person | $332.26 |
| 24 | 878 | sq. ft. | Average | | | | | |
| **2.2 Industrial Mixed Use with no density restriction and reduced parking** | | | | | | | | |
| 14 | 825 | sq. ft. | 2 bdrms | $1,880 | Mod 4 person | $259,859 | Mod 2 person | $314.98 |
| 15 | 925 | sq. ft. | 3 bdrms | $2,147 | Above Mod 5 person | $293,631 | Mod 3 person | $317.44 |
| 29 | 877 | sq. ft. | Average | | | | | |

| Units | Unit Size | | Unit Type | Rent | Affordability Category | Sales Price | Affordability Category | Sales Price Per sq. ft. |
|---|---|---|---|---|---|---|---|---|
| **3.Commercial Mixed Use** | | | | | | | | |
| 3 | 400 | sq. ft. | studios | $1,191 | Mod 1 person | | | |
| 6 | 600 | sq. ft. | 1 bdrm | $1,361 | Mod 1 person | $199,809 | Mod 1 person | $333.01 |
| 6 | 835 | sq. ft. | 2 bdrms | $1,532 | Mod 2 person | $224,847 | Mod 1 person | $269.28 |
| 3 | 950 | sq. ft. | 3 bdrms | $1,701 | Mod 3 person | $249,688 | Mod 4 person | $262.83 |
| 18 | 703 | sq. ft. | Average | | | | | |
| **3.1 Commercial Mixed Use, No parking** | | | | | | | | |
| 4 | 400 | sq. ft. | studios | $1,209 | Mod 1 person | | | |
| 7 | 600 | sq. ft. | 1 bdrm | $1,382 | Mod 1 person | $204,340 | Mod 1 person | $340.57 |
| 7 | 835 | sq. ft. | 2 bdrms | $1,555 | Mod 2 person | $229,947 | Mod 1 person | $275.39 |
| 4 | 950 | sq. ft. | 3 bdrms | $1,727 | Mod 3 person | $255,351 | Mod 4 person | $268.79 |
| 22 | 703 | sq. ft. | Average | | | | | |
| **4.Office Mixed Use @ Commercial General Density** | | | | | | | | |
| 9 | 925 | sq. ft. | 2 bdrms | $1,981 | Mod 4 person | $353,894 | Mod 4 person | $382.59 |
| **4.1 Office Mixed Use with no density restriction and reduced parking** | | | | | | | | |
| 7 | 400 | sq. ft. | studios | $1,172 | Mod 1 person | | | |
| 8 | 600 | sq. ft. | 1 bdrm | $1,340 | Mod 1 person | $221,681 | Mod 1 person | $369.47 |
| 7 | 835 | sq. ft. | 2 bdrms | $1,508 | Mod 2 person | $249,461 | Mod 2 person | $298.76 |
| 8 | 1,130 | sq. ft. | 3 bdrms | $1,674 | Mod 3 person | $277,021 | Mod 3 person | $245.15 |
| 30 | 750 | sq. ft. | Average | | | | | |
| **5.Tri-plex on single family lot** | | | | | | | | |
| 3 | 986 | sq. ft. | 2 bdrms | $2,143 | Above Mod 5 person | $311,001 | Mod 4 person | $315.42 |

*Source: ADE, Inc.*

### HIGH DENSITY RESIDENTIAL – 1.58 ACRE SITE

The Residential High Density (RH) zone allows a range of 15.01 to 32 dwelling units per acre, which would result in a maximum of 50 dwelling units on this site. It also specifies a maximum site coverage of 70% and a height limit of 35 ft. Combined with building set back requirements, minimum landscaping (10%) and parking (min. one space /unit), these development standards define a building envelope of 116,500 sq. ft. if the minimum parking is provided in surface spaces.[8] The effective site coverage for this design is about 56%, due to onsite circulation driveways in addition to the parking. A higher site coverage of 67% could be achieved if the building features tuck-under parking, in which case the gross building sq. ft. would be 129,500. The full 70% site coverage could be achieved with podium parking, but this would substantially raise the cost of construction for the building.

More importantly, the unit density standard limits the size of the building that is needed. Assuming an 90% building efficiency, the average unit size for the two buildings described above would range from

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[8] We did not evaluate projects with structured or podium parking. While this would increase the achievable building space, podium parking can cost up to $30,000 per space compared to less than $2,000 for a surface space. None of the development prototypes we evaluated could support this level of cost without significant subsidies.

2,041 to 2,338 sq. ft. Apartment unit sizes in the market range on average from 400 sq. ft. studios to 950 sq. ft. three bedroom units (larger units exist but new construction tends to offer smaller units). As discussed further below, we estimate the building envelope allowed by the zoning could support 60 percent more units than the density would allow, even with the additional parking that would be needed.

For the high density residential option, we evaluate four scenarios: 1) the maximum 50 units allowed under the RHD zone, 2) an 80 unit option which fits within the height limits and building envelope allowed in the RHD zone; 3) a 128 unit option with a reduced parking requirement of 1/3 space per unit; and 4) an option for a four story building (45 ft. height limit) that would permit another 30 units for 178 total.

**Scenario 1: 50 Units**

In this example, the building would provide a range of unit types from studios to three bedrooms with a gross average unit size of 689 sq. ft. and a gross building size of 38,278 feet, about 30% of the theoretical total allowed under the zoning standards. We envision this as a two story building with surface parking. The total building cost is estimated at about $7.6 million, including contractor’s and architecture fees as well as basic appliances in each kitchen. In addition, the site would require minor demolition as well as $215,800 in site work to install utilities. Paving and landscaping would cost about $160,000 more and the land cost is estimated at $963,547, or $14.00 per sq. ft. These costs subtotal to $9.0 million. City fees are estimated at about $414,000, or 4.6% of the costs and the developer’s fee (10%) brings the total project cost to $10.5 million.

As shown in Table 16, the feasible rents for this project would all be at the Above Moderate Income level. If the units were offered for sale, the sale prices would be at the Moderate Income level, an improvement over the affordability of the rents.

**Scenario 1.1: 80 Units**

This project would be a three story building with the fully allowed gross sq. ft. of 124,327. The unit mix modeled in this example would yield an average unit size of 708 sq. ft. The construction cost is estimated to be slightly lower per sq. ft. than the smaller building due to efficiencies of scale with similar wood frame construction. Other site development costs and land cost would be similar to Scenario 1. The total cost of the project would be $17.8 million.

The additional units achieved in this scenario would allow for rents at the Moderate affordability level, about 1.3% to 6.2% lower than Scenario 1. The sales prices would also be slightly lower, but not enough to change the affordability level if the units are offered for sale.

**Scenario 1.2: 128 units**

If the parking requirement were reduced to 1/3 space per unit, the additional building space would allow for 48 more units. Rent reductions in this example would be more dramatic, ranging from 8.3%

to 12.9%. While the rent levels would still be at the Moderate level, smaller households would be able to access these units at affordable rates.

**Scenario 1.3: 178 Units**

If the height limit under the zoning were increased to 45 ft., a fourth floor could be added to the building and we estimate the total building sq. ft. would be 140,600. The building could support a total of 178 units, with an average size of 711 sq. ft. We anticipate this building could use wood framing, rather than steel construction, but it would need elevators which increases the per sq. ft. cost slightly. This building would feature tuck under parking and an interior courtyard. The total project cost would be $31.7 million. Rents could be reduced 3.2% across the board compared to Scenario 1.2 but would still remain in the Moderate range.

### INDUSTRIAL MIXED USE – 1.04 ACRE SITE

More than half of the potential infill parcel acreage in Arcata is zoned for industrial use, most of it in the Industrial Limited zone that allows up to 15 dwelling units per acre. Industrial space is in demand in Arcata, due in part to recent expansion of the cannabis industry. Arcata has designated the industrial area on Aldergrove as a cannabis innovation zone and limited cannabis businesses to that area. However, that may mean that other types of industrial businesses will need to find space in other industrial areas of the City, particularly west of Downtown. In addition, some recent and planned residential projects have displaced businesses that will need to find alternate locations. In this example we examine a horizontal mixed use project on a 1.04 acre Industrial Limited (IL) site.

The IL zone allows a 1.5 Floor Area Ratio (FAR) and also specifies setbacks, landscaping and parking requirements. We also estimate that 6,000 sq. ft. would be needed for internal circulation on the site. Our example would devote 35% of the site to an industrial building of 15,642 sq. ft. With the 1.5 FAR, there should be the potential for an additional 51,400 sq. ft. of living space. However with a maximum density of 15 dwelling units per acre, this would result in an average unit size of 3,426. In order to comply with the unit maximum, we have included 15 two and three bedroom two story townhouse type units, which would occupy 13,330 sq. ft. with a footprint of 7,406 including tuck under parking.

Based on input from local developers, we estimate the construction cost of the residential space would be $182.23 per sq. ft. The industrial space is estimated to cost $157.84 per sq. ft. The total cost for the vertical construction would be $5.1 million. In addition, we estimate costs of $320,850 for sitework including demolition, utilities and sidewalks, landscaping costs of $33,832, and land cost of $625,682. City fees add $171,000 and with a 10% developer fee the total cost is just over $7 million.

As a rental project, the required rents to achieve feasibility would be higher than the Above Moderate RHNA levels. However, to get the same return, a developer could sell the two and three-bedroom townhomes at an average price of $296,300 and $334,800, respectively, to meet an affordability range consistent with the Moderate Income levels for three and four person households. These prices appear to be consistent with market prices for single family homes, which in 2018 was about $309,000 for a 1,425 sq. ft. home. The aggregate sales value of the 15 homes would be about $4 million at these prices.

Based on limited market data, we estimate the industrial space could be leased monthly for $1.00/ sq. ft. triple net (tenant would pay utilities and other operating costs). This would generate nearly $184,000 annually in gross income and create a valuation of just over $3 million, or $196 per sq. ft. for the industrial space.

**Scenario 2.1: Industrial Mixed Use – No Density Restriction – 24 Units**

In the interest of exploring ways to maximize housing production, we also consider a project with 24 units rather than 15. The IL zone makes the building height subject to review authority; however, we have evaluated a maximum three story residential building to maintain similar building costs as in Scenario 1. In this three story design, the residential building would have 23,300 sq. ft. plus tuck under parking. The industrial building would remain the same as in Scenario 1. The total cost of this project would be $9.0 million. In addition to gaining more units, this option could support rents 8-10% lower than Scenario 2.0, which would be affordable for households at the Moderate and Above Moderate income level.

**Scenario 2.2: Industrial Mixed Use, No Density Restriction (24 Units) and Reduced Residential Parking**

Reducing the residential parking requirements to 1/3 space per unit would free up building space for another five units and achieve a 3.2% average rent reduction. This is not enough to change the affordability categories of the units, however.

### Retail Mixed Use – 6,410 sq. ft. Site

One opportunity for Arcata is to convert some of its surface parking downtown to housing or more intensive mixed use development. This example explores the option of converting an existing parking lot on a 6,410 sq. ft. site in the Downtown, zoned Central Commercial (CC). The zoning allows 100% site coverage, a 45 ft. height limit and no maximum residential density.

The project we have evaluated would have ground floor commercial with three stories of residential supporting 18 units. The ground floor commercial would be 2,770 sq. ft. and there would be five surface parking spaces for the residential and no commercial parking. The parking standard provides for .33 spaces per residential units above 6 units and allows a 25% reduction for multi-tenant buildings.

The building would be wood frame construction with an elevator. It is a corner lot and we have assumed the project would redo the sidewalks on two sides. Parking would be located off the side street and the alley on the third side. The zoning specifies 10% landscaping, which we have placed on the main street front of the building. This is the only proposed setback, which results in an overall site coverage of 90%. The total project cost is $3.7 million, including $163,000 in City fees (4.4%).

The project would offer a full range of unit sizes from studios to three bedroom units. The rent levels or sales prices would be affordable for households in the Moderate Income range. The retail lease rate is estimated to be $1.10 per sq. ft. triple net.

**Scenario 2.1: No Parking, 22 Units**

Given the small size of this site, it is unlikely that a five story building would be within scale for Downtown Arcata. However if the parking requirements were eliminated, it would allow for four more units and a larger commercial space to be included in the building. This would increase the total project cost to $5.0 million, and unit rents would be 1.5% higher, but still within the Moderate Income range. The advantage of this option is the additional units that would be gained.

### Office Mixed Use - 0.62 Acre Site

While demand for industrial space is currently strong in Arcata, the longer term projections for the City and the County suggest that demand for office space should increase in the future. Much of the office demand is for medical office space but growth is also projected of other professional technical and business services that occupy office space. This example analyses a 26,942 sq. ft. site zoned Commercial General, which allows up 15 residential units per acre and a 2.0 FAR. With these standards, and considering the required setbacks, parking, landscaping and height limit of 35 ft., we estimate this site could support two stories of office space, totaling 22,585 sq. ft. and a third story with nine two bedroom residential units of 925 sq. ft. each.

The residential construction cost would be similar to the industrial mixed use project described above, at $182.23 per sq. ft. and the office space is estimated to cost $173.91 per sq. ft. The land cost is estimated at $377,192 and the total project cost is estimated at $6.2 million.

The feasible rents for this project design would accommodate four person households in the Moderate Income affordability range.

**Scenario 4.2: No Density Restriction (30 Units), Reduced Parking Requirement**

With no unit density restriction and a reduced parking requirement, the project could support 30 units in the Moderate Income affordability range (Scenario 4.2 in Table 16 above). Although the RHNA income range is similar to the nine unit project, the rent levels are significantly lower within the Moderate range, so this prototype would be more affordable than the project under existing development standards.

### Infill on Single Family Lots

There are a number of vacant single family lots in Arcata. The Residential Low Density Zone allows at 50% FAR and a 35 ft. height limit. This example evaluates the feasibility of developing a triplex on a 5,900 sq. ft. lot. The FAR would allow nearly 3,000 sq. ft. of building space, which would be subdivided into three two-bedroom units of 986 sq. ft. each. The project would include three parking spaces and nearly 600 sq. ft. of landscaped area.

The building could be designed to look similar to single family units in the neighborhood, but the construction cost would be higher than typical single family costs, at $181.30 per sq. ft. The total cost, including City fees and land is estimated at $797,300.

The feasible rent levels for two-bedroom units would need to be about $2,143 per month. This would be affordable for a family of five at the Above Moderate affordability level. Alternatively, the units could be sold as condos for about $311,000, which would be affordable for a four person household at the Moderate Income level.

# 5. FISCAL ANALYSIS

From a cost efficiency standpoint for City government, promoting infill development would help reduce the demand for development of greenfield sites on the City periphery where no infrastructure currently exists. This section presents a fiscal impact analysis that demonstrates the cost/revenue trade-offs between mixed use, higher density infill and a single family subdivisions.

## 5.1 APPROACH TO THE ANALYSIS

One area that could be annexed for greenfield development is on the west side of town between Foster Ave. on the south and 27th St. on the north. If the current discontinuation of Foster Ave. were connected and the street grid built out, the City estimates that about 358 acres could be developed with 2,600 housing units. However, this area has no sewer service currently. For this analysis, we have assumed 1,000 single family homes would be built in a portion of this area, roughly equivalent the potential for infill development in the Downtown and K-street/Creamery District areas. The average assessed value for the 1,425 sq. ft. homes is estimated at $322,000 and the average household size is 2.54 persons. While the overall household size in Arcata is 2.22 persons (down from 2.25 in 2013-2017 ACS), census data indicates that larger units have larger households, as would be expected (Table 17). This 1,000 unit subdivision would house 2,540 persons.

**Table 17: Total Population by Units in Structure**

| Unit Types | Pop | Occupied Units | Household Size |
|---|---|---|---|
| Total | 16,224 | 7,311 | 2.22 |
| 1, detached or attached | 9,341 | 3,679 | 2.54 |
| 2 to 4 | 2,819 | 1,206 | 2.34 |
| 5 or more | 2,973 | 1,906 | 1.56 |
| Mobile Home | 1,091 | 520 | 2.1 |

*Source: ADE, Inc., based on ACS 2014-2018 Table B20533.*

For the equivalent 1,000 unit infill scenario, we have combined the infill potential shown in Table 13 above with the housing and mixed use development prototype analysis discussed above to derive the mix of units and non-residential development shown in Table 18. In compiling this scenario, we have assumed that vacant and underutilized lots would develop before parcels that are already fully developed with non-residential uses but have been identified as potential housing sites. In order to meet the 1,000 unit potential, we have programmed 52% of the developed industrial sites identified as having a potential better use. Of these parcels, we have allocated half to new industrial uses and half to office mixed use. In addition, sites zoned Commercial General, Public Facility, and Planned Mixed Use have been allocated to office mixed use in the scenario.

For residential zones, we have created three development types. In the Infill Inventory, there are a number of parcels greater than 10,000 sq. ft. zoned as Residential Very Low or Low Density. We have assumed these parcels would be subdivided and rezoned to Residential Medium Density and developed at 7.25 dwelling units per acre. This would result in 58 single family units on 8 acres. In addition, there are 19 vacant single family lots of about 6,000 sq. ft. each. We have assumed these would be developed with triplexes. Finally, there are about four acres of residential parcels zoned Residential High Density. We have assumed these would develop at 32 dwelling units per acre, producing 129 units.

This scenario represents one option for developing infill units in Arcata and reflects slightly different assumptions than those used to calculate the infill development capacity in Table 13, based on findings from the feasibility analysis above. Clearly other scenarios are possible under the zoning and market parameters in Arcata, and could be evaluated using the fiscal model described below.

**Table 18: Infill Development Scenario**

| Development Type | Density | Notes | Units/ Sq. Ft | Acres |
|---|---|---|---|---|
| **Commercial Central Zone** | | | | |
| Retail | 45% Lot coverage | | 58,884 | 3.0 |
| Residential | 64 dwelling units per acre | 6 stories over commercial | 192 | |
| **Industrial Mixed Use** | | | | |
| Industrial | 40% Lot coverage | vacant/underutilized/52% reuse (half) | 229,181 | 13.2 |
| Residential | 15 dwelling units per acre | 2 story multi-family | 197 | |
| **Office Mixed Use** | | | | |
| Office | 35% Lot coverage | CG + Pub Fac.+ Planned MU+52% reuse Industrial (half) | 372,401 | 24.4 |
| Residential | 15 dwelling units per acre | 2 story multi-family | 366 | |
| **Residential** | | | | |
| Medium Density SF | 7.25 dwelling units per acre | Single Family | 58 | 8.0 |
| Small Scale Multi-Family | 3 DU per 6,000 sq. ft. lot | Triplexes | 57 | 2.6 |
| High Density | 32 dwelling units per acre | 5+ dwelling units/Bldg. 4 story multi-family | 129 | 4.0 |
| **Total** | | | 1,000 | 55.2 |

*Source: ADE, Inc.*

Since a lot of the infill units are smaller and higher density product types, they would typically have lower household sizes, as shown in Table 17 above. We estimated the 1,000 infill units would support a population of 2,100 people. In addition, the non-residential space would support 1,081 jobs. The assessed values, household sizes and job densities for the land uses are shown in Table 19.

**Table 19: Socioeconomic Characteristics of Infill Scenario: Units by Type of Unit, Population, Employees and Assessed Value**

| RESIDENTIAL | Units | Population per Unit | Total Population | Assessed Value Per Unit | Total Assessed Value |
|---|---|---|---|---|---|
| Single Family | 58 | 2.54 | 147 | $322,000 | $18,676,000 |
| Small Scale Multi-Fam | 57 | 2.34 | 133 | $298,700 | $17,025,900 |
| Medium Density MU | 563 | 2.34 | 1,317 | $225,600 | $127,012,800 |
| High Density | 130 | 1.56 | 203 | $170,000 | $22,100,000 |
| High Density MU | 192 | 1.56 | 300 | $195,700 | $37,574,400 |
| Total Residential | **1,000** | | **2,100** | | **222,389,100** |
| **NON-RESIDENTIAL** | **Sq. Ft.** | **Sq. Ft./Emp** | **Total Employees** | **Assessed Value Per Sq. Ft.** | **Total Assessed Value** |
| Retail | 58,884 | 550 | 107 | $240 | $14,132,160 |
| Office | 372,401 | 500 | 745 | $423 | $157,525,623 |
| Light Industrial | 229,181 | 1,000 | 229 | $365 | $83,651,065 |

*Source: ADE, Inc.*

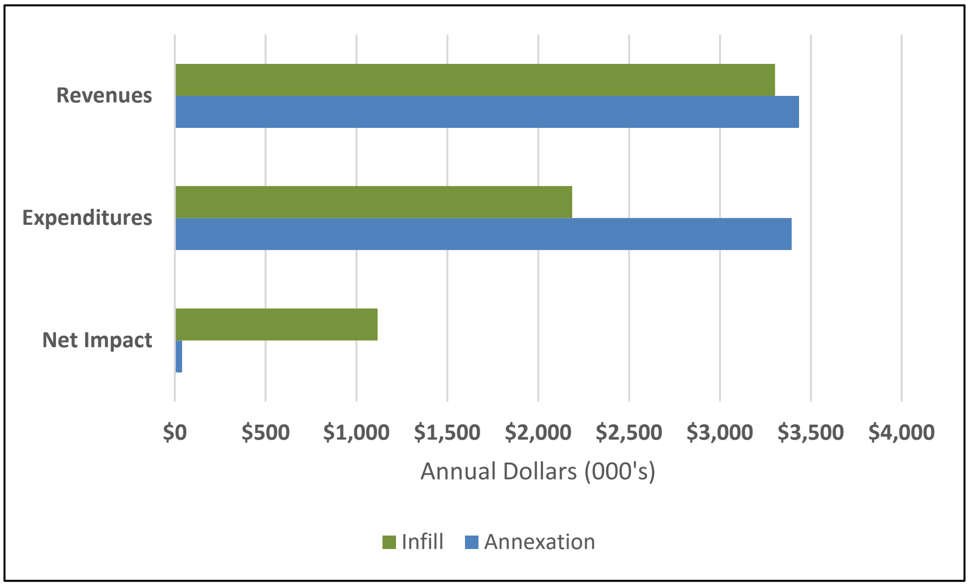
## 5.2 CITY OF ARCATA FISCAL IMPACTS

The fiscal analysis estimates the annual revenues the development would generate for City government and the cost required to provide services to the new units and population, as well as the non-residential uses. (Impacts for the Arcata Fire Protection District are discussed further below). The fundamental difference between infill development and greenfield development is that the infill development would use existing infrastructure such as streets, water and sewer lines and storm drain facilities. The greenfield development would need to build this infrastructure new. While the City would require the developers to install the new infrastructure, the City would be required to maintain and operate the facilities once the development is complete. This would result in a greater increase to the City's total maintenance expenditures than would operating existing infrastructure at higher capacity as in the infill scenario.

The infill scenario is estimated to generate about $3.3 million in total revenues for the City per year, including General Fund tax revenues annual fees for recreation programs and service charges for water and wastewater and other City utilities (see Table F-7 in the Appendix). The cost of services to serve the infill development is estimated at just under $2.2 million per year, generating a fiscal surplus of about $1.1 million per year. The infill residential units would generate nearly half of this net revenue, or $466,700, and the non-residential uses in the scenario would generate the balance.

In contrast, the greenfield development scenario would generate $3.43 million per year (right hand column of Table F-7), but would require an estimated $3.39 million in municipal expenditures, creating a small fiscal surplus of $39,000 per year (Figure 5). The detailed methodology for these calculations is described in Appendix D, but the primary difference in the cost estimates is that for streets, and water, sewer, storm drainage infrastructure in the streets, the costs for the greenfield scenario reflect the added cost of maintaining new facilities for the subdivision (based on the existing average costs the City spends for maintenance and operation of those facilities). For the infill scenario, the costs for those portions of the infrastructure reflect the annual increase in City maintenance costs for existing facilities.[9] In addition, the higher population supported by the single family development in the greenfield scenario also increases demand for other types of City services such as recreation, police protection and others.

**Figure 5: Annual Fiscal Impact of Infill and Annexation Scenarios at Full Buildout**




*Source: ADE, inc.*

## 5.3 ARCATA FIRE PROTECTION DISTRICT (AFPD)

The AFPD provide fire protection services to Arcata, McKinleyville and surrounding unincorporated areas. The District is funded from four primary sources:

- 50% from the ad valorem (property tax)
- 40% from the District’s voter-approved initiatives.
    - 1997 special tax.
    - 2006 benefit assessment.
- 8% from other governmental funds.
- 2% from charges for services

[9] This is based on the Engineering News Record (ENR) annual cost index, which tracks the escalation of building construction costs annually.

The District operates with minimal staffing and has struggled to maintain its existing stations and equipment. A new voter initiative, Measure F, recently passed that would replace and increase the 1997 voter approved measure and extend it for another ten years.

Given the location of existing fire stations in the District, Fire Chief Justin McDonald indicates that the two development scenarios evaluated in this Study would not have significantly different impacts on Fire District services.[10] Under the assumptions of this analysis, the greenfield subdivision would have a larger population, which would increase medical emergency calls compared to the infill scenario, assuming a similar age mix for the population. However, the senior citizen population generates significantly more medical emergency calls than the younger segments of the population. If seniors were concentrated in the greenfield subdivision, this could have a significant impact on the District since the potential annexation area currently requires no medical response efforts from the District. However, the more likely scenario is that the seniors would be concentrated in the infill units closer to downtown, in which case existing fire station personnel would be more able to respond since the developed parts of the City are already actively served by the District. The volume of additional calls for service may necessitate adding more medical response personnel and vehicles; however, both scenarios would generate more property tax and special assessment revenue for the District to help cover these costs.

Another consideration is building height and whether additional ladder trucks would be needed. Chief McDonald indicates that current District equipment can handle the heights of buildings that have been built in Arcata to date (4-5 stories), but if buildings start to reach 75 feet in height, then a new ladder truck would be needed. The cost for such a truck would start at $1 million, plus additional equipment and the personnel needed to operate it.

From a revenue standpoint, the residential units in the greenfield scenario would generate more property taxes and special assessments than the infill residential units. However, the non-residential component of the infill scenario would increase overall revenues above the greenfield scenario. Chief McDonald indicates that if future growth requires new equipment such as a ladder truck or additional medial response vehicles and personnel, the District may have to consider establishing a development impact fee.

[10] Chief Justin McDonald, Arcata Fire Protection District, personal communication, October 2019.

# 6. RECOMMENDATIONS

## 6.1 CONCLUSIONS

The City RHNA requirements established by the State HCD and the projections prepared independently for this Study indicate that the City will need to construct about 600 dwelling units by 2027. Based on the current jobs/housing balance in the City, it is likely the latent demand for housing in Arcata is much greater than the RHNA projections. In addition, based on our outreach to date, there is substantial evidence from the community that low income households, college students, ethnic minorities and other disadvantaged groups have significant difficulty accessing adequate, affordable housing in Arcata.

Our analysis shows that the 600 units can be provided as infill within the identified infill areas under current City zoning provisions. Our analysis further shows that a mix of high-density subsidized apartments and lower-density, mixed-use market rate unit types can be utilized to meet the City's RHNA. Meeting the City's RHNA will be more feasible if zoning standards are updated to remove density restrictions and reduce parking requirements.

The fiscal analysis presented in Section 4 documents the potential cost savings for the City in encouraging infill development rather than greenfield subdivisions on the periphery of town where services do not currently exist. Construction of infill development to meet housing needs could result in savings of more than $1 million per year. In addition, infill development provides greater opportunities for mixed use development and higher densities, which can improve the efficiency of the transit and circulation systems as well as other utilities. The recommendations below suggest that the City may need to make some investments in its planning and building review process in order to stimulate accelerated infill housing development with its associated fiscal and other benefits.

## 6.2 RECOMMENDATIONS

The following sections provide a summary of the housing market gaps and barriers to increasing housing production, as well as recommendations on how the City can proceed to create incentives for development of infill housing, with a particular focus on future planning for the Arcata Gateway Plan and other areas. Appendix C also summarizes potential financing sources and mechanisms that can help finance housing development.

### MARKET SUMMARY

- The RHNA projection indicates that nearly 40% of the housing need in Arcata is for Low and Very Low Income units. Our analysis of infill development prototypes suggests that this market segment will need to be addressed through the use of low income tax credits and other sources of affordable housing subsidies.

- Survey results conducted for this Study as well as input from developers and property managers indicate that at least two-thirds of the housing demand is for two bedroom units or larger. The infill feasibility analysis indicates that larger units can be integrated into a range of building types including 3-4 four story multi-family developments as well as townhouses and triplexes.

- There is a gap in home ownership opportunities in Arcata. The nexus of market demand for larger units and more ownership opportunities against the need for more affordability highlights the opportunity for infill housing to provide ownership housing in multi-family product types.

- Arcata needs more transitional housing and group homes (these are legally allowed anywhere as long as they house six or fewer people). Infill housing can serve this need but would need subsidies.

## BARRIERS TO HOUSING CREATION

- Based on our analysis, City fees do not constitute a significant barrier to development. However, City and State requirements, such as energy efficiency and fire protection sprinklers, as well as water quality studies significantly increase costs for design, construction and navigating the compliance approval process for housing. In many cases these required improvements reduce resident or public safety costs during the life of the units, but they also reduce initial affordability.

- There is substantial uncertainty in the Arcata development approval process, both at the staff level and at the review broad and decision maker level. For most developers, it is difficult to attract and commit capital for long periods of time when the outcome is uncertain. The City should identify development models for which approvals can be gained rapidly in order to attract greater construction activity.

- The litigation risk associated with Conditional Use Permits (CUPs), particularly for condominium projects, have driven insurance costs up beyond the point of feasibility. This is a major barrier for multi-family ownership housing, which is a market gap in Arcata.

- When doing infill, demolition costs can be high, and sometimes existing infrastructure needs to be improved or expanded to provide sufficient capacity. In certain circumstances these costs can be higher than for greenfield development, creating the need for additional subsidies to make infill housing feasible.

## POTENTIAL SOLUTIONS

- Adopt a form-based code that would define the allowable building envelope without limiting the density of units on the site  to improve project feasibility and increasing housing production.

- Increase height limits would to increase housing production per site. Keep in mind this may require higher per unit subsidies to keep units affordable.

- Permit larger building envelopes to increase the potential to locate amenities and services in the development and increase access to social services as well as recreational and cultural amenities.

- Reduction of parking requirements has a measurable benefit for project economics, provided consumer acceptance follows pace. Couple reduced parking with free transit passes or other transportation alternatives.

- Use City or other publicly owned land or City investments to write down land costs, particularly if the infill development requires demolition. Use incentives such as tax credits more aggressively to achieve high-density developments.

- Create a fee deferral program to allow developers to defer City fees until just prior to the development being occupied (i.e. the recreation fee for new construction).

- Stakeholders are very supportive of the City's initial proposed concept of developing a master plan with environmental analysis completed upfront to identify the maximum potential of each infill site. This could include creating pre-approved plan sheets for vacant properties with approved uses and requirements to develop the properties with an idea of fees and timeline to get it through the process, thereby develop an inventory of principally permitted properties.

- Stakeholders recommend that Arcata hire a building official and a plan checker to improve the speed and quality of service, rather than rely on outside consultants. The County of Humboldt offers all in house plan-checkers and this simplifies the process. Also, the County utilizes an online portal that facilitates interdepartmental communication. Another example of this may be found in Santa Rosa. After the 2017 devastating fire, Santa Rosa hired a contractor to develop an online permitting system to accelerate the process of rebuilding. The portal is capable of searching for permits, scheduling inspections, looking up general property information, and applying for permits. The streamlined permit process can aid in building housing units quicker. https://wwwsrcity.org/275/Online-Permitting-System

- Pursue partnerships with more non-profit developers who can apply for CDBG, HOME, State, Federal funds to reduce costs. The Rural Housing Development Corporation builds all over the state but needs incentives. As described on pp.73-74 of the Appendix to the Housing Element, the City monitors when loans on HUD units are expiring. State law requires first right of refusal for cities to get a non-profit involved.

## 6.3 ARCATA GATEWAY AREA RECOMMENDATIONS

The Arcata Gateway Area offers a number of unique planning opportunities and the City is anticipating creating a specific plan to guide development in this area. The community engagement conducted for this Study provided some additional considerations of the City as it moves forward with planning for this area.

## DEMOGRAPHICS AND NEEDS

- While the Arcata Gateway District has a definite focus on the arts and has much of the available industrial property in the City, stakeholders generally agree that housing is a good use in this area. Interest was expressed particularly for artists' live/work housing as well as additional senior housing. Stakeholders believe that mobile home parks and personal storage facilities are not a good fit for this District, although there was some discussion of converted the storage unit to live /work units.

- Landlords also report that half of their tenants either walk or bike to work. Having a good pedestrian and bike trail system would be an asset. Also, EV charging spaces would be used if they could be provided.

## BARRIERS TO HOUSING CREATION

- Property owners and those seeking to plan for change in the District see the Coastal Commission as a major challenge. Some stakeholders have been petitioning to move the Coastal Zone to a straight line south of 8$^{th}$ St. One concern is that ditches from old logging ponds are categorized as "Environmentally Sensitive Habitat Areas" and then are protected by the coastal zone.

- In terms of circulation, it would be helpful to revisit the truck traffic plan. K St. should give way to O St. for truck traffic (Los Harbors improvements), and O St. should be improved.

## POTENTIAL SOLUTIONS

- The City Land Use Code has policies pertaining to live/work development but should review these requirements to improve the feasibility and neighborhood suitability of this type of development.

- Ensure that the desired housing and mixed use building products are principally permitted uses in the appropriate zoning districts.

## ADDITIONAL STAKEHOLDER RECOMMENDATIONS

The extensive outreach conducted for the Study generated numerous ideas for improving the availability and affordability of housing in Arcata. Further research would be needed to determine which of these ideas are feasible and appropriate for Arcata. They are listed here for the City's consideration as it moves forward with future planning efforts.

- Pre-Application Review and Technical Assistance: communities can offer a pre-application review and technical assistance to eliminate red tape can make them more attractive to developers.

- Accessory dwelling units (ADUs) could be a very important source of additional housing and the City should find ways to augment state legislation to remove impediments to building ADUs.

- Relaxing requirements for homeless housing, because it is currently a Catch-22 with affordable housing and the cost of meeting standards.

- Research whether the vacation housing market is having a measurable effect on housing availability and affordability in Arcata. Numerous communities throughout California have regulated this industry and also strengthened licensing to ensure that the appropriate fees and tax revenues accrue to the City.

- Consider providing small grants to LSNC, through the Housing Advocacy Group, to do fair housing workshops for tenants and landlords called "Know your Rights."

- Ensure that local enforcement is adequate for the state adopted legislation, effective January 1, 2020, to prohibit discrimination against section 8 tenants.

- Adopt an ordinance for a percent of affordable units in market-rate housing

- Consider adopting linkage fees on new commercial development to give to a non-profit to build housing

#### Arcata Gateway District Stakeholder Recommendations

- There are streams running through parcels in this area. It would be great if those could be opened up to public access and made part of the trail system; however, this is not something that private landowners can take on alone, because insurance is too onerous. If the City were to improve creek and own the contamination at the car wash/transmission sites, these areas could be put to much better use.

- Stakeholders would like to have better signage for the area. Signage is particularly challenging for businesses, and this seems to have been an area of difficulty with the City. The Creamery District gateway entrance has been implemented: Jolly Giant Creek art bulb outs are completed and sculpture of indigenous fish and species and sidewalk art showing path of creek are planned.

- Arts are very important to the District and there is work being done on a strategic arts plan to promote creative place-making. One idea would be to have the Transactions and Use tax cycled back into the arts; funds could be used to get matching funds from the state and federal governments. Another idea is to fund stipends for artists in the area.

- Playhouse Arts is the "local arts agency for the City of Arcata" and is petitioning to continue for another five years. There is interest in doing work in kinesthetic arts, design, eco art (combination of ecological restoration with art), aging artist support and promoting discussions around aging. Stakeholders also suggested attracting glass artisans to the Arcata Gateway District.

- Stakeholders indicate that communication needs to be better between businesses in the Arcata Gateway District and the City of Arcata. It would be helpful to have a monthly report from the City on what is going on in the Arcata Gateway District, delivered to businesses and residents in the area. In the past, projects that were proposed were not implemented in the way stakeholders in the District anticipated.

# 7. REPORT PREPARATION

## 7.1 CLIENT

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## 7.3 PERSONS CONSULTED

The Study process included extensive outreach to community members and stakeholders in the housing community, as summarized below.

- **911 people completed an online survey** (in English and Spanish) about housing needs, concerns, affordability.

- Consultants and City employees surveyed at **ten community events** in Arcata, Eureka, and McKinleyville.

- **Four focus groups** were conducted with Latinx families (12 participants); Creamery District artists, residents, and business owners (27 participants); low-income seniors (interviews and well as survey responses); housing advocates who work with members of our community who are housing insecure (8 participants representing the following organizations:
  - Redwood Community Action Agency
  - Arcata House Partnership
  - Redwood Coast Regional Center
  - Housing Humboldt

- Affordable Homeless Housing Alternatives)

- We gained insight into **Humboldt State University students' experiences** through a variety of methods including: "Pop-up" event surveying on the quad, one-to-one conversations with students during events, and analyzing qualitative and quantitative data shared with us by HSU's Off-Campus Housing Coordinator.

- **Two community workshops** were held, one in English and the other in Spanish, where City staff shared information about the state and local housing context, current housing plans under development, and gathered input on the tensions that will have to managed as new housing is developed, as well as how to reach the City's housing goals.

- Held one **"We'll Come to You" Session** with True North Organizing Network.

- The consultants interviewed 17 representatives from the Development, Realtors/Property Managers, Healthcare Providers, "Creamery District" Stakeholders, and Legal communities, listed below.

**Developers**

- Tony Lucchesi, Pacific Builders
- Chris Dart, DANCO
- Kurt Kramer, Kramer Investment Corporation
- Jim Furtado, JLF Construction
- Mark Rynearson, Bella Vista Realty
- Audrey & Melissa Bode, Bode Construction
- Steve Strombeck, Strombeck Construction

**Realtors/Property Managers**

- Mark Burchett, Benchmark Realty
- Linda Disiere, Disiere & Associates
- David Wells & Alissa Hall, Wells Real Estate

**"Creamery District" Stakeholders**

- Paul Lubitz, Holly Yashi
- Kathy Moxon & Fawn Scheer, Greenway Partners
- Kash Boodjeh, Architect
- Jackie Dandeneau, Playhouse Arcata

**Healthcare Providers**

- Mike Sawyer, United Indian Health Services (Potawot Health Village)
- Jed Rudd, Mad River Hospital

**Legal Services**

- Lynn Martinez, Legal Services of Northern California

**Banks**

- Jennifer Budwig, Jamie Anderson, Redwood Capital Bank
- Dane Valadao, Reprop Financial

# **APPENDIX A:** COMMUNITY ENGAGEMENT

[See separate report attached to the Housing Element Appendix]

# **APPENDIX B:** HOUSING MARKET DATA

**Table B-1 (A-4): Persons by Age: Humboldt County, Arcata and other places within Humboldt County Compared to California, 2012-1017 Average**

| Age Groups | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total: | 38,982,847 | 135,490 | 17,814 | 27,024 | 1,096 | 1,458 | 11,981 | 3,385 | 199 | 16,963 | 5,145 | 4,217 |
| Under 5 years | 2,493,545 | 7,387 | 469 | 1,596 | 49 | 51 | 678 | 227 | 2 | 1,104 | 192 | 268 |
| 5 to 9 years | 2,526,231 | 7,729 | 470 | 1,428 | 27 | 85 | 810 | 220 | 3 | 1,445 | 350 | 277 |
| 10 to 14 years | 2,543,419 | 6,838 | 645 | 1,299 | 24 | 98 | 736 | 249 | 2 | 845 | 278 | 259 |
| 15 to 17 years | 1,551,525 | 4,404 | 300 | 913 | 12 | 65 | 588 | 125 | 0 | 622 | 218 | 205 |
| 18 and 19 years | 1,057,585 | 4,805 | 2,051 | 623 | 0 | 40 | 351 | 42 | 0 | 332 | 61 | 204 |
| 20 years | 585,815 | 2,971 | 1,299 | 571 | 15 | 16 | 102 | 13 | 0 | 285 | 2 | 128 |
| 21 years | 576,351 | 2,033 | 885 | 306 | 0 | 29 | 128 | 24 | 0 | 244 | 32 | 98 |
| 22 to 24 years | 1,697,558 | 7,964 | 2,662 | 1,484 | 126 | 33 | 524 | 119 | 8 | 752 | 225 | 248 |
| 25 to 29 years | 2,989,780 | 9,164 | 1,487 | 1,916 | 150 | 66 | 560 | 246 | 3 | 1,108 | 577 | 157 |
| 30 to 34 years | 2,833,092 | 9,208 | 1,037 | 2,273 | 65 | 77 | 649 | 235 | 21 | 1,125 | 343 | 227 |
| 35 to 39 years | 2,609,639 | 8,828 | 703 | 1,822 | 80 | 93 | 888 | 197 | 12 | 1,514 | 247 | 236 |
| 40 to 44 years | 2,570,431 | 7,808 | 637 | 1,470 | 41 | 56 | 755 | 306 | 7 | 1,148 | 421 | 375 |
| 45 to 49 years | 2,590,399 | 7,141 | 718 | 1,297 | 27 | 57 | 711 | 242 | 0 | 944 | 178 | 222 |
| 50 to 54 years | 2,611,934 | 8,255 | 688 | 1,788 | 57 | 106 | 962 | 175 | 4 | 865 | 381 | 219 |
| 55 to 59 years | 2,453,244 | 9,755 | 823 | 2,083 | 82 | 111 | 850 | 246 | 18 | 1,097 | 413 | 323 |
| 60 and 61 years | 916,388 | 4,032 | 407 | 766 | 42 | 31 | 247 | 69 | 9 | 495 | 175 | 131 |
| 62 to 64 years | 1,227,463 | 5,417 | 445 | 1,201 | 31 | 37 | 353 | 130 | 29 | 581 | 166 | 131 |
| 65 and 66 years | 755,921 | 3,607 | 459 | 729 | 32 | 33 | 273 | 62 | 10 | 445 | 226 | 51 |
| 67 to 69 years | 966,469 | 4,293 | 444 | 683 | 77 | 81 | 280 | 114 | 25 | 535 | 104 | 96 |
| 70 to 74 years | 1,224,419 | 5,521 | 450 | 1,028 | 92 | 87 | 470 | 140 | 22 | 624 | 124 | 109 |
| 75 to 79 years | 872,609 | 3,714 | 361 | 629 | 27 | 112 | 333 | 105 | 18 | 405 | 118 | 106 |
| 80 to 84 years | 636,919 | 2,049 | 72 | 524 | 16 | 57 | 267 | 18 | 4 | 232 | 89 | 80 |
| 85 years and over | 692,111 | 2,567 | 302 | 595 | 24 | 37 | 466 | 81 | 2 | 216 | 225 | 67 |
| **Median** | **36.1** | **37.7** | **25.4** | **37.5** | **40** | **45.6** | **39.9** | **39.9** | **62.5** | **37.2** | **40.6** | **36.6** |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B01001 and B01002]*

**Table B-2 (A-10): Number of Persons With At Least One Disability: California, Humboldt County, and City of Arcata**

| Population Segment | California | Humboldt County | City of Arcata |
|---|---|---|---|
| Total civilian non-Institutionalized population | 38,488,069 | 134,525 | 17,776 |
| Total civilian non-Institutionalized population with a disability | 4,088,523 | 22,502 | 2,134 |
| Persons with a hearing disability | 1,142,006 | 6,648 | 515 |
| Persons with a vision disability | 778,549 | 3,834 | 402 |
| Persons with a cognitive disability | 1,560,559 | 9,691 | 1,000 |
| Persons with an ambulatory disability | 2,133,750 | 10,639 | 891 |
| Persons with a self-care disability | 943,071 | 4,384 | 437 |
| Persons with an independent-living disability | 1,611,722 | 8,118 | 794 |
| Total civilian non-Institutionalized population with a disability as percent of total | 10.6% | 16.7% | 12.0% |

*Source: ADE, Inc., based on US Census ACS 2013-2017 5-year Sample (Table S1801)*

**Table B-3 (A-11): Number of Veterans, including by Disability Status: California, Humboldt County, and City of Arcata**

| Population Segment | California | Humboldt County | City of Arcata |
|---|---|---|---|
| Total number of persons 18 and over (civilians only) | 29,740,487 | 109,052 | 15,899 |
| Total number of persons 18 and over (civilians only): veterans | 1,661,433 | 8,817 | 750 |
| Veterans as a percent of total civilians 18 and over | 5.6% | 8.1% | 4.7% |
| Total persons 18 and over (civilians only): with a disability | 3,784,716 | 20,784 | 1,843 |
| Total persons 18 and over (civilians only): with a disability: veterans | 466,644 | 3,240 | 307 |
| Veterans with a Disability as a percent of civilians 18 and over with a disability | 12.3% | 15.6% | 16.7% |
| Veterans with a Disability as a percent of all veterans | 28.1% | 36.7% | 40.9% |
| 18 and over civilians w\ disability as percent of total 18 and over civilians | 12.7% | 19.1% | 11.6% |

*Source: ADE, Inc., based on US Census ACS 2013-2017 5-year Sample (Table S2101)*

### Table B-4 (A-7): Household Income: Humboldt County, Arcata and other places within Humboldt County Compared to California, 2013-2017 Average

| Income Group | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 12,888,128 | 53,966 | 7,078 | 11,372 | 488 | 639 | 4,514 | 1,410 | 115 | 6,380 | 1,953 | 1,525 |
| Less than $10,000 | 694,945 | 3,997 | 1,079 | 649 | 33 | 52 | 274 | 58 | 0 | 391 | 61 | 73 |
| $10,000 to $14,999 | 604,666 | 4,289 | 767 | 1,140 | 28 | 23 | 314 | 196 | 4 | 328 | 112 | 29 |
| $15,000 to $19,999 | 536,203 | 3,434 | 580 | 683 | 15 | 41 | 353 | 139 | 10 | 257 | 16 | 65 |
| $20,000 to $24,999 | 568,994 | 3,633 | 499 | 918 | 50 | 46 | 280 | 69 | 8 | 437 | 83 | 44 |
| $25,000 to $29,999 | 523,563 | 3,459 | 509 | 1,124 | 38 | 24 | 308 | 96 | 6 | 229 | 102 | 53 |
| $30,000 to $34,999 | 539,988 | 3,134 | 464 | 604 | 15 | 66 | 182 | 164 | 6 | 445 | 67 | 151 |
| $35,000 to $39,999 | 500,571 | 2,839 | 280 | 604 | 9 | 58 | 187 | 65 | 2 | 494 | 42 | 45 |
| $40,000 to $44,999 | 509,113 | 2,869 | 403 | 725 | 16 | 14 | 247 | 69 | 0 | 192 | 127 | 127 |
| $45,000 to $49,999 | 456,152 | 2,353 | 231 | 432 | 32 | 48 | 384 | 43 | 7 | 288 | 76 | 41 |
| $50,000 to $59,999 | 895,758 | 4,815 | 443 | 1,110 | 78 | 35 | 543 | 72 | 10 | 657 | 181 | 215 |
| $60,000 to $74,999 | 1,199,773 | 5,111 | 322 | 1,010 | 50 | 74 | 432 | 180 | 9 | 469 | 428 | 275 |
| $75,000 to $99,999 | 1,568,843 | 6,053 | 569 | 1,230 | 55 | 54 | 492 | 150 | 13 | 949 | 361 | 187 |
| $100,000 to $124,999 | 1,206,637 | 2,910 | 269 | 442 | 38 | 23 | 253 | 55 | 15 | 378 | 126 | 27 |
| $125,000 to $149,999 | 818,690 | 1,969 | 241 | 341 | 14 | 13 | 140 | 19 | 4 | 301 | 112 | 83 |
| $150,000 to $199,999 | 1,008,388 | 1,495 | 251 | 172 | 12 | 28 | 69 | 25 | 5 | 209 | 0 | 78 |
| $200,000 or more | 1,255,844 | 1,606 | 171 | 188 | 5 | 40 | 56 | 10 | 16 | 356 | 59 | 32 |
| Top 20th Percentile: Lower Limit | $139,246 | $88,115 | $80,252 | $77,490 | $83,341 | $91,833 | $79,695 | $71,316 | $131,250 | $99,273 | $93,426 | $93,750 |
| **Median** | **$67,169** | **$43,718** | **$30,866** | **$39,720** | **$50,500** | **$41,696** | **$46,451** | **$34,292** | **$65,250** | **$52,136** | **$99,461** | **$56,209** |
| Bottom 20th Percentile: Upper Limit | $26,498 | $18,650 | $12,739 | $18,386 | $22,160 | $21,553 | $19,472 | $15,700 | $25,500 | $23,755 | $31,122 | $32,609 |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B19001, B19013, and B19080]*

**Table B-5 (A-9): Household Income: Arcata: Households by Income, Age of Householder and Tenure**

| Income Categories | All Households by Age of Householder and Income | | | | All Homeowning Households by Age of Householder and Income | | | | All Renting Households by Age of Householder and Income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age Group | **All** | <35 | 35-54 | 55 and over | **Own** | <35 | 35-54 | 55 and over | **Rent** | <35 | 35-54 | 55 and over |
| Total | **7,708** | 2,857 | 1,636 | 2,585 | **2,641** | 106 | 695 | 1,840 | **4,437** | 2,751 | 941 | 745 |
| Less than $10,000 | **1,079** | 588 | 178 | 314 | **311** | 12 | 76 | 223 | **768** | 576 | 101 | 91 |
| $10,000 to $14,999 | **767** | 441 | 155 | 171 | **201** | 15 | 63 | 123 | **566** | 426 | 92 | 48 |
| $15,000 to $19,999 | **580** | 282 | 136 | 161 | **181** | 10 | 57 | 113 | **399** | 272 | 79 | 48 |
| $20,000 to $24,999 | **499** | 295 | 102 | 102 | **121** | 7 | 43 | 70 | **378** | 287 | 59 | 32 |
| $25,000 to $29,999 | **509** | 240 | 124 | 144 | **163** | 9 | 52 | 102 | **346** | 231 | 72 | 42 |
| $30,000 to $34,999 | **464** | 197 | 93 | 174 | **176** | 10 | 37 | 129 | **288** | 188 | 56 | 45 |
| $35,000 to $39,999 | **280** | 57 | 32 | 191 | **158** | 2 | 13 | 143 | **122** | 55 | 18 | 49 |
| $40,000 to $44,999 | **403** | 145 | 118 | 140 | **155** | 7 | 50 | 98 | **248** | 138 | 68 | 42 |
| $45,000 to $49,999 | **231** | 37 | 52 | 142 | **125** | 1 | 24 | 101 | **106** | 36 | 28 | 41 |
| $50,000 to $59,999 | **443** | 157 | 116 | 169 | **176** | 7 | 50 | 119 | **267** | 151 | 67 | 50 |
| $60,000 to $74,999 | **322** | 71 | 89 | 163 | **158** | 4 | 38 | 116 | **164** | 66 | 50 | 47 |
| $75,000 to $99,999 | **569** | 112 | 162 | 295 | **290** | 9 | 69 | 212 | **279** | 103 | 93 | 83 |
| $100,000 to $124,999 | **269** | 65 | 68 | 136 | **126** | 1 | 31 | 94 | **143** | 64 | 37 | 42 |
| $125,000 to $149,999 | **241** | 76 | 76 | 89 | **100** | 5 | 32 | 63 | **141** | 71 | 44 | 26 |
| $150,000 to $199,999 | **251** | 52 | 77 | 123 | **122** | 2 | 34 | 85 | **129** | 49 | 43 | 38 |
| $200,000 or more | **171** | 42 | 58 | 71 | **78** | 4 | 25 | 49 | **93** | 38 | 34 | 21 |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 Sample (Tables B19037, B19037i, B25003, and B25007)*

**Table B-6 (A-8): Occupied and Vacant Units by Number of Units in Type of Building Structures: Humboldt County, Arcata and other places within Humboldt County, Compared to California, 2013-2017 Average**

| Jurisdiction | Total | 1, detached | 1, attached | 2 | 3 or 4 | 5 to 9 | 10 to 19 | 20 to 49 | 50 or more | Mobile home | Boat, RV, van, etc. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **All Units** | | | | | | | | | | | |
| California | 13,996,299 | 8,131,716 | 978,110 | 343,548 | 775,541 | 857,711 | 728,840 | 684,497 | 962,670 | 518,818 | 14,848 |
| Humboldt County | 62,583 | 42,974 | 2,386 | 2,403 | 4,510 | 2,539 | 999 | 831 | 599 | 5,185 | 157 |
| Arcata | 7,919 | 3,592 | 534 | 501 | 816 | 902 | 445 | 357 | 232 | 540 | 0 |
| Eureka | 12,654 | 7,705 | 493 | 1,053 | 1,793 | 675 | 386 | 190 | 172 | 175 | 12 |
| Blue Lake | 574 | 366 | 4 | 31 | 90 | 9 | 15 | 0 | 0 | 59 | 0 |
| Ferndale | 768 | 565 | 33 | 37 | 94 | 17 | 0 | 9 | 0 | 13 | 0 |
| Fortuna | 5,010 | 3,312 | 226 | 185 | 512 | 188 | 24 | 73 | 117 | 373 | 0 |
| Rio Dell | 1,635 | 1,291 | 35 | 21 | 114 | 29 | 0 | 0 | 0 | 145 | 0 |
| Trinidad | 200 | 164 | 1 | 1 | 5 | 0 | 0 | 0 | 0 | 29 | 0 |
| McKinleyville CDP | 6,762 | 4,749 | 343 | 157 | 415 | 348 | 13 | 57 | 0 | 680 | 0 |
| Myrtletown CDP | 2,190 | 1,628 | 136 | 65 | 145 | 138 | 0 | 11 | 42 | 25 | 0 |
| Humboldt Hill CDP | 1,602 | 1,079 | 0 | 35 | 121 | 0 | 0 | 37 | 0 | 330 | 0 |
| **Owned-Occupied** | | | | | | | | | | | |
| California | 7,024,315 | 5,797,777 | 490,431 | 49,846 | 80,633 | 79,120 | 53,002 | 58,038 | 87,103 | 320,610 | 7,755 |
| Humboldt County | 30,500 | 26,768 | 561 | 149 | 127 | 9 | 10 | 0 | 0 | 2,819 | 57 |
| Arcata | 2,641 | 2,226 | 82 | 34 | 36 | 0 | 8 | 0 | 0 | 255 | 0 |
| Eureka | 5,139 | 4,747 | 118 | 79 | 65 | 9 | 0 | 0 | 0 | 109 | 12 |
| Blue Lake | 280 | 215 | 0 | 10 | 14 | 0 | 0 | 0 | 0 | 41 | 0 |
| Ferndale | 334 | 331 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fortuna | 2,511 | 2,167 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 262 | 0 |
| Rio Dell | 810 | 750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 0 |
| Trinidad | 87 | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 0 |
| McKinleyville CDP | 4,057 | 3,549 | 61 | 0 | 0 | 0 | 0 | 0 | 0 | 447 | 0 |
| Myrtletown CDP | 957 | 945 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 |
| Humboldt Hill CDP | 1,160 | 851 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 309 | 0 |
| **Renter-Occupied** | | | | | | | | | | | |
| California | 5,863,813 | 1,745,905 | 417,227 | 258,269 | 631,140 | 707,300 | 614,809 | 571,554 | 787,562 | 122,954 | 7,093 |
| Humboldt County | 23,466 | 10,389 | 1,411 | 1,974 | 3,854 | 2,134 | 919 | 670 | 527 | 1,488 | 100 |

| Jurisdiction | Total | 1, detached | 1, attached | 2 | 3 or 4 | 5 to 9 | 10 to 19 | 20 to 49 | 50 or more | Mobile home | Boat, RV, van, etc. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Arcata | 4,437 | 1,123 | 415 | 322 | 716 | 704 | 394 | 299 | 232 | 232 | 0 |
| Eureka | 6,233 | 2,157 | 254 | 955 | 1,519 | 561 | 359 | 190 | 172 | 66 | 0 |
| Blue Lake | 208 | 83 | 4 | 12 | 67 | 9 | 15 | 0 | 0 | 18 | 0 |
| Ferndale | 305 | 181 | 25 | 17 | 61 | 17 | 0 | 0 | 0 | 4 | 0 |
| Fortuna | 2,003 | 867 | 99 | 185 | 473 | 156 | 24 | 17 | 87 | 95 | 0 |
| Rio Dell | 600 | 330 | 35 | 7 | 114 | 29 | 0 | 0 | 0 | 85 | 0 |
| Trinidad | 28 | 25 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| McKinleyville CDP | 2,323 | 1,033 | 258 | 123 | 349 | 313 | 13 | 57 | 0 | 177 | 0 |
| Myrtletown CDP | 996 | 593 | 69 | 65 | 107 | 138 | 0 | 11 | 0 | 13 | 0 |
| Humboldt Hill CDP | 365 | 172 | 0 | 35 | 121 | 0 | 0 | 37 | 0 | 0 | 0 |
| **Vacant** | | | | | | | | | | | |
| California | 1,108,171 | 588,034 | 70,452 | 35,433 | 63,768 | 71,291 | 61,029 | 54,905 | 88,005 | 75,254 | 0 |
| Humboldt County | 8,617 | 5,817 | 414 | 280 | 529 | 396 | 70 | 161 | 72 | 878 | 0 |
| Arcata | 841 | 243 | 37 | 145 | 64 | 198 | 43 | 58 | 0 | 53 | 0 |
| Eureka | 1,282 | 801 | 121 | 19 | 209 | 105 | 27 | 0 | 0 | 0 | 0 |
| Blue Lake | 86 | 68 | 0 | 9 | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ferndale | 129 | 53 | 8 | 17 | 33 | 0 | 0 | 9 | 0 | 9 | 0 |
| Fortuna | 496 | 278 | 45 | 0 | 39 | 32 | 0 | 56 | 30 | 16 | 0 |
| Rio Dell | 225 | 211 | 0 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trinidad | 85 | 68 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 13 | 0 |
| McKinleyville CDP | 382 | 167 | 24 | 34 | 66 | 35 | 0 | 0 | 0 | 56 | 0 |
| Myrtletown CDP | 237 | 90 | 67 | 0 | 38 | 0 | 0 | 0 | 42 | 0 | 0 |
| Humboldt Hill CDP | 77 | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 0 |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Tables B25024 and B25032]*

**Table B-7 (1): All Households, Home Owners and Renters: Monthly Housing Costs and Household Size by Income Category, Humboldt County, 2013-2017**

| | All Households | | | | Home-Owning Households | | | | Renter Households | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of total** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of total** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of total** | **Monthly Gross Rent** | **Persons-per-HHD** |
| 01 Less than $10,000 | 4,339 | 4.4% | $722 | 1.53 | 1,547 | 35.7% | $719 | 1.51 | 2,792 | 64.3% | $726 | 1.55 |
| 02 $10,000 to $14,999 | 4,226 | 3.2% | $715 | 1.64 | 1,455 | 34.4% | $751 | 1.64 | 2,771 | 65.6% | $699 | 1.64 |
| 03 $15,000 to $24,999 | 6,759 | 6.2% | $738 | 1.98 | 2,725 | 40.3% | $661 | 1.67 | 4,035 | 59.7% | $809 | 2.19 |
| 04 $25,000 to $34,999 | 6,749 | 7.7% | $873 | 2.12 | 3,003 | 44.5% | $834 | 1.83 | 3,746 | 55.5% | $914 | 2.35 |
| 05 $35,000 to $49,999 | 7,680 | 10.6% | $941 | 2.59 | 4,142 | 53.9% | $941 | 2.61 | 3,539 | 46.1% | $950 | 2.57 |
| 06 $50,000 to $74,999 | 9,651 | 17.6% | $1,113 | 2.77 | 6,324 | 65.5% | $1,149 | 2.65 | 3,328 | 34.5% | $1,020 | 3.01 |
| 07 $75,000 to $99,999 | 5,875 | 14.2% | $1,237 | 3.03 | 4,097 | 69.7% | $1,255 | 2.98 | 1,778 | 30.3% | $1,184 | 3.13 |
| 08 $100,000 to $149,999 | 4,600 | 17.4% | $1,525 | 3.07 | 3,847 | 83.6% | $1,531 | 2.90 | 754 | 16.4% | $1,444 | 3.95 |
| 09 $150,000 to $199,999 | 1,941 | 7.6% | $1,614 | 3.28 | 1,727 | 89.0% | $1,631 | 3.27 | 213 | 11.0% | $1,391 | 3.36 |
| 10 $200,000 or more | 1,682 | 11.0% | $1,890 | 2.92 | 1,507 | 89.6% | $1,910 | 2.97 | 175 | 10.4% | $1,533 | 2.47 |
| **Total** | **53,502** | **100.0%** | **$1,063** | **2.45** | **30,374** | **56.8%** | **$1,148** | **2.50** | **23,131** | **43.2%** | **$912** | 2.39 |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-8 (2): Home Owners with Head of Household Less Than 30 Years Old, Humboldt County, 2013-2017:**

- **Monthly Housing Costs and Household Size by Income Category**
- **Overcrowded Households**
- **Households Paying More Than 30 % of Income for Housing**

| | Homeowners Less Than 30 years Old | | | | Overcrowded Householders Less Than 30 Years Old | | | | Homeowners Less Than 30 Years Old Paying More Than 30% of Income for Housing | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of HO** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age <30** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age <30** | **Monthly Housing Costs** | **Persons-per-HHD** |
| 01 Less than $10,000 | 46 | 3.0% | $396 | --- | 13 | 28.3% | $472 | --- | 2 | 4.3% | $0 | --- |
| 02 $10,000 to $14,999 | 34 | 2.3% | $274 | --- | 8 | 23.5% | $66 | --- | 25 | 73.5% | $0 | --- |
| 03 $15,000 to $24,999 | 101 | 3.7% | $1,452 | --- | 67 | 66.3% | $641 | --- | 62 | 61.4% | $903 | 3.20 |
| 04 $25,000 to $34,999 | 11 | 0.4% | $459 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $1,063 | --- |
| 05 $35,000 to $49,999 | 150 | 3.6% | $1,244 | --- | 81 | 54.0% | $889 | --- | 125 | 83.3% | $1,959 | 7.93 |
| 06 $50,000 to $74,999 | 295 | 4.7% | $1,267 | 4.07 | 98 | 33.2% | $1,031 | --- | 116 | 39.3% | $1,990 | --- |
| 07 $75,000 to $99,999 | 42 | 1.0% | $1,795 | --- | 9 | 21.4% | $1,672 | --- | 0 | 0.0% | $2,540 | --- |
| 08 $100,000 to $149,999 | 50 | 1.3% | $436 | --- | 43 | 86.0% | $513 | --- | 0 | 0.0% | $3,927 | --- |
| 09 $150,000 to $199,999 | 4 | 0.2% | $348 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| 10 $200,000 or more | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| **Total** | **733** | **2.4%** | **$1,102** | **3.35** | **319** | **43.5%** | **$858** | **4.18** | **330** | **45.0%** | **$2,097** | **4.39** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-9 (3): Home Owners with Head of Household Less Than 30 Years Old, Humboldt County, 2013-2017:**

- **With at Least One Person with a Disability**
- **Households with a Veteran**
- **Households with No College Degree**

| | Homeowners <30 Years with at Least One Person with a Disability | | | | Homeowners <30 Years with a Veteran | | | | Homeowners <30 Years with no College Degree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of HO Age <30** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age <30** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age <30** | **Monthly Housing Costs** | **Persons-per-HHD** |
| 01 Less than $10,000 | 32 | 69.6% | $341 | --- | 4 | 8.7% | $203 | --- | 2 | 4.3% | $160 | --- |
| 02 $10,000 to $14,999 | 8 | 23.5% | $66 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| 03 $15,000 to $24,999 | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- | 90 | 89.1% | $1,613 | --- |
| 04 $25,000 to $34,999 | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| 05 $35,000 to $49,999 | 8 | 5.3% | $1,354 | --- | 0 | 0.0% | $0 | --- | 76 | 50.7% | $1,357 | --- |
| 06 $50,000 to $74,999 | 52 | 17.6% | $781 | --- | 27 | 9.2% | $1,043 | --- | 148 | 50.2% | $1,310 | --- |
| 07 $75,000 to $99,999 | 12 | 28.6% | $1,713 | --- | 0 | 0.0% | $0 | --- | 31 | 73.8% | $1,743 | --- |
| 08 $100,000 to $149,999 | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| 09 $150,000 to $199,999 | 0 | 0.0% | $0 | --- | 4 | 100.0% | $348 | --- | 0 | 0.0% | $0 | --- |
| 10 $200,000 or more | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- | 0 | 0.0% | $0 | --- |
| **Total** | **112** | **15.3%** | **$795** | 8.56 | **35** | **4.8%** | **$920** | --- | 347 | 47.3% | $1,333 | 3.43 |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-10 (4): Renters with Head of Household Less Than 30 Years Old, Humboldt County, 2013-2017:**

- **Monthly Housing Costs and Household Size by Income Category**
- **Overcrowded Households**
- **Households Paying More Than 30 % of Income for Housing**

| | Renter Households Less Than 30 Years Old | | | | Overcrowded Renter Households Less Than 30 Years Old | | | | Renter Households Less Than 30 Years Old Paying Over 30% of Income for Housing | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of Renters** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age <30** | **Monthly Gross Rent** | **Persons-per-HHD** |
| 01 Less than $10,000 | **1120** | 40.1% | **$900** | 1.89 | **302** | 27.0% | **$767** | 3.46 | **124** | 11.1% | **$542** | --- |
| 02 $10,000 to $14,999 | **678** | 24.5% | **$902** | 1.93 | **263** | 38.8% | **$1,001** | 3.37 | **483** | 71.2% | **$773** | 1.70 |
| 03 $15,000 to $24,999 | **1123** | 27.8% | **$980** | 2.57 | **344** | 30.6% | **$821** | 3.44 | **872** | 77.6% | **$855** | 2.68 |
| 04 $25,000 to $34,999 | **1192** | 31.8% | **$1,002** | 2.65 | **514** | 43.1% | **$935** | 4.41 | **916** | 76.8% | **$1,093** | 2.79 |
| 05 $35,000 to $49,999 | **740** | 20.9% | **$1,014** | 2.72 | **385** | 52.0% | **$1,001** | 3.99 | **357** | 48.2% | **$1,262** | 3.17 |
| 06 $50,000 to $74,999 | **802** | 24.1% | **$1,035** | 3.25 | **203** | 25.3% | **$1,090** | 4.65 | **140** | 17.5% | **$1,872** | 3.84 |
| 07 $75,000 to $99,999 | **156** | 8.8% | **$1,277** | 3.13 | **39** | 25.0% | **$1,350** | 4.21 | **6** | 3.8% | **$2,020** | --- |
| 08 $100,000 to $149,999 | **120** | 15.9% | **$1,991** | 3.66 | **11** | 9.2% | **$2,100** | 5.92 | **1** | 0.8% | **$3,000** | --- |
| 09 $150,000 to $199,999 | **58** | 27.2% | **$1,600** | --- | **38** | 65.5% | **$1,791** | --- | **0** | 0.0% | **$0** | --- |
| 10 $200,000 or more | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- |
| **Total** | **5,989** | **25.9%** | **$1,014** | **2.72** | **2,099** | **35.0%** | **$953** | **4.09** | **2,899** | **48.4%** | **$1,020** | **2.82** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-11 (5): Renters with Head of Household Less Than 30 Years Old, Humboldt County, 2013-2017:**

- **With at Least One Person with a Disability**
- **Households with a Veteran**
- **Households with No College Degree**

| | Renter Households Less Than 30 Years Old with At Least One Person with a Disability | | | | Renter Households Less Than 30 Years Old with a Veteran | | | | Renter Households Less Than 30 Years Old with No College Degree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of Renters Age <30** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age <30** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age <30** | **Monthly Gross Rent** | **Persons-per-HHD** |
| 01 Less than $10,000 | **296** | 26.4% | **$1,084** | 2.54 | **0** | 0.0% | **$0** | --- | **703** | 62.8% | **$827** | 1.84 |
| 02 $10,000 to $14,999 | **186** | 27.4% | **$949** | 1.50 | **0** | 0.0% | **$0** | --- | **527** | 77.7% | **$955** | 2.05 |
| 03 $15,000 to $24,999 | **61** | 5.4% | **$864** | 2.88 | **48** | 4.3% | **$1,278** | --- | **688** | 61.3% | **$907** | 2.98 |
| 04 $25,000 to $34,999 | **165** | 13.8% | **$1,065** | 3.05 | **67** | 5.6% | **$1,072** | --- | **710** | 59.6% | **$1,050** | 2.91 |
| 05 $35,000 to $49,999 | **68** | 9.2% | **$1,145** | 3.82 | **28** | 3.8% | **$1,104** | --- | **339** | 45.8% | **$1,119** | 2.93 |
| 06 $50,000 to $74,999 | **40** | 5.0% | **$1,020** | 4.67 | **0** | 0.0% | **$0** | --- | **385** | 48.0% | **$1,019** | 3.28 |
| 07 $75,000 to $99,999 | **6** | 3.8% | **$2,020** | --- | **32** | 20.5% | **$1,460** | --- | **53** | 34.0% | **$1,720** | 4.06 |
| 08 $100,000 to $149,999 | **11** | 9.2% | **$2,100** | --- | **29** | 24.2% | **$1,247** | --- | **0** | 0.0% | **$0** | --- |
| 09 $150,000 to $199,999 | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- | **12** | 20.7% | **$1,873** | --- |
| 10 $200,000 or more | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- |
| **Total** | **833** | **13.9%** | **$1,005** | **3.24** | **204** | **3.4%** | **$1,164** | **3.01** | **3,417** | **57.1%** | **$988** | **2.92** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

### SENIOR HOUSEHOLDS 55+ YEARS OLD

**Table B-12 (6): Home Owners with Head of Household 55+ 30 Years Old, Humboldt County, 2013-2017:**

- **Monthly Housing Costs and Household Size by Income Category**
- **Overcrowded Households**
- **Households Paying More Than 30 % of Income for Housing**

| | Senior Home Owners 55+ Years Old | | | | Overcrowded Senior Home Owner Households 55+ Years Old | | | | Senior Home Owners 55+ Years Old Paying More than 30% of Income for Housing | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of HO** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age 55+** | **Monthly Housing Costs** | **Persons-per-HHD** | **HSHLDs** | **% of HO Age 55+** | **Monthly Housing Costs** | **Persons-per-HHD** |
| 01 Less than $10,000 | 978 | 63.2% | $656 | 1.15 | **93** | 9.5% | **$203** | --- | **326** | 33.3% | **$288** | 1.03 |
| 02 $10,000 to $14,999 | 1126 | 77.4% | $692 | 1.39 | **88** | 7.8% | **$186** | --- | **544** | 48.3% | **$581** | 1.32 |
| 03 $15,000 to $24,999 | 2144 | 78.7% | $605 | 1.40 | **103** | 4.8% | **$281** | 2.66 | **812** | 37.9% | **$917** | 1.40 |
| 04 $25,000 to $34,999 | 2236 | 74.5% | $812 | 1.73 | **62** | 2.8% | **$621** | --- | **736** | 32.9% | **$1,377** | 1.80 |
| 05 $35,000 to $49,999 | 2516 | 60.7% | $876 | 2.03 | **207** | 8.2% | **$714** | 5.02 | **839** | 33.3% | **$1,548** | 2.15 |
| 06 $50,000 to $74,999 | 3826 | 60.5% | $935 | 2.27 | **359** | 9.4% | **$939** | 4.60 | **566** | 14.8% | **$2,001** | 2.31 |
| 07 $75,000 to $99,999 | 2357 | 57.5% | $1,092 | 2.39 | **286** | 12.1% | **$1,524** | 4.32 | **363** | 15.4% | **$2,731** | 2.74 |
| 08 $100,000 to $149,999 | 2052 | 53.3% | $1,324 | 2.49 | **168** | 8.2% | **$1,352** | 4.98 | **100** | 4.9% | **$3,568** | 3.08 |
| 09 $150,000 to $199,999 | 806 | 46.7% | $1,333 | 2.63 | **105** | 13.0% | **$1,095** | 6.13 | **0** | 0.0% | **$0** | --- |
| 10 $200,000 or more | 893 | 59.3% | $1,717 | 2.72 | **145** | 16.2% | **$1,582** | --- | **0** | 0.0% | **$0** | --- |
| **Total** | **18,934** | **62.3%** | **$981** | **2.04** | **1,616** | **8.5%** | **$988** | **4.27** | **4,286** | **22.6%** | **$1,413** | **1.85** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-12 (7): Home Owners with Head of Household 55+ Years Old, Humboldt County, 2013-2017:**

- **With at Least One Person with a Disability**
- **Households with a Veteran**
- **Households with No College Degree**

| Income Category | Senior Home Owners 55+ Years Old with Disabled Person | | | | Senior Home Owners 55+ Years Old with Veteran | | | | HO 55+ Senior Home Owners 55+ Years Old with No College Degree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | HSHLDs | % of HO Age 55+ | Monthly Housing Costs | Persons-per-HHD | HSHLDs | % of HO Age 55+ | Monthly Housing Costs | Persons-per-HHD | HSHLDs | % of HO Age 55+ | Monthly Housing Costs | Persons-per-HHD |
| 01 Less than $10,000 | **446** | 45.6% | **$649** | 1.11 | **190** | 19.4% | **$339** | 1.29 | **789** | 80.7% | **$607** | 1.16 |
| 02 $10,000 to $14,999 | **472** | 41.9% | **$605** | 1.54 | **154** | 13.7% | **$638** | 1.88 | **866** | 76.9% | **$696** | 1.44 |
| 03 $15,000 to $24,999 | **829** | 38.7% | **$569** | 1.65 | **362** | 16.9% | **$550** | 1.45 | **1429** | 66.7% | **$616** | 1.40 |
| 04 $25,000 to $34,999 | **1127** | 50.4% | **$793** | 1.79 | **492** | 22.0% | **$943** | 1.83 | **1154** | 51.6% | **$634** | 1.75 |
| 05 $35,000 to $49,999 | **1077** | 42.8% | **$871** | 2.35 | **688** | 27.3% | **$822** | 2.45 | **1252** | 49.8% | **$850** | 1.90 |
| 06 $50,000 to $74,999 | **1379** | 36.0% | **$929** | 2.69 | **989** | 25.8% | **$945** | 2.36 | **1922** | 50.2% | **$872** | 2.29 |
| 07 $75,000 to $99,999 | **740** | 31.4% | **$1,018** | 2.70 | **806** | 34.2% | **$986** | 2.41 | **736** | 31.2% | **$997** | 2.81 |
| 08 $100,000 to $149,999 | **703** | 34.3% | **$1,183** | 2.59 | **528** | 25.7% | **$1,387** | 2.35 | **562** | 27.4% | **$996** | 2.27 |
| 09 $150,000 to $199,999 | **256** | 31.8% | **$1,003** | 2.62 | **231** | 28.7% | **$861** | 2.71 | **118** | 14.6% | **$1,284** | --- |
| 10 $200,000 or more | **163** | 18.3% | **$1,460** | 3.58 | **348** | 39.0% | **$1,489** | 2.73 | **199** | 22.3% | **$1,582** | 2.18 |
| **Total** | **7,192** | **38.0%** | **$883** | **2.21** | **4,788** | **25.3%** | **$940** | **2.24** | **9,027** | **47.7%** | **$793** | **1.88** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-14 (8): Renters with Head of Household 55+ Years Old, Humboldt County, 2013-2017:**

- **Monthly Housing Costs and Household Size by Income Category**
- **Overcrowded Households**
- **Households Paying More Than 30 % of Income for Housing**

| | Senior Renter Households 55+ Years Old | | | | Overcrowded Senior Renter Households 55+ Years Old | | | | Senior Renter Households 55+ Years Old Paying More Than 30% of Income for Housing | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of Renters** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age 55+** | **Monthly Gross Rent** | **Persons-per-HHD** |
| 01 Less than $10,000 | **814** | 29.2% | **$553** | 1.01 | **61** | 7.5% | **$518** | --- | **354** | 43.5% | **$444** | 1.00 |
| 02 $10,000 to $14,999 | **1149** | 41.5% | **$611** | 1.23 | **291** | 25.3% | **$550** | 1.32 | **719** | 62.6% | **$651** | 1.22 |
| 03 $15,000 to $24,999 | **1350** | 33.5% | **$649** | 1.58 | **275** | 20.4% | **$685** | 2.12 | **847** | 62.7% | **$830** | 1.71 |
| 04 $25,000 to $34,999 | **889** | 23.7% | **$696** | 1.59 | **42** | 4.7% | **$323** | --- | **499** | 56.1% | **$997** | 1.39 |
| 05 $35,000 to $49,999 | **612** | 17.3% | **$737** | 1.68 | **74** | 12.1% | **$461** | --- | **157** | 25.7% | **$1,453** | 1.77 |
| 06 $50,000 to $74,999 | **718** | 21.6% | **$843** | 2.37 | **195** | 27.2% | **$631** | 4.04 | **0** | 0.0% | **$0** | --- |
| 07 $75,000 to $99,999 | **479** | 26.9% | **$916** | 2.92 | **110** | 23.0% | **$778** | --- | **0** | 0.0% | **$0** | --- |
| 08 $100,000 to $149,999 | **207** | 27.5% | **$1,294** | 3.85 | **70** | 33.8% | **$707** | --- | **0** | 0.0% | **$0** | --- |
| 09 $150,000 to $199,999 | **12** | 5.6% | **$1,202** | --- | **0** | 0.0% | **$0** | --- | **0** | 0.0% | **$0** | --- |
| 10 $200,000 or more | **140** | 80.0% | **$1,930** | --- | **23** | 16.4% | **$1,728** | --- | **0** | 0.0% | **$0** | --- |
| **Total** | **6,370** | **27.5%** | **$720** | **1.73** | **1,141** | **17.9%** | **$633** | **2.82** | **2,576** | **40.4%** | **$824** | **1.42** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

**Table B-15 (9): Renters with Head of Household 55+ Years Old, Humboldt County, 2013-2017:**

- **With at Least One Person with a Disability**
- **Households with a Veteran**
- **Households with No College Degree**

| | Senior Renter Households 55+ Years Old with Disabled Person | | | | Senior Renter Households 55+ Years Old with Veteran | | | | Senior Renter Households 55+ Years Old with No College Degree | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Category** | **HSHLDs** | **% of Renters Age 55+** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age 55+** | **Monthly Gross Rent** | **Persons-per-HHD** | **HSHLDs** | **% of Renters Age 55+** | **Monthly Gross Rent** | **Persons-per-HHD** |
| 01 Less than $10,000 | **432** | 53.1% | **$458** | 1.00 | **145** | 17.8% | **$838** | --- | **712** | 87.5% | **$601** | 1.01 |
| 02 $10,000 to $14,999 | **802** | 69.8% | **$630** | 1.27 | **166** | 14.4% | **$495** | --- | **854** | 74.3% | **$520** | 1.15 |
| 03 $15,000 to $24,999 | **692** | 51.3% | **$746** | 1.84 | **256** | 19.0% | **$623** | 1.39 | **968** | 71.7% | **$649** | 1.61 |
| 04 $25,000 to $34,999 | **483** | 54.3% | **$663** | 1.53 | **162** | 18.2% | **$707** | 1.46 | **555** | 62.4% | **$604** | 1.78 |
| 05 $35,000 to $49,999 | **287** | 46.9% | **$680** | 1.58 | **149** | 24.3% | **$583** | --- | **374** | 61.1% | **$692** | 1.74 |
| 06 $50,000 to $74,999 | **360** | 50.1% | **$751** | 2.91 | **241** | 33.6% | **$895** | 1.59 | **311** | 43.3% | **$854** | 2.98 |
| 07 $75,000 to $99,999 | **182** | 38.0% | **$1,086** | --- | **155** | 32.4% | **$1,235** | --- | **182** | 38.0% | **$944** | --- |
| 08 $100,000 to $149,999 | **86** | 41.5% | **$1,294** | --- | **93** | 44.9% | **$1,310** | --- | **26** | 12.6% | **$0** | --- |
| 09 $150,000 to $199,999 | **8** | 66.7% | **$1,393** | --- | **4** | 33.3% | **$1,010** | --- | **0** | 0.0% | **$0** | --- |
| 10 $200,000 or more | **23** | 16.4% | **$1,728** | --- | **23** | 16.4% | **$1,728** | --- | **64** | 45.7% | **$1,770** | --- |
| **Total** | **3,355** | **52.7%** | **$693** | **1.91** | **1,394** | **21.9%** | **$791** | **1.73** | **4,046** | **63.5%** | **$636** | **1.63** |

*Source: ADE, Inc., based on US Census PUMS data for Humboldt County, 2013-2017*

# **APPENDIX C:** HOUSING LEGISLATION AND FINANCING PROGRAMS

## RECENT STATE HOUSING LEGISLATION

Except where noted, these new laws take effect Jan. 1, 2020.

### TENANT PROTECTIONS

The most significant housing law of the 2019 legislative session was the enactment of a statewide rent control law.

**AB 1482 (Assembly Member David Chiu) – The Tenant Protection Act of 2019** enacts a cap of 5 % plus inflation per year on rent increases statewide for the next 10 years. The new law does not apply a cap to vacant units, and owners can continue to reset rents to market rate at vacancy. It also prevents landlords from evicting certain tenants without landlords first providing a reason for the eviction and requires relocation assistance. The law does not apply to properties built in the last 15 years, nor does it apply to single-family home rentals (unless owned by large corporations) or to projects already under construction or under current rent control schemes. The new law defers to more stringent local measures, including existing local rent control with lower limits and local just cause eviction laws. The law's anti-eviction protections, which would limit evictions to lease violations or require relocation assistance, will kick in after a tenant has lived in an apartment for a year. Gov. Newsom's enactment of a rent cap comes less than a year after California voters rejected a ballot measure that would have expanded local rent control policies statewide, which would have likely resulted in tighter restrictions in some cities than those now offered by AB 1482.

**AB 1110 (Assembly Member Laura Friedman) – Noticing Rent Increases** requires 90-day notice, rather than 60-day notice, before a landlord may increase the rent of a month-to-month tenant by more than 10 %.

**SB 329 (Assembly Member Holly Mitchell) – Housing Discrimination** prohibits landlords from discriminating against tenants who rely on housing assistance paid directly to landlords, such as a Section 8 voucher, to help them pay the rent.

**SB 18 (Sen. Nancy Skinner) – The Keep Californians Housed Act** removes the Dec. 31, 2019, sunset date on a state law which gives tenants at least 90 days' notice before their tenancy can be terminated if a landlord loses ownership of their rental property as a result of a foreclosure sale.

### STREAMLINING, INCREASING DENSITY AND REDUCING BARRIERS TO PRODUCTION

Sen. Skinner's SB 330, the "Housing Crisis Act of 2019," stands out as the most important new law affecting large-scale housing developments.

**SB 330 (Skinner) – Housing Crisis Act of 2019** includes a number of new procedural protections, including the following:

- *Preliminary Application Protections* – limitations on a jurisdiction's ability to change development standards and zoning applicable to the project once a "preliminary application" is submitted

- *Application Completeness Streamlining* – amends the Permit Streamlining Act to specify what constitutes a "preliminary application" and states that a jurisdiction has one chance to identify incomplete items in an initial application and after that may not request the submission of any new information that was not in the initial list of missing items

- *Fees/Exactions Limitations* – prevents jurisdictions from increasing exactions or fees during a project's application period, but allows such increases if the resolution or ordinance establishing the fee calls for automatic increases in the fee over time

- *Hearing Limitations* – prohibits cities or counties from conducting more than five hearings if a proposed housing development complies with the applicable, objective general plan and zoning standards in effect at the time an application is deemed complete

- *Downzoning Prohibitions* – prohibits a jurisdiction (with some exceptions) from enacting development policies, standards or conditions that would change current zoning and general plan designations of land where housing is an allowable use to "lessen the intensity of housing"; from placing a moratorium or similar restrictions on housing development; from imposing subjective design standards established after Jan. 1, 2020; and limiting or capping the number of land use approvals or permits that will be issued in the jurisdiction, unless the jurisdiction is predominantly agricultural

Some of the most important provisions in SB 330 sunset on Jan. 1, 2025, if not extended.

**AB 1763 (Chiu) – Density Bonuses for 100 Percent Affordable Projects** creates enhanced density bonus options, including a potential 80 % increase in base density and unlimited density bonuses for qualifying projects within a half-mile of a major transit stop, under the State Density Bonus Law. However, this only applies to projects that consist of 100 % affordable housing (no more than 20 % moderate-income, and the remainder for lower income).

**AB 1484 (Assembly Member Buffy Wicks) – Amendments to SB 35's Streamlined Ministerial Approval Process** makes a number of important clarifications to SB 35 of 2017, a law that allows qualifying housing and housing-rich mixed-use projects to qualify for a streamlined, ministerial CEQA-exempt approval process if the project meets the local government's objective zoning, subdivision and design review standards, provides a specific minimum number of affordable housing units, agrees to pay prevailing wages to construction workers, and meets other qualifying criteria. AB 1484 amends SB 35 in several ways:

- *Moderate-Income Options* – broadens eligibility for SB 35 to Bay Area projects that provide 20 % of their units for moderate-income households (less than 120 % of area median income), under certain conditions

- *Calculating "Two-Thirds" Mixed-Use Projects* – clarifies that the calculation to determine if a project qualifies for SB 35 where it consists of two-thirds residential excludes underground space such as parking garages and basements

- *Approval Expiration Dates* – clarifies that the three-year expiration for SB 35 approvals in case of litigation expires three years after a final judgment upholding the approval, and clarifies that the approval also remains valid as long as vertical construction of the development has begun and is in progress

- *Subsequent Permits* – clarifies that local governments must issue subsequent permits – such as demolition, grading, building permits and final maps – without unreasonable delay, as long as those subsequent permit applications substantially comply with the approved SB 35 permit

- *Standards of Review and Consistency with Other Laws* – clarifies that the standard for determining whether a project qualifies for SB 35 is highly deferential *to the project applicant*: a project complies with SB 35's criteria as long as "there is substantial evidence that would allow a reasonable person to conclude" that the development complies

- *Housing Accountability Act*– clarifies that under existing law, SB 35 projects are entitled to protection under the Housing Accountability Act

(For further information on SB 35's streamlined ministerial approval process, see Holland & Knight's previous alerts, "California Issues Initial Implementation Guidance on 2017 Housing Laws," Feb. 15, 2018, and "A Closer Look at California's New Housing Production Laws," Dec. 6, 2017.)

**AB 101 – Housing Development and Housing 2019-20 Budget Act –** requires local governments to provide "by right," CEQA-exempt approvals to certain qualifying navigation centers that move homeless Californians into permanent housing. The law, which took effect on July 31, 2019, also creates additional incentives for cities to comply with their mandates to plan for sufficient housing in their Housing Elements, and provides some modest additional remedies that the state can use in court when cities fail to comply with housing element law. These reforms fall well short of Gov. Newsom's proposal at the beginning of 2019 to withhold state money from cities that fail to plan for and approve sufficient housing.

**AB 1783 (Robert Rivas) – Farmworker Housing -** creates a streamlined, ministerial CEQA-exempt approval process for qualifying agricultural employee housing developments on land zoned primarily for agricultural uses.

## ACCESSORY DWELLING UNITS AND "TRIPLEXES"

Accessory Dwelling Units (ADU) are additional living quarters on the same lot as a primary dwelling unit. While California laws have paved the way for increased ADU development, some cities have enacted ordinances that render

ADU development infeasible or cost prohibitive. By further reducing barriers to ADU development, the new bills discussed below could bring tens of thousands of new ADUs online over the next few years.

**AB 68 (Assembly Member Phil Ting) / AB 881 (Assembly Member Richard Bloom) – Processing Timelines, Ordinance Prohibitions and Triplexes** requires local agencies to either approve or deny an ADU project within 60 days of receiving a complete building permit application on a ministerial (CEQA-exempt) basis. The new law further prohibits local agencies from adopting ADU ordinances that: impose minimum lot size requirements for ADUs; set certain maximum ADU dimensions; require replacement off-street parking when a "garage, carport or covered parking structure" is demolished or converted to construct the ADU. Notably, the new law allows for an ADU as well as a "junior" ADUs where certain access, setback and other criteria are met – this has been referred to the "tripelex-ation" of single-family zoning. The new law has also explicitly identified opportunities for ADUs in multifamily buildings, including storage rooms, boiler rooms, etc., where building standards are met. New enforcement mechanisms have also been added. The Department of Housing and Community Development (HCD) may now notify the Attorney General's Office of any violations of these new provisions.

**SB 13 (Sen. Bob Wieckowski) – Owner-Occupancy Prohibitions and Fee Limitatio**ns provides, until Jan. 1, 2025, that cities may not condition approval of ADU building permit applications on the applicant being the "owner-applicant" of either the primary dwelling or the ADU. Additionally, agencies cannot impose impact fees on ADUs under 750 square feet.

**AB 587 (Friedman) – Separate Conveyances** provides that local agencies may now allow ADUs to be sold or conveyed separately from a primary residence if certain conditions are met. Prior law that prohibited ADUs from being sold or conveyed separately from the primary residence in which they are co-located hindered shared ownership models, such as tenancies in common. This law, therefore, is expected to increase the ability of affordable housing organizations to sell deed restricted ADUs to eligible low-income homeowners.

**AB 670 (Friedman) – HOA Limitations** prevents homeowners' associations from barring ADUs. Many single-family neighborhoods in California were established as common-interest developments under the Davis-Stirling Common Interest Development Act. These properties are typically governed by a set of Covenant, Conditions and Restrictions (CC&Rs), which often restrict the types of construction that can occur within and adjacent to a member's home. AB 670 makes unlawful any HOA condition that "prohibits or unreasonably restricts" the construction of ADUs on single-family residential lots.

**AB 671 (Friedman) – Local Government Assistance** requires local governments to include in their General Plan housing elements plans to incentivize and promote the creation of affordable ADUs. The law also requires HCD to develop, by Dec. 31, 2020, a list of state grants and financial invectives for ADU development.

## SURPLUS LAND AVAILABILITY, PLANNING AND IMPACT FEE DATA

Several new laws intend to collect and make information available regarding surplus state and local land suitable for affordable residential development and to revamp the Surplus Lands Act procedures to ensure that affordable housing entities have early opportunities to purchase available land. Other notable laws require reporting on impact fees and HCD to prepare a 10-year housing data strategy.

**AB 1486 (Ting) – Surplus Lands Act Process Amendments** expands the Surplus Lands Act's (Act) requirements for local agencies in an effort to achieve more affordable housing on surplus properties. Existing law requires agencies, when disposing of surplus land, to first offer it for sale or lease for the purpose of developing affordable housing. The bill analysis states that local agencies have attempted to circumvent the Act process in the past. Notable amendments include a new requirement for a local agency to provide information about its disposition process to HCD and for HCD to submit, within 30 days, written findings of any process violations that have occurred. Amendments also provide that a local agency that violates the Act is liable for 30 % to 50 % of the final sale price.

**SB 6 (Sen. James Beall) – Available Residential Land** requires local agencies preparing a housing element or amendment on or after Jan. 1, 2021, to submit an inventory of land suitable residential development. Additionally, new law requires HCD to provide to the Department of General Services a list of lands suitable and available for residential development that were identified by a local government as part of the housing element. The Department of General Services must create a database of information regarding available local and state lands available and searchable by the public online.

**AB 1255 (Rivas) – Surplus Public Land Inventory** further requires agencies to make a central inventory of all surplus land and to report such information to HCD by April 1 of each year, beginning April 1, 2021. Agencies are further required to provide a list of its surplus land to requesting parties without charge. HCD must then report the information to the Department of General Services for inclusion in a digitized inventory or surplus properties.

**AB 1483 (Assembly Member Tim Grayson) – Housing Impact Fee Data Collection and Reporting** requires local agencies to make information available on housing development fees, applicable zoning ordinances and standards, annual fee reports and archived nexus fee studies. Such agencies are then required to update the information within 30 days of any changes. Additionally, HCD will be required, on or after Jan. 1, 2020, to prepare a 10-year housing data strategy that identifies the data useful to enforce existing housing laws and inform state housing policymaking. Among other information requirements, the strategy must include information that provides a better understanding of project appeals, approvals, delays and denials and provides an understanding of the process, certainty, costs and time to approve housing.

## CEQA AND HOUSING

Legislative efforts regarding CEQA include an important revision broadened the definition of a major transit stop as well as streamlining the process for supportive housing and homeless shelter projects.

**SB 744 (Sen. Anna Caballero) – No Place Like Home Projects** streamlines the approval process for supportive housing projects by clarifying that a decision to seek funding through the No Place Like Home program is not a project for the purpose of CEQA. No Place Like Home is a voter-approved bond measure that will allocate up to $2 billion for the development of permanent supportive housing and wrap around mental health services. The new law also provides a number of clarifying amendments that ensures a local government's design standards, impact fees and exactions are applied similarly to supportive housing projects as other residential projects in the same zone.

## FUNDING

Hopes of a return to Redevelopment Authority days were dashed when Gov. Newsom vetoed SB 5 (Beall), which would have created the "Affordable Housing and Community Development Investment Program," a program similar to redevelopment in which cities and counties could redirect local property tax revenues toward projects such as affordable housing. In his veto message, Gov. Newsom cited the potential for the program to cost $2 billion annually. The governor and Legislature did, however, successfully enact into law a number of bills aimed at increasing overall funding for housing development, including laws that will create new regional finance agencies in the Bay Area and the San Gabriel Valley (additional discussion of housing funding options is presented in the Recommendations Chapter of this Study). Such housing bills include:

**AB 116 (Ting) – Enhanced Infrastructure Financing District Creation** removes the requirement that Enhanced Infrastructure Financing Districts (EIFDs) must receive voter approval prior to issuing bonds. EIFDs were created by the Legislature in 2014 after the demise of redevelopment in order to allow local governments to devote tax-increment financing for public and private projects such as transportation facilities, environmental remediation and affordable housing. Instead of requiring voter approval, the law will now permit the EIFD's governing body to issue bonds as long as its resolution to do so contains specified information related to the issuance of the bonds, and the board holds at least three public hearings on an enhanced infrastructure financing plan.

**SB 196 (Beall) – Community Land Trust Tax Exemption** enacts a new welfare exemption for property owned by a Community Land Trust (CLT) that is being or will be developed or rehabilitated as housing. Traditionally, under California law property used for religious, hospital, scientific or charitable purposes is exempt from property taxes under the "welfare exemption." The new legislation extends the exemption during the construction phase until the homes are sold but provides that a CLT will be liable for property taxes if the property was not developed, rehabilitated, or in the course of construction within 5 years of the lien date following its acquisition.

**AB 1743 (Bloom) – Welfare Exemption** expands the properties that are exempt from Community Facilities District (CFD) taxes to include properties that qualify for the property tax welfare exemption and limits the ability of local agencies to reject housing projects because they qualify for the exemption.

**SB 113 (Committee on Budget and Fiscal Review) – National Mortgage Special Deposit Fund** (Fund) enables $331 million in state funds to be transferred to the Fund to provide funding for borrower relief and legal aid to vulnerable homeowners and renters.

**AB 1010 (Assembly Member Eduardo Garcia) – Housing Program Eligible Entities** allows duly constituted governing bodies of Native American reservations and Rancherias eligible applicants to participate in various state affordable housing programs.

**AB 857 (Chiu and Santiago) - Public Banks**

Allows Cities to create Public Banks. These banks would provide loans for affordable housing and other public infrastructure.

# HOUSING FINANCING OPPORTUNITIES

The City of Arcata has successfully utilized the Low-Income Housing Tax Credit (LIHTC), the Community Development Block Grant (CDBG) and HOME Programs and the SB2 program as well as USDA and other funding sources for housing development, but there are other equity and debt tools offered through the Departments of Agriculture, Treasury, and Housing & Urban Development (HUD) that should be explored. The State of California is also aggressively addressing its housing crisis by offering a variety of funding opportunities for public, private and non-profit organizations. In some cases, these different funding sources, can be combined to make a housing project successful, affordable and pencil out for the developer.

The following is a listing of programs that Arcata may use to incentivize development and programs that subsidize rent or mortgages that are used by renters or homeowners. The majority of the information was compiled by California Association for Local Government (CALED) and is included in California Rural Infrastructure Finance Guidebook (September 2019).

## FEDERAL

### U.S. Department of Agriculture ~ Rural Development

The USDA's Rural Development division operates a wide variety of financing tools for affordable housing, including loans, and loan guarantees. USDA Rural Development also provides technical assistance to communities seeking to increase housing stock and affordability.

- Housing Preservation Grants: https://www.rd.usda.gov/programs-services/housing-preservation-grants

  Housing Preservation Grants are awarded to organizations sponsoring the rehabilitation or repair of rural housing. Units undergoing repair or rehabilitation *must* be owed or occupied by low- or very-low-income rural residents. Up to $15.8 million is available.

- Rural Community Development Initiative (RCDI) Grants: https://www.rd.usda.gov/programs-services/rural-community-development-initative-grants

  The RCDI Grant program awards grants to non-profit housing organizations, community development organizations, public bodies, and federally recognized tribes to support housing. More specifically, funds can be used in rural areas to improve community facilities, housing, and a broad array of economic development projects.

- Multi-Family Housing Direct Loans: https://www.rd.usda.gov/programs-services/multi-family-housing-direct-loans

  This loan program finances multi-family rental housing for several groups: low-income persons, persons with disabilities, elderly persons, or persons who would otherwise have difficulty obtaining a loan in rural area.

### Capital Magnet Fund ~ Department of the Treasury CDFI Fund

https://www.cdfifund.gov/programs-training/Programs/cmf/Pages/default.aspx

The Department of the Treasury's CDFI Fund awards grants to Community Development Financial Institutions (CDFIs) through the Capital Magnet Fund. These CDFI's, in turn, use the awarded funds to financial affordable housing in low-income areas. Since its inception, $20 of additional investment has been generated for every $1 the Capital Magnet Fund has awarded. Arcata Economic Development Corporation is a CDFI. Arcata Economic Development Corporation is a designated CDFI.

### Low-Income Housing Tax Credit (LIHTC) ~ California Tax Allocation Committee

https://www.treasurer.ca.gov/ctcac/tax.asp

The federally authorized LIHTC program is administered in California by the state's Tax Credit Allocation Committee (CTCAC). LIHTC offers a 4 % and a 9 % tax credit for housing projects that meet income requirements below a certain percentage of annual median income. The credit is designed to make it feasible for property owners to offer affordable rents and incentivize investment in low-income housing. National banks can also make LIFTC investments by directly funding affordable housing projects. Unlike other federally implemented tax credit programs, LIHTC is permanently authorized by Congress which ensures their long-term availability for affordable housing projects.

### U.S. Department of Housing and Urban Development (HUD)

HUD has a wide range of programs that relate to housing and development, many of which are oriented specifically around affordable housing.

- Community Development Block Grant (CDBG): http://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml

  Federal funding through the CBDG program helps states and units of local government in non-entitled areas meet their housing and community development needs.

  CDBG provides grants to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. All CDBG activities *must* meet one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. No less than 70 % of the funds *must* be used for activities that benefit low- and moderate-income persons over a period specified by the state, not to exceed 3 years.

  Some of the activities that can be carried out with community development funds include: the acquisition of real property; the rehabilitation of residential and nonresidential properties; the provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; the clearance, demolition, and removal of buildings; homeownership assistance; and assistance to for-profit businesses for economic development activities. Loan guarantees for CDBG projects are available through HUD's Section 108 program.

- HOME Investment Partnerships Program (HOME): https://www.hud.gov/hudprograms/home-program

  HOME assists cities, counties, and non-profit community housing development organizations (CHDOs) to create and retain affordable housing for lower-income renters or owners. HOME loans are available for housing rehabilitation, ne construction, and acquisition and rehabilitation of single and multifamily projects. They also provide grants for tenant-based rental assistance. At least 50 % of the amount is awarded to rural applicants and 15 % is set aside for CHDOs. Funds are available annually to California communities that do not receive HOME funding directly from HUD.

- HUD Capital Fund: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund

  The Capital Fund provides funds to Public Housing Agencies (PHAs) for the development, financing, and modernization of public housing developments and management improvements on a yearly basis. The funds cannot be used for luxury improvements, direct social services, a cost funded by other HCD programs, or other ineligible activities determined by HUD on a case by case basis.

- Section 811 Supportive Housing for Persons with Disabilities: https://www.hud.gov/program_offices?housing/mfh/progdesc/disab811

  Through the Section 811 program, HUD provides funding to develop and subsidize rental housing for very low- and extremely low-income adults with disabilities. This program allows persons with disabilities to live as independently as possible in the community by subsidizing rental housing opportunities which provide access to appropriate supportive services. Section 811 provides interest-free capital advances and operating subsidies for nonprofit developers of affordable housing for persons with disabilities, and project rental assistance contracts for state housing agencies.

- Section 202 Supportive Housing for the Elderly: https://www.hcd.gov/program_offices/housing/mfh/progdesc/eld202

  Like the Section 811 program, Section 202 makes capital available to housing acquisition, construction, or rehabilitation projects. The housing receiving financing *must* support elderly, low-income residents. Project Rental Assistance Contacts are also available for Section 202 projects.

- Section 108 Loan Guarantee Program: https://www.hudexchange.info/programs/section-108/

  Section 108 of the Housing and Community Development Act of 1974 provides for a loan guarantee component of the Community Development Block Grant (CDBG) Program. The Section 108 Loan Guarantee Program (Section 108) provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects, including improvements to increase their resilience against natural disasters. The funds can be used by a designated public entity to undertake eligible projects, or, alternatively, can be loaned to a third-party developer to undertake the projects. This flexibility makes it one of the most potent and important public investment tools that HUD offers to local governments.

- Project-Based Vouchers (PVB): https://www.hud.gov/sites/dfiles/pih/documets/hcv_Guidebook_Payment_Standards.pdf

  HUD's Housing Choice Voucher (Section 8) Program makes PBV's available through the Local Public Housing Agencies. PVB's subsidize rents for qualifying tenants and remain with the property, unlike tenant-based vouchers which remain with the tenant. The PBV rent amount is based on comparable properties in the local market.

## STATE

### California Department of Housing and Community Development (HCD)

California's HCD is the state's main agency tasked with administering policies and programs for housing. HCD's charged with expanding opportunities, improving affordability, and building strong communities. HCD operates several programs to provide financing for various forms of rural housing projects.

- Multifamily Housing Program (MHP): http://www.hcd.ca.gov/grants-funding/active-funding/mhp.shtml

  Senate Bill 3 (Chapter 365, Statues of 2017) authorized a $1.5 billion bond issuance for the Multifamily Program (MHP). Through MHP, 55-year deferred payment loans are made for new construction, rehabilitation, and/or acquisition of multifamily rental housing. Permanent and transitional rental housing structures are eligible, as are projects that convert non-residential structures into rental housing. Projects are not eligible if they are receiving 9 % federal low-income housing tax credits.

- Predevelopment Loan Program (PDLP): http://www.hcd.ca.gov/grants-funding/active-funding/pdlp.shtml

  This program offers loans to finance the predevelopment capital necessary for low-income housing projects, Loans are for short-term needs. Loans can be used to purchase a site, conduct planning and engineering studies, and other predevelopment activities.

- Affordable Housing and Sustainable Communities Program (AHSC): http://www.hcd.ca.gov/grants-funding/active-funding/ahsc.shtml#purpose

  The AHSC Program aims to finance projects that will make disadvantaged communities more sustainable by reducing greenhouse gas emissions. It provides grants, loans, and grant/loan combinations to projects that will increase access to affordable housing, employment centers, and key destinations via low-carbon transportation. The goal is to reduce vehicle miles traveled by shortening the trip length. Funds can be used for housing construction, rehabilitation, preservation, or acquisition, housing-related infrastructure, and sustainable transportation infrastructure.

- Mobile -Home Park Rehabilitation and Resident Ownership Program (MPRROP): https://www.hcd.ca.gov/grants-funding/active-funding/mprrop.shtml

  Short-term and long-term low-interest loans are made through this program to preserve affordable mobile-home parks. Specifically, MPRROP aims to ensure that resident organizations, nonprofit housing sponsors, or local public agencies retain ownership or control of mobile-home parks. Long-term loans are also made to individuals to ensure continued affordability through the program.

- National Housing Trust Fund (NHTF): http://www.hcd.ca.gov/grants-funding/active-funding/nhtf.shtml

  The NHTF is a permanent federal program that provides funds to each state. Funds are used to preserve and increase affordable rental housing stock. Emphasis it placed on housing for extremely low-income households with 30 % of less of area median incomes.

- Veterans Housing and Homeless Prevention Program (VHHP): https://hcd.ca.gov/grants-funding/active-funding/vhhp.shtml

  VHHP is a funding source available to projects occupied by veterans. Projects are required to have at least 45 % of assisted units available to extremely low-income veterans with rents not exceeding 30 % of the Area Median Income (AMI). Veterans living with disabilities or who recently experienced homelessness are eligible. Supportive services are provided for issues like drug addiction and mental illness.

- Permanent Local Housing Allocation Program (PLHA): https://hcd.ca.gov/grants-funding/active-funding/plha.shtml

  This program provides financial assistance to local governments for housing development projects and housing-related programs to assist in addressing the unmet housing needs for local communities.

### California Housing Finance Agency (CalHFA)

CalHFA offers long-term financing for multifamily rental housing projects. CalFHA administers flexible programs that can finance newly built, newly-acquired, or rehabilitated developments.

- Conduit Issuer Program: https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf

  CalHFA can serve as a conduit issuer for taxable and tax-exempt bonds. Projects that may be eligible include rehabilitation, acquisition, or new construction of affordable multifamily rental units. Developers seeking issuance of bonds for affordable multifamily housing projects can contact the agency for more information.

- Permanent Loan Program – Tax-Exempt and Taxable Financing:
  https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

  https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-taxable.pdf

  The Permanent Loan Program offers taxable and tax-exempt financing for the long-term needs of affordable multifamily housing developers. Multifamily rental housing for low-income seniors, veterans, families, and special needs tenants can be financed through permanent loans.

#### GOLDEN STATE ACQUISITION FUND (GSAF)

https://www.goldenstate-fund.com/

The mission of Golden State Acquisition Fund (GSAF) is to preserve and expand quality affordable housing for Californians by providing a flexible source of capital for the development and preservation of affordable housing properties. Developers can access acquisition financing for rental housing and homeownership opportunities at favorable terms for urban and rural projects statewide. Nonprofit and for-profit developers, cities, counties and other public agencies within California are all eligible for GSAF financing.

The California Department of Housing and Community Development (HCD) seeded GSAF with $23 million from its Affordable Housing Innovation Fund, which serve as 25% top-loss for GSAF loans. These funds are leveraged with additional capital from a consortium of seven community development financial institutions, which are originating lenders for the fund: Century Housing Corporation, Corporation for Supportive Housing, Enterprise Community Loan Fund, Low Income Investment Fund (the fund's Administrative Agent), Local Initiatives Support Corporation, Community Vision (formerly the Northern California Community Loan Fund) and the Rural Community Assistance Corporation http://www.goldenstate-fund.com/partners-contacts/.

#### ADDITIONAL HOUSING BONDS

Tax-exempt bonds are issued by a number of other statewide issuers, including the California Statewide Communities Development Authority (CSCDA) http://cscda.org/Apply-Online/Affordable-Housing, the California Municipal Finance Authority (CMFA) http://www.cmfa-ca.com, California Enterprise Development Authority (CEDA) https://ceda.caled.org, and others. Non-profit and for-profit developers alike can use bond financing for senior housing and low-income multifamily housing projects. As long as the developer agrees to reserve units for low- or extremely-low income tenants, the funds can be used for acquisition, rehabilitation, or construction of new developments.

## FINANCING MATRIX

#### PUBLIC-PRIVATE PARTNERSHIPS (P3S) https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/p3.html

A public-private partnership is generally a contractual arrangement between a government agency and a private partner to design, renovate, operate, maintain, and/or manage a facility or system that provides a public service. The government agency may retain ownership of the public facility or system, but the private party generally invests its own capital to design and develop the facility or system. There are many ways to structure a P3 deal.

P3s can finance affordable housing while generating community consensus, which is advantageous to any project. Private entities are sometimes more willing to invest in a rural region, if they have connections to that area. This willingness to invest can outweigh the economy-of-scale issue innate to rural communities. The underlying strength of the P3 model is that the private sector has sufficient P3 capacity (expertise and availability) to successfully deliver project objectives. When paired with the power of bond financing. This tool shows great promise for U.S. infrastructure, services, and development.

#### Bonds

- https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/bond.html
  Bonds are the bedrock of economic development finance. Simply put, a bond is a debt or loan incurred by the government entity. Bonds are issued and sold to the investing public and the proceeds are typically made available to finance the cost of the capital project. There are a few different types of bonds that can be issued for financing housing.

- Multifamily Housing Bonds
  https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/2faac082ec17e5448825793600672fc4/$file/multifamilyhousingbonds.pdf

  Multifamily Housing Bonds are issued on behalf of non-profit and for-profit housing developers to finance the construction of multifamily housing. Housing bonds require that a minimum of 20 % of the units be reserved for tenants earning under 50 % of the area median income, or 40 % of the units of the units reserved for tenants making under 60 % of the area median income.

- Mortgage Revenue Bonds (MMRB) https://www.dchfa.org/developers/available-programs/mmrb/

  Mortgages for low-income homebuyer can be financed by the proceeds of Mortgage Revenue Bonds. To be eligible, the homebuyers *must* be below the area's annual median income, and it *must* be their first time buying a home. The bonds can also be issued in tandem with the low-income housing tax credit transactions.

#### Opportunity Zones

https://www.eda.gov/opportunity-zones/

Opportunity Zones are a federal economic development tool aiming to improve the outcomes of distressed communities around the country. Opportunity Zones are low-income census tracts that offer tax incentives to groups who invest and hold their capital gains in Zone assets or property. By investing in Opportunity Zones, investors stand to gain a temporary deferral on their capital gains taxes it they hold their investments for at least 5 years and permanent exclusion from tax on capital gains of the Opportunity Zone investments if the investments are held for 10 years. Affordable Housing projects located in Opportunity Zones stand to benefit from this incentive.

For an investor to realize the tax benefits of investing in Opportunity Zones, an investor's capital gains ***must*** be invested in a Qualified Opportunity Fund within 180 days of the sale or exchange that generated the gains. Investors are eligible to defer the tax on their capital gains until the date the Opportunity Fund Investment is sold or December 31, 2026, whichever is earlier.

In FY 2018 the first round of designations were named. At this time, it is unknown if there will be future designations, if so, Arcata may wish to consider applying.

# **APPENDIX D:** JOBS AND LABOR FORCE

**Table D-1: Job Trends for Detailed Targets of Opportunity**

| NAICS | Description | 2010-2019 | 2019-2028 | 2010 Jobs | 2019 Jobs | 2028 Jobs |
|---|---|---|---|---|---|---|
| | **Specialty Ag, Food and Beverage** | | | | | |
| 111000 | Crop Production | (3) | (9) | 38 | 36 | 26 |
| 112000 | Animal Production | 5 | (0) | 30 | 35 | 35 |
| 115112 | Soil Preparation, Planting, and Cultivating | 8 | 3 | 17 | 25 | 28 |
| 115114 | Postharvest Crop Activities | 4 | (0) | 0 | 4 | 3 |
| 115115 | Farm Labor Contractors and Crew Leaders | (0) | 8 | 4 | 4 | 12 |
| 115116 | Farm Management Services | 13 | 9 | 0 | 13 | 21 |
| 115310 | Support Activities for Forestry | (2) | (10) | 16 | 14 | 3 |
| 311119 | Other Animal Food Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 311421 | Fruit and Vegetable Canning | (0) | (0) | 4 | 4 | 3 |
| 311423 | Dried and Dehydrated Food Manufacturing | 4 | (0) | 0 | 4 | 3 |
| 311513 | Cheese Manufacturing | (48) | (34) | 86 | 37 | 3 |
| 311811 | Retail Bakeries | (10) | 4 | 40 | 30 | 33 |
| 311812 | Commercial Bakeries | 14 | (3) | 4 | 18 | 15 |
| 311920 | Coffee and Tea Manufacturing | (0) | (4) | 4 | 4 | 0 |
| 311941 | Mayonnaise, Dressing, and Other Prepared Sauces | 4 | 7 | 0 | 4 | 10 |
| 311991 | Perishable Prepared Food Manufacturing | 4 | 6 | 23 | 28 | 34 |
| 312111 | Soft Drink Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 312120 | Breweries | 6 | 2 | 4 | 10 | 12 |
| 312130 | Wineries | (0) | (0) | 4 | 4 | 3 |
| | **Total** | (6) | (24) | 280 | 275 | 250 |
| | **Niche Manufacturing** | | | | | |
| 313220 | Narrow Fabric Mills and Schiffli Machine Embroidery | 4 | (0) | 0 | 4 | 3 |
| 314120 | Curtain and Linen Mills | (4) | 0 | 4 | 0 | 0 |
| 314999 | All Other Miscellaneous Textile Product Mills | 4 | (0) | 0 | 4 | 3 |
| 315210 | Cut and Sew Apparel Contractors | 15 | 6 | 4 | 19 | 25 |
| 315220 | Men’s and Boys’ Cut and Sew Apparel Manufacturing | (64) | (0) | 67 | 4 | 3 |
| 316998 | All Other Leather Good and Allied Product Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 321113 | Sawmills | (124) | (103) | 257 | 133 | 30 |
| 321912 | Cut Stock, Resawing Lumber, and Planing | 10 | 2 | 28 | 38 | 40 |
| 323111 | Commercial Printing (except Screen and Books) | (0) | (0) | 4 | 4 | 3 |
| 325211 | Plastics Material and Resin Manufacturing | 4 | (0) | 0 | 4 | 3 |
| 325412 | Pharmaceutical Preparation Manufacturing | 4 | (0) | 0 | 4 | 3 |

| NAICS | Description | 2010-2019 | 2019-2028 | 2010 Jobs | 2019 Jobs | 2028 Jobs |
|---|---|---|---|---|---|---|
| 325510 | Paint and Coating Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 325620 | Toilet Preparation Manufacturing | (23) | (0) | 26 | 4 | 3 |
| 326111 | Plastics Bag and Pouch Manufacturing | 169 | 75 | 0 | 169 | 245 |
| 326121 | Unlaminated Plastics Profile Shape Manufacturing | (46) | 0 | 46 | 0 | 0 |
| 326150 | Urethane and Other Foam Product (except Polystyrene) Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 326199 | All Other Plastics Product Manufacturing | (24) | 0 | 24 | 0 | 0 |
| 327212 | Other Pressed and Blown Glass and Glassware Manufacturing | (12) | (9) | 24 | 12 | 3 |
| 327215 | Glass Product Manufacturing Made of Purchased Glass | 6 | (7) | 4 | 10 | 3 |
| 327320 | Ready-Mix Concrete Manufacturing | (2) | (1) | 18 | 16 | 15 |
| 332313 | Plate Work Manufacturing | 2 | 2 | 12 | 14 | 16 |
| 332420 | Metal Tank (Heavy Gauge) Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 332812 | Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers | (0) | (0) | 4 | 4 | 3 |
| 333120 | Construction Machinery Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 333243 | Sawmill, Woodworking, and Paper Machinery Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 333923 | Overhead Traveling Crane, Hoist, and Monorail System Manufacturing | 6 | 3 | 4 | 10 | 13 |
| 333992 | Welding and Soldering Equipment Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 333999 | All Other Miscellaneous General Purpose Machinery Manufacturing | (11) | (0) | 15 | 4 | 3 |
| 334220 | Radio, TV Broadcasting and Wireless Commun. Equip. | 27 | 14 | 4 | 31 | 45 |
| 334513 | Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables | (15) | 0 | 15 | 0 | 0 |
| 335121 | Residential Electric Lighting Fixture Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 335312 | Motor and Generator Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 335314 | Relay and Industrial Control Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 335929 | Other Communication and Energy Wire Manufacturing | 4 | (0) | 0 | 4 | 3 |
| 337110 | Wood Kitchen Cabinet and Countertop Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 337211 | Wood Office Furniture Manufacturing | 24 | 14 | 4 | 28 | 42 |
| 337212 | Custom Architectural Woodwork and Millwork Manufacturing | (18) | (0) | 22 | 4 | 3 |
| 337215 | Showcase, Partition, Shelving, and Locker Manufacturing | (0) | (0) | 4 | 4 | 3 |
| 339112 | Surgical and Medical Instrument Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 339113 | Surgical Appliance and Supplies Manufacturing | (4) | 0 | 4 | 0 | 0 |
| 339910 | Jewelry and Silverware Manufacturing | 44 | 8 | 25 | 69 | 77 |
| 339930 | Doll, Toy, and Game Manufacturing | 4 | (0) | 0 | 4 | 3 |
| 339992 | Musical Instrument Manufacturing | 10 | 2 | 33 | 43 | 46 |
| 339999 | All Other Miscellaneous Manufacturing | (27) | 0 | 27 | 0 | 0 |
| | **Total** | (64) | 1 | 723 | 659 | 660 |

| NAICS | Description | 2010-2019 | 2019-2028 | 2010 Jobs | 2019 Jobs | 2028 Jobs |
|---|---|---|---|---|---|---|
| | **Management and Innovation Services** | | | | | |
| 541310 | Architectural Services | (0) | (0) | 4 | 4 | 3 |
| 541330 | Engineering Services | 25 | 22 | 57 | 82 | 103 |
| 541360 | Geophysical Surveying and Mapping Services | 8 | 4 | 4 | 11 | 15 |
| 541370 | Surveying and Mapping (except Geophysical) Services | 8 | 4 | 4 | 12 | 16 |
| 541380 | Testing Laboratories | (2) | (3) | 35 | 33 | 30 |
| 541511 | Custom Computer Programming Services | (10) | 2 | 45 | 35 | 37 |
| 541611 | Administrative/General Management Consulting | 11 | 7 | 4 | 15 | 22 |
| 541618 | Other Management Consulting Services | (0) | (4) | 4 | 4 | 0 |
| 541620 | Environmental Consulting Services | 7 | 7 | 21 | 28 | 35 |
| 541690 | Other Scientific and Technical Consulting Services | (76) | (20) | 99 | 23 | 3 |
| 541713 | Research and Development in Nanotechnology | (4) | 0 | 4 | 0 | 0 |
| 541714 | Research and Development in Biotechnology (except Nanobiotechnology) | (4) | 0 | 4 | 0 | 0 |
| 541715 | Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology) | (20) | (14) | 37 | 17 | 3 |
| 541720 | Research and Development in the Social Sciences and Humanities | (0) | (0) | 4 | 4 | 3 |
| 541820 | Public Relations Agencies | 4 | (0) | 0 | 4 | 3 |
| 541890 | Other Services Related to Advertising | (0) | (0) | 4 | 4 | 3 |
| 541940 | Veterinary Services | 9 | 5 | 75 | 84 | 89 |
| 541990 | All Other Professional, Scientific, and Technical Services | 14 | 7 | 4 | 18 | 25 |
| 551114 | Corporate, Subsidiary, and Regional Managing Offices | (62) | (34) | 147 | 85 | 51 |
| 561110 | Office Administrative Services | 30 | 17 | 4 | 33 | 50 |
| | **Total** | (62) | (2) | 557 | 495 | 494 |
| | **Diversified Health Care** | | | | | |
| 621111 | Offices of Physicians (except Mental Health Specialists) | (9) | 2 | 138 | 128 | 130 |
| 621112 | Offices of Physicians, Mental Health Specialists | (0) | (0) | 4 | 4 | 3 |
| 621210 | Offices of Dentists | 1 | (1) | 61 | 63 | 62 |
| 621310 | Offices of Chiropractors | (0) | (0) | 4 | 4 | 3 |
| 621320 | Offices of Optometrists | 2 | 1 | 14 | 15 | 16 |
| 621330 | Offices of Mental Health Practitioners (except Physicians) | (33) | (3) | 79 | 45 | 42 |
| 621340 | Offices of Physical, Occupational and Speech Therapists, and Audiologists | 3 | 2 | 13 | 16 | 18 |
| 621399 | Offices of All Other Miscellaneous Health Practitioners | 13 | 13 | 4 | 17 | 30 |
| 621420 | Outpatient Mental Health and Substance Abuse Centers | (0) | (0) | 4 | 4 | 3 |
| 621498 | All Other Outpatient Care Centers | 128 | 121 | 29 | 158 | 278 |
| 621511 | Medical Laboratories | (0) | (0) | 4 | 4 | 3 |
| 621512 | Diagnostic Imaging Centers | (0) | 8 | 4 | 4 | 12 |

| NAICS | Description | 2010-2019 | 2019-2028 | 2010 Jobs | 2019 Jobs | 2028 Jobs |
|---|---|---|---|---|---|---|
| 621910 | Ambulance Services | 3 | 4 | 28 | 31 | 36 |
| 622110 | General Medical and Surgical Hospitals | 9 | 19 | 443 | 452 | 471 |
| 622310 | Specialty (except Psychiatric and Substance Abuse) Hospitals | 4 | 9 | 0 | 4 | 13 |
| 623210 | Residential Intellectual and Developmental Disability Facilities | 1 | 8 | 44 | 45 | 53 |
| 624110 | Child and Youth Services | (2) | 2 | 21 | 19 | 21 |
| 624120 | Services for the Elderly and Persons with Disabilities | 460 | 246 | 62 | 522 | 768 |
| 624221 | Temporary Shelters | 10 | (0) | 4 | 14 | 14 |
| 624229 | Other Community Housing Services | (8) | (0) | 11 | 4 | 3 |
| 624310 | Vocational Rehabilitation Services | 159 | 80 | 4 | 163 | 242 |
| 624410 | Child Day Care Services | 13 | 3 | 62 | 75 | 78 |
| | **Total** | 753 | 513 | 1,036 | 1,788 | 2,301 |

**Table 20: Employed Labor Force by Sector: Humboldt County, Arcata and other places within Humboldt County Compared to California, 2013-2017 Average**

| Employment Sector | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 17,993,915 | 59,592 | 8,404 | 12,225 | 549 | 647 | 4,771 | 1,273 | 111 | 7,606 | 2,512 | 1,902 |
| Agriculture | 415,522 | 2,476 | 259 | 216 | 24 | 33 | 141 | 97 | 4 | 256 | 1 | 134 |
| Construction | 1,095,245 | 4,300 | 285 | 888 | 18 | 68 | 281 | 134 | 1 | 647 | 77 | 13 |
| Manufacturing | 1,711,597 | 2,655 | 394 | 616 | 52 | 1 | 261 | 80 | 0 | 356 | 67 | 18 |
| Wholesale | 532,171 | 1,256 | 115 | 408 | 14 | 31 | 169 | 10 | 0 | 55 | 57 | 91 |
| Retail | 1,944,607 | 8,363 | 1,339 | 1,832 | 34 | 166 | 813 | 156 | 1 | 988 | 259 | 501 |
| Transportation and Warehousing | 894,568 | 2,335 | 177 | 472 | 55 | 13 | 297 | 14 | 1 | 318 | 112 | 163 |
| Information | 529,359 | 897 | 150 | 156 | 15 | 7 | 95 | 4 | 0 | 92 | 89 | 14 |
| Finance and Insurance, and Real Estate | 1,108,073 | 2,539 | 228 | 679 | 17 | 41 | 234 | 54 | 0 | 357 | 179 | 70 |
| Professional, Scientific, and Management and Waste Remediation | 2,378,080 | 5,092 | 837 | 889 | 7 | 48 | 341 | 101 | 14 | 771 | 244 | 97 |
| Education and Health | 3,766,488 | 15,340 | 2,560 | 2,958 | 171 | 109 | 1,073 | 311 | 57 | 2,217 | 650 | 318 |
| Arts, Entertainment, Food and Lodging | 1,877,141 | 7,361 | 1,469 | 1,600 | 95 | 90 | 547 | 89 | 13 | 755 | 443 | 154 |
| Other Services | 952,898 | 2,960 | 271 | 614 | 31 | 27 | 200 | 162 | 6 | 276 | 141 | 91 |
| Public Administration | 788,166 | 4,018 | 320 | 897 | 16 | 13 | 319 | 61 | 14 | 518 | 193 | 238 |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Table C24050]*

**Table 21: Employed Labor Force by Sector and Broad Occupational Categories: Humboldt County, Arcata and other places within Humboldt County Compared to California, 2013-2017 Average**

| Job Sectors/Occupational Groups | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **All Sectors** | **17,993,915** | **59,592** | **8,404** | **12,225** | **549** | **647** | **4,771** | **1,273** | **111** | **7,606** | **2,512** | **1,902** |
| Management, business, science, and arts | 38.1% | 33.9% | 37.9% | 29.4% | 35.7% | 27.7% | 28.1% | 26.7% | 67.6% | 36.1% | 46.0% | 20.7% |
| Service | 18.7% | 23.1% | 26.9% | 23.5% | 23.3% | 23.0% | 19.3% | 28.4% | 21.6% | 25.2% | 19.7% | 21.9% |
| Sales and office | 23.1% | 23.6% | 23.5% | 27.1% | 15.7% | 27.7% | 30.8% | 16.1% | 9.0% | 18.4% | 25.5% | 29.4% |
| Natural resources, construction, and maintenance | 9.1% | 10.3% | 5.8% | 10.2% | 10.2% | 15.1% | 8.6% | 18.0% | 1.8% | 10.1% | 3.9% | 8.7% |
| Production, transportation, and material moving | 11.1% | 9.1% | 5.8% | 9.8% | 15.1% | 6.5% | 13.2% | 10.8% | 0.0% | 10.2% | 4.9% | 19.3% |
| **Agriculture and Natural Res.** | **415,522** | **2,476** | **259** | **216** | **24** | **33** | **141** | **97** | **4** | **256** | **1** | **134** |
| Management, business, science, and arts | 14.6% | 36.8% | 11.2% | 32.9% | 37.5% | 6.1% | 39.7% | 26.8% | 75.0% | 44.5% | 0.0% | 11.9% |
| Service | 3.5% | 7.6% | 26.3% | 5.6% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sales and office | 4.4% | 4.0% | 0.0% | 8.3% | 0.0% | 0.0% | 7.1% | 12.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| Natural resources, construction, and maintenance | 69.6% | 45.9% | 58.7% | 45.4% | 62.5% | 93.9% | 53.2% | 60.8% | 25.0% | 42.6% | 100.0% | 88.1% |
| Production, transportation, and material moving | 7.9% | 5.7% | 3.9% | 7.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 12.9% | 0.0% | 0.0% |
| **Construction** | **1,095,245** | **4,300** | **285** | **888** | **18** | **68** | **281** | **134** | **1** | **647** | **77** | **13** |
| Management, business, science, and arts | 17.8% | 15.9% | 38.6% | 4.1% | 61.1% | 0.0% | 32.0% | 20.9% | 0.0% | 7.9% | 28.6% | 0.0% |
| Service | 0.6% | 0.2% | 0.0% | 0.0% | 0.0% | 10.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sales and office | 6.3% | 5.8% | 9.8% | 12.0% | 0.0% | 0.0% | 6.8% | 0.0% | 0.0% | 1.7% | 18.2% | 0.0% |
| Natural resources, construction, and maintenance | 71.7% | 75.7% | 46.3% | 83.9% | 38.9% | 89.7% | 61.2% | 79.1% | 100.0% | 83.5% | 53.2% | 100.0% |

| Job Sectors/Occupational Groups | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Production, transportation, and material moving | 3.5% | 2.4% | 5.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 7.0% | 0.0% | 0.0% |
| **Manufacturing** | **1,711,597** | **2,655** | **394** | **616** | **52** | **1** | **261** | **80** | **0** | **356** | **67** | **18** |
| Management, business, science, and arts | 37.6% | 31.6% | 42.9% | 35.4% | 25.0% | 100.0% | 14.9% | 23.8% | 0.0% | 14.6% | 68.7% | 38.9% |
| Service | 1.7% | 5.0% | 6.3% | 6.7% | 0.0% | 0.0% | 2.3% | 0.0% | 0.0% | 5.9% | 0.0% | 0.0% |
| Sales and office | 14.2% | 15.6% | 37.8% | 5.4% | 15.4% | 0.0% | 10.3% | 0.0% | 0.0% | 10.1% | 0.0% | 61.1% |
| Natural resources, construction, and maintenance | 4.7% | 4.9% | 4.3% | 5.2% | 19.2% | 0.0% | 7.3% | 16.3% | 0.0% | 4.8% | 0.0% | 0.0% |
| Production, transportation, and material moving | 41.7% | 42.9% | 8.6% | 47.4% | 40.4% | 0.0% | 65.1% | 60.0% | 0.0% | 64.6% | 31.3% | 0.0% |
| **Retail** | **1,944,607** | **8,363** | **1,339** | **1,832** | **34** | **166** | **813** | **156** | **1** | **988** | **259** | **501** |
| Management, business, science, and arts | 11.8% | 8.5% | 10.2% | 7.9% | 0.0% | 19.9% | 12.2% | 0.0% | 0.0% | 7.7% | 11.6% | 5.2% |
| Service | 4.1% | 10.1% | 20.2% | 9.8% | 0.0% | 8.4% | 2.2% | 24.4% | 0.0% | 19.4% | 0.0% | 0.0% |
| Sales and office | 69.5% | 67.6% | 60.5% | 72.5% | 97.1% | 66.3% | 75.4% | 44.2% | 100.0% | 64.2% | 83.4% | 60.9% |
| Natural resources, construction, and maintenance | 3.5% | 1.5% | 0.0% | 2.2% | 0.0% | 0.0% | 2.7% | 13.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| Production, transportation, and material moving | 11.1% | 12.3% | 9.2% | 7.5% | 2.9% | 5.4% | 7.5% | 17.9% | 0.0% | 8.7% | 5.0% | 33.9% |
| **Logistics*** | **1,426,739** | **3,591** | **292** | **880** | **69** | **44** | **466** | **24** | **1** | **373** | **169** | **254** |
| Management, business, science, and arts | 16.9% | 11.2% | 9.9% | 1.8% | 0.0% | 25.0% | 7.7% | 20.8% | 0.0% | 8.3% | 13.6% | 26.4% |
| Service | 2.0% | 2.8% | 4.5% | 4.0% | 0.0% | 0.0% | 1.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sales and office | 33.7% | 35.9% | 30.8% | 40.2% | 40.6% | 20.5% | 18.9% | 0.0% | 100.0% | 23.1% | 33.7% | 31.1% |
| Natural resources, construction, and maintenance | 6.0% | 4.7% | 3.8% | 3.3% | 0.0% | 0.0% | 17.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Production, transportation, and material moving | 41.4% | 45.3% | 51.0% | 50.7% | 59.4% | 54.5% | 54.7% | 79.2% | 0.0% | 68.6% | 52.7% | 42.5% |

| Job Sectors/Occupational Groups | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Professional and Other Services^** | **4,968,410** | **11,488** | **1,486** | **2,338** | **70** | **123** | **870** | **321** | **20** | **1,496** | **653** | **272** |
| Management, business, science, and arts | 48.3% | 39.9% | 57.5% | 39.6% | 47.1% | 52.8% | 22.2% | 23.4% | 70.0% | 40.1% | 49.2% | 17.3% |
| Service | 18.7% | 21.8% | 19.4% | 20.0% | 1.4% | 10.6% | 14.5% | 36.1% | 25.0% | 26.4% | 17.9% | 8.8% |
| Sales and office | 22.5% | 24.1% | 14.6% | 25.2% | 10.0% | 31.7% | 47.6% | 18.1% | 5.0% | 23.8% | 28.8% | 40.8% |
| Natural resources, construction, and maintenance | 5.1% | 7.1% | 5.0% | 10.2% | 12.9% | 4.9% | 3.3% | 9.3% | 0.0% | 4.2% | 4.1% | 0.0% |
| Production, transportation, and material moving | 5.4% | 7.0% | 3.4% | 5.0% | 28.6% | 0.0% | 12.4% | 13.1% | 0.0% | 5.5% | 0.0% | 33.1% |
| **Education and Health** | **3,766,488** | **15,340** | **2,560** | **2,958** | **171** | **109** | **1,073** | **311** | **57** | **2,217** | **650** | **318** |
| Management, business, science, and arts | 63.7% | 59.4% | 60.3% | 55.1% | 60.2% | 61.5% | 59.9% | 38.9% | 71.9% | 60.8% | 76.0% | 51.3% |
| Service | 22.4% | 24.0% | 13.6% | 27.7% | 31.0% | 34.9% | 26.2% | 47.9% | 26.3% | 30.6% | 13.4% | 40.3% |
| Sales and office | 11.8% | 12.9% | 20.5% | 13.5% | 0.0% | 3.7% | 11.5% | 13.2% | 1.8% | 6.3% | 10.6% | 8.5% |
| Natural resources, construction, and maintenance | 0.7% | 2.2% | 3.6% | 1.3% | 8.8% | 0.0% | 0.0% | 0.0% | 0.0% | 1.4% | 0.0% | 0.0% |
| Production, transportation, and material moving | 1.4% | 1.4% | 2.0% | 2.4% | 0.0% | 0.0% | 2.4% | 0.0% | 0.0% | 0.8% | 0.0% | 0.0% |
| **Entertainment, Food and Lodging** | **1,877,141** | **7,361** | **1,469** | **1,600** | **95** | **90** | **547** | **89** | **13** | **755** | **443** | **154** |
| Management, business, science, and arts | 19.5% | 19.4% | 11.1% | 17.2% | 21.1% | 0.0% | 18.6% | 59.6% | 84.6% | 16.8% | 32.5% | 0.0% |
| Service | 61.5% | 65.5% | 73.8% | 62.4% | 77.9% | 75.6% | 66.9% | 27.0% | 15.4% | 71.4% | 54.6% | 83.1% |
| Sales and office | 14.8% | 10.9% | 10.9% | 13.1% | 1.1% | 14.4% | 14.4% | 13.5% | 0.0% | 10.2% | 6.3% | 16.9% |
| Natural resources, construction, and maintenance | 1.0% | 1.0% | 0.7% | 1.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 6.5% | 0.0% |
| Production, transportation, and material moving | 3.2% | 3.2% | 3.5% | 5.6% | 0.0% | 10.0% | 0.0% | 0.0% | 0.0% | 1.6% | 0.0% | 0.0% |
| **Public Admin.** | **788,166** | **4,018** | **320** | **897** | **16** | **13** | **319** | **61** | **14** | **518** | **193** | **238** |
| Management, business, science, and arts | 40.4% | 38.6% | 48.1% | 30.9% | 43.8% | 0.0% | 26.0% | 21.3% | 42.9% | 66.8% | 38.9% | 28.2% |

| Job Sectors/Occupational Groups | California | Humboldt County | Arcata | Eureka | Blue Lake | Ferndale | Fortuna | Rio Dell | Trinidad | McKinleyville CDP | Myrtletown CDP | Humboldt Hill CDP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Service | 34.5% | 36.2% | 51.9% | 35.3% | 0.0% | 69.2% | 37.6% | 57.4% | 14.3% | 17.0% | 25.9% | 57.1% |
| Sales and office | 19.5% | 20.2% | 0.0% | 30.8% | 56.3% | 30.8% | 30.1% | 21.3% | 42.9% | 11.8% | 35.2% | 0.0% |
| Natural resources, construction, and maintenance | 3.4% | 2.4% | 0.0% | 0.0% | 0.0% | 0.0% | 3.1% | 0.0% | 0.0% | 2.1% | 0.0% | 14.7% |
| Production, transportation, and material moving | 2.3% | 2.7% | 0.0% | 3.0% | 0.0% | 0.0% | 3.1% | 0.0% | 0.0% | 2.3% | 0.0% | 0.0% |

*Source: ADE, Inc., based on US Census ACS 5-Year 2013-2017 [Table C24050] // *Note: Logistics consists of Utilities (NAICS 22), Wholesale (NAICS 42), Transportation (NAICS 48), Warehousing (NAICS 49). ^Note: Professional and Other Services consists of Information (NAICS 51), Finance and Insurance (NAICS 52), Real Estate and Leasing (NAICS 53), Professional Technical and Scientific (NAICS 54), Management of Companies (NAICS 55), Administrative and Waste Remediation (NAICS 56), and Other Services (NAICS 81)*

# **APPENDIX E:** INFILL DEVELOPMENT

**Cost and Revenue Factors Used in Pro Forma Analysis**

| **Cost/Revenue Category** | **Factor** | **Notes/Units** |
|---|---|---|
| **Land cost** | $14.00 | sq. ft. |
| **Building Costs** | Cost per sq. ft. | Includes 25% contractor's fees plus 7% architecture |
| Two-Story Multi-Family | $198.53 | Wood frame construction |
| Three Story Multi-Family | $186.09 | Wood frame construction |
| Four-story Multi-Family | $185.06 | Wood frame construction w/ elevators |
| Commercial mixed use four stories | $179.97 | Wood frame construction w/elevator |
| Townhome | $182.23 | Wood frame construction |
| Industrial | $157.84 | Concrete block |
| Office | $173.91 | Wood frame construction |
| Tri-plex | $181.30 | Wood frame construction |
| **Sitework** | | |
| Paving/surface parking | $5.50 | sq. ft.: 4" asphalt, 10" gravel base |
| Landscaping | $7.57 | sq. ft. |
| Demolition | $0.47 | cu ft |
| Foundation/pvmt removal | $3.63 | sq. ft. |
| Utilities | $195.99 | l.f. |
| Curb & Gutter | $15.80 | sq. ft. |
| **City Fees** | **Fee Rate** | |
| Wastewater Connection | $4,213 | |
| | $3,265 | for first 18 fixtures - 5 per unit |
| Water | $4,322 | 5/8 x 3/4" meter |
| | $2,483 | for first 18 fixtures - 5 per unit |
| | $4,854 | 1.5" meter |
| | $4,476 | for first 18 fixtures - 5 per unit |
| Drainage | $0.112 | per sq. ft. impervious |
| Building Permit | $7,957 | |
| | $5.16 | per $1,000 over $1 million |
| Plan Review | 65% | of BP |
| SMIP | $0.0001 | times valuation |
| BSC Admin | $1.00 | per $25,000 valuation |
| ES Waste Diversion Fee | 4% | of BP |
| CASP Recovery | $0.0006 | times valuation - commercial only |
| General Plan | 4% | of BP |
| Planning Division/Permit Database | $63.00 | |
| Plan Check (all - small) | $1,339 | |
| Plan Check (all - large) | $1,602 | |
| CASP Recovery | $0.0006 | times valuation - commercial only |
| Recreation Construction Tax | 1.00% | time valuation (Residential) |
| | 0.25% | Commercial |
| Parkland in-lieu | $14.00 | sq. ft.: actual cost of land - Land Use Code 9.86.030 E |
| **Revenue/Valuation** | | |
| Vacancy rate | 5% | |
| Value | 6% | Capitalization of net operating income |
| **Operating Costs** | | |
| Property Tax | 1.30% | of value |
| Insurance | 2.00% | of rev. |
| Maintenance/Management | 8.00% | of rev. |
| Util. | $144 | per unit/ mo (water, sewer, solid waste) |
| Reserves | 2.00% | of rev. |

# **APPENDIX F:** FISCAL IMPACT METHODOLOGY

### FISCAL IMPACT ANALYSIS METHODOLOGY

The fiscal analysis is based on City revenues and expenditures from the Fiscal Year (FY) 2019-2020 budget (Table F-1). The largest component of the budget is the General Fund, which receives all general tax revenues as well as a number of City fee and license revenues and other sources. The General Fund supports most City service functions such as police protection, general administration, community development, some facilities operations and maintenance and parks and recreation. For the FY 2019-20, the General Fund has $14.57 million in revenues and $14.56 million in expenses.

The City also has a number of Special Revenue and Enterprise Funds that have more specific revenue sources and cost functions. For this analysis, we have included a selection of these funds that are most affected by land use changes. They are primarily funds that address street maintenance, as well as City utilities such as water and sewer service, solid waste collection and storm drain management.

The fiscal analysis makes a number of adjustments to the budget figures in Table F-2 to better reflect the marginal cost of adding new development to the City. The expenditures for the City Council and City management staff in each Department are excluded on the premise that these expenditures are not increased as population grows, but rather additional staff at lower levels would be added if necessary. In addition, the analysis is focused on annual operating costs and revenues. Therefore one time capital expenditures are generally excluded from the analysis along with one time revenues such as occasional grant funds, building permit and plan check fees, and utility connection fees. Table F-2 shows the specific revenues and costs excluded from the analysis. In cases where revenues from fees and grants are excluded, we have made corresponding reductions to the Departmental budgets to obtain budget figures reflecting services supported by ongoing revenues included in the analysis. While the overall City budget shows a net revenue of $7.72 million for FY 2019-20, the specific adjusted funds included in the fiscal analysis have a net revenue balance over costs of $2.9 million.

**Table F-1: City of Arcata FY 2019-20 Budget, General Fund and Selected Other Funds**

| Budget Category | Annual Budget |
|---|---|
| REVENUES | |
| GENERAL FUND | |
| Taxes | |
| Property Tax | $1,566,050 |
| Property Tax in lieu of VLF | $1,650,000 |
| Sales and Use Tax | $4,851,000 |
| Transient Occupancy Tax | $1,603,500 |
| Utility Users Tax | $1,100,000 |
| Franchise Fees | $230,000 |
| Business License Tax | $135,000 |
| Real Property Transfer Tax | $30,000 |
| Licenses and Permits | $612,000 |
| Intergovernmental | $568,072 |
| Service Charges | |
| Development Review Fees | $195,500 |
| Recreation Fees | $375,100 |
| Other Charges for Services | $236,600 |
| Other Revenue | |
| Fines and Forfeitures | $250,000 |
| Interest Earnings and Rents | $198,500 |
| Other Revenues | $47,220 |
| Inter Fund Revenue/Reimbursements | $1,761,651 |
| GAS TAX, TRAFFIC, STREET LIGHT FUNDS | $2,143,793 |
| WATER SERVICE | $5,850,796 |
| WASTEWATER SERVICE | $7,046,046 |
| SOLID WASTE | $401,400 |
| STORMWATER DRAINAGE | $709,646 |
| OTHER FUNDS | $10,195,586 |
| TOTAL REVENUES | $41,757,460 |
| EXPENDITURES | |
| GENERAL FUND | BUDGET |
| General Government | $3,077,363 |
| Police | $6,408,854 |
| Community Development | $550,068 |
| Engineering | |
| *Building* | $404,321 |
| *Engineering* | $318,284 |
| Environmental Services | |
| *Streets** | $2,712,776 |
| *Corporation Yard* | $146,461 |
| *Energy Management* | $104,097 |
| *GIS* | $47,199 |
| *Building Maintenance* | $812,741 |
| *Parks and Recreation* | $1,694,468 |
| Operating Transfers | $839,737 |
| WATER SERVICE FUND | $4,957,931 |
| WASTEWATER SERVICE | $6,939,458 |
| SOLID WASTE | $399,398 |
| STORMWATER DRAINAGE | $700,132 |
| OTHER FUNDS | $3,918,564 |
| TOTAL EXPENDITURES | $34,031,852 |
| TOTAL NET | $7,725,608 |

*Source: City of Arcata 2019-20 Adopted Budget.*

**Includes Gas Tax, Traffic and Street Light Funds*

**Table F-2: Fiscal Model Revenue and Expenditure Adjustments**

| Function | Amount | Item |
|---|---|---|
| Revenues | | |
| Services Charges | $165,000 | Planning Fees |
| Services Charges | $30,500 | Bldg. Fees |
| Intergovernmental | $353,367 | School Resource Officer Grant |
| Intergovernmental | $28,650 | Other Police Grants |
| Intergovernmental | $54,000 | Parks and Rec Grants |
| Gas Tax Fund | $250,000 | Other State grants |
| Traffic Fund | $184,000 | Operating Transfers |
| Water Service Fund | $230,000 | Water Connection Fees |
| Wastewater Service Fund | $235,000 | Other State grants |
| Wastewater Service Fund | $280,000 | Connection Fees |
| Solid Waste | $10,000 | State Recycling Grants |
| Solid Waste | $5,000 | Integrated Waste Mgmt Grant |
| Stormwater Drainage | $25,000 | USFWS Grants |
| Stormwater Drainage | $317,846 | Operating Transfers |
| Expenditures | | |
| General Government | $290,271 | City Council |
| General Government | $149,336 | Finance Dir |
| General Government | $211,547 | City Manager |
| General Government | $152,264 | Asst City Manager |
| General Government | $109,084 | City Clerk |
| Engineering | $160,073 | City Engineer |
| Engineering | $135,109 | Asst City Engineer |
| Community Development | $174,713 | CD Director |
| Community Development | $147,467 | Dep CD Director |
| Public Safety | $190,494 | Police Chief |
| Environmental Services | $160,073 | Director |
| Environmental Services | $135,109 | Asst Director (CS) |
| Environmental Services | $135,109 | Asst Director (Streets/Util) |
| Environmental Services | $250,000 | State Streets Grants |

*Source: ADE, Inc. based on Arcata Budget FY 2019-20*

The impact of new development on certain City revenues are based on the relevant tax and fee formulas as provided in state and municipal legislation. In particular, the property and sales taxes as well as monthly utility charges are paid based on formulas discussed in more detail below. Other revenues and some of the service costs are calculated in the analysis using per capita revenue and cost factors based on the adjusted budget figures from Tables F-1 and F-2. The proportions shown in Table F-3 are based on the concept that businesses, as measured by their employee counts, exert half the service demand per capita as does the residential population. This is a standard assumption in fiscal impact analysis and stems from the fact that employees work eight hour shifts while residents are typically home 16 hours or more per day. In Arcata, there are 18,078 residents and 11,546 jobs. In addition, ADE estimates there are the full-time equivalent of 659 visitors, based on available lodging occupancy data. Of the total service population of 24,510 (18,078+659+11,546/2), residents comprise nearly three-quarters.

**Table F-3: Per Capita Cost and Revenue Factors**

| Budget Category | BUSINESS UNIT REVENUES | | RESIDENTIAL UNIT REVENUES | |
|---|---|---|---|---|
| | Proportion | Per employee | Proportion | Per capita |
| Utility Users Tax | 26% | $25.00 | 74% | $44.88 |
| Franchise Fees | 26% | $5.23 | 74% | $9.38 |
| Business License Tax | 95% | $11.11 | 5% | $0.37 |
| Licenses and Permits | 26% | $13.91 | 74% | $24.97 |
| Intergovernmental | 0% | $0.00 | 100% | $7.30 |
| Recreation Fees | 0% | $0.00 | 100% | $20.75 |
| Other Charges for Services | 26% | $5.38 | 74% | $9.65 |
| Fines and Forfeitures | 26% | $5.68 | 74% | $10.20 |
| Other Revenues | 26% | $1.07 | 74% | $1.93 |
| Inter Fund Revenue/Reimbursements | 26% | $40.04 | 74% | $71.87 |
| Gas Tax | 0% | $0.00 | 100% | $94.58 |
| Solid Waste | 26% | $8.78 | 74% | $15.77 |
| Stormwater Drainage | 26% | $8.34 | 74% | $14.97 |
| | **BUSINESS UNIT COSTS** | | **RESIDENTIALUNIT COSTS** | |
| | **Proportion** | **Per employee** | **Proportion** | **Per capita** |
| Police | 26% | $136.98 | 74% | $245.89 |
| Community Development | 26% | $1.43 | 74% | $2.57 |
| Engineering | 26% | $9.02 | 74% | $16.19 |
| Parks and Recreation | 0% | $0.00 | 100% | $83.27 |
| Other Environmental Services* | 26% | $21.60 | 74% | $38.78 |
| Operating Transfers | 26% | $19.09 | 74% | $34.26 |
| Water Service | 26% | $107.46 | ** | ** |
| Wastewater Service | 26% | $91.37 | ** | ** |
| Solid Waste | 26% | $8.74 | 74% | $27.55 |
| Stormwater Drainage | 26% | $15.34 | | |

Source: ADE, Inc.

*Excludes streets

** Not calculated per capita - see discussion below.

In certain cases, other assumptions are used. For example, businesses are assumed to generate 95% of business license revenue while residents are assumed to generate most of the intergovernmental revenue and also use 100% of parks and recreation services.

The following sections describe how other revenues and costs are calculated.

### REVENUES

**Property Tax.** Property owners pay property tax at the rate of 1% of assessed value plus other amounts designated for voter approved bond payments or other special assessments. The 1% base tax is distributed among a number of taxing agencies with jurisdiction over the property. On average, the City of Arcata gets an average of about 10.4% of the base property tax, which is estimated to generate about $1.55 million for FY 2019-20. In addition, Arcata gets $1.65 million in property tax in-lieu of vehicle license fees (PTIVLF). This amount increases annually in proportion to growth in the City's aggregate assessed value, so new development contributes to the increase in this revenue as well. The property tax revenues are calculated in this analysis based on the average assessed values shown in Table 8 in the body of the report, with an additional proportional amount added to reflect the PTILVF.

**Sales Tax.** Similar to the property tax, the City receives a share of sales taxes generated by retail and service businesses in Arcata. The base share is 1% of taxable sales value, but the City voters have also approved a Transactions and Use Tax with an additional 0.75%, which will be in effect for 20 years. ADE has calculated the growth in taxable sales based on household income for the different types of residential units in the analysis. The tables below show the detailed calculations for the types of retail and service businesses at which households shop. Households typically make at least 20% of the purchases shown in Tables D-4 through D-6 out of town, either on trips or through comparison shopping and we have reduced the sales tax estimates accordingly. In the Infill scenario, there is also retail space, which would generate sales tax directly. In order to avoid double counting revenue, we have subtracted the household spending in the scenario from the sales tax attributed to the retail space, and only shown the additional sales tax the retail would be expected to generate from existing residents and visitors.

**Water and Wastewater Service Fees.** ADE estimated these monthly service charges using the City's fee schedules and water use factors for single family and multi-family units derived from the Urban Water Management Plan (2015).

### COSTS

**General Government.** This category includes City administrative departments such as the City Manager, City Clerk, and Finance Department. The total adjusted costs for these functions equal 76.4% of total City budget expenditures. The General Government costs in this analysis are based on applying that percentage to other calculated service costs in the analysis.

**Street Maintenance.** These costs are calculated based on lane mile generated by different densities of residential uses, based on the total City inventory of 70 lane miles of maintained roadway. Single family units require 60' of street frontage based on typical lot sizes. The lane miles for other residential densities are calculated in proportion to the units per acre comparison with 7.25, the average for single family units. Due to the wide variation in non-residential parcel sizes, the non-residential portion of street maintenance costs are calculated per employee.

**Water, Wastewater and Storm Drainage System Operating Costs.** These utilities have two main components of operating and maintenance costs: 1) the operation and maintenance of the in-street water distribution, storm drainage and wastewater collection pipes, and 2) the cost of the water supply and of operating the wastewater treatment plant. The systemwide costs have been allocated on a per capita basis. We have calculated the in-street distribution and collection systems costs similar to the street maintenance costs discussed above. For greenfield single family units, we have applied the full average cost per street frontage the City currently spends on maintenance of these systems. For the infill scenario, we have multiplied the average cost by the ENR annual cost escalation percentage, averaging 4.5% over the past five years for the San Francisco region, to reflect the fact that infill water and wastewater, as well as storm drainage, is an incremental increase in usage of existing infrastructure.

### Results of the Analysis

The detailed fiscal calculations are shown in Table F-7 below.

**Table F-4: Taxable Household Spending, Single Family Units**

| 100 Households with Average Income of $74,800<br>Store Category | Total Household Spending | Taxable Sales | Taxable Percent | Total Sales as Percent of Income | Taxable Sales as Percent of Income |
|---|---|---|---|---|---|
| **RETAIL** | | | | | |
| Apparel Store Group | $99,044 | $99,044 | 100.0% | 1.3% | 1.3% |
| General Merchandise Group | $357,499 | $235,773 | 66.0% | 4.8% | 3.2% |
| Department Stores/Other General Merch. | $75,281 | $68,242 | 90.7% | 1.0% | 0.9% |
| Other General Merchandise | $222,129 | $143,495 | 64.6% | 3.0% | 1.9% |
| Drug & Proprietary Stores | $60,089 | $24,036 | 40.0% | 0.8% | 0.3% |
| Specialty Retail Group | $96,273 | $96,273 | 100.0% | 1.3% | 1.3% |
| Food, Eating and Drinking Group | $696,615 | $457,838 | 65.7% | 9.3% | 6.1% |
| Grocery Stores | $307,555 | $76,889 | 25.0% | 4.1% | 1.0% |
| Specialty Food Stores | $9,985 | $2,496 | 25.0% | 0.1% | 0.0% |
| Liquor Stores | $14,819 | $14,197 | 95.8% | 0.2% | 0.2% |
| Eating Places | $364,257 | $364,257 | 100.0% | 4.9% | 4.9% |
| Building Materials And | $0 | $0 | 0.0% | 0.0% | 0.0% |
| Homefurnishings Group | $132,611 | $132,611 | 100.0% | 1.8% | 1.8% |
| Automotive Group | $610,380 | $591,894 | 93.3% | 8.2% | 7.9% |
| Sub-Total Retail | $1,992,422 | $1,613,432 | 81.0% | 26.6% | 21.6% |
| **SERVICES** | | | | | |
| Rental Services | $13,731 | $0 | 0.0% | 0.2% | 0.0% |
| Professional Services | $4,625 | $0 | 0.0% | 0.1% | 0.0% |
| Medical Services | | | | | |
| Eyecare | $42,892 | $21,446 | 50.0% | 0.6% | 0.3% |
| Other Medical | $127,889 | $0 | 0.0% | 1.7% | 0.0% |
| Repair Services | | | | | |
| Auto Repair | $31,415 | $12,566 | 40.0% | 0.4% | 0.2% |
| Other Repair | $14,867 | $0 | 0.0% | 0.2% | 0.0% |
| Personal Services | | | | | |
| Personal Care Services | $29,656 | $2,966 | 10.0% | 0.4% | 0.0% |
| Other Personal | $18,745 | $0 | 0.0% | 0.3% | 0.0% |
| Entertainment/Recreation | | | | | |
| Movie, Theater, Opera, Ballet | $28,705 | $2,870 | 10.0% | 0.4% | 0.0% |
| Sporting Events | $8,786 | $879 | 10.0% | 0.1% | 0.0% |
| Other Entertainment | $60,914 | $0 | 0.0% | 0.8% | 0.0% |
| Sub-Total Services | $382,225 | $40,727 | 10.7% | 5.1% | 0.5% |
| **GRAND TOTAL** | $2,374,646 | $1,654,159 | 69.7% | 31.7% | 22.1% |

*Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.*

**Table F-5: Taxable Household Spending, Multi-Family Units**

| 100 Households with Average Income of $59,400<br>Store Category | Total Household Spending | Taxable Sales | Taxable Percent | Total Sales as Percent of Income | Taxable Sales as Percent of Income |
|---|---|---|---|---|---|
| **RETAIL** | | | | | |
| Apparel Store Group | $83,615 | $83,615 | 100.0% | 1.4% | 1.4% |
| General Merchandise Group | $307,827 | $202,586 | 65.8% | 5.2% | 3.4% |
| Department Stores/Other General Merch. | $63,861 | $57,890 | 90.7% | 1.1% | 1.0% |
| Other General Merchandise | $191,503 | $123,711 | 64.6% | 3.2% | 2.1% |
| Drug & Proprietary Stores | $52,463 | $20,985 | 40.0% | 0.9% | 0.4% |
| Specialty Retail Group | $80,464 | $80,464 | 100.0% | 1.4% | 1.4% |
| Food, Eating and Drinking Group | $599,432 | $392,045 | 65.4% | 10.1% | 6.6% |
| Grocery Stores | $267,124 | $66,781 | 25.0% | 4.5% | 1.1% |
| Specialty Food Stores | $8,665 | $2,166 | 25.0% | 0.1% | 0.0% |
| Liquor Stores | $12,980 | $12,435 | 95.8% | 0.2% | 0.2% |
| Eating Places | $310,663 | $310,663 | 100.0% | 5.2% | 5.2% |
| Building Materials And | $0 | $0 | 0.0% | 0.0% | 0.0% |
| Homefurnishings Group | $112,944 | $112,944 | 100.0% | 1.9% | 1.9% |
| Automotive Group | $516,617 | $500,841 | 93.3% | 8.7% | 8.4% |
| Sub-Total Retail | $1,700,899 | $1,372,496 | 80.7% | 28.6% | 23.1% |
| **SERVICES** | | | | | |
| Rental Services | $10,936 | $0 | 0.0% | 0.2% | 0.0% |
| Professional Services | $3,673 | $0 | 0.0% | 0.1% | 0.0% |
| Medical Services | | | | | |
| Eyecare | $34,061 | $17,031 | 50.0% | 0.6% | 0.3% |
| Other Medical | $101,559 | $0 | 0.0% | 1.7% | 0.0% |
| Repair Services | | | | | |
| Auto Repair | $24,947 | $9,979 | 40.0% | 0.4% | 0.2% |
| Other Repair | $11,806 | $0 | 0.0% | 0.2% | 0.0% |
| Personal Services | | | | | |
| Personal Care Services | $23,550 | $2,355 | 10.0% | 0.4% | 0.0% |
| Other Personal | $14,886 | $0 | 0.0% | 0.3% | 0.0% |
| Entertainment/Recreation | | | | | |
| Movie, Theater, Opera, Ballet | $22,795 | $2,279 | 10.0% | 0.4% | 0.0% |
| Sporting Events | $6,977 | $698 | 10.0% | 0.1% | 0.0% |
| Other Entertainment | $48,373 | $0 | 0.0% | 0.8% | 0.0% |
| Sub-Total Services | $303,564 | $32,342 | 10.7% | 5.1% | 0.5% |
| **GRAND TOTAL** | $2,004,463 | $1,404,838 | 70.1% | 33.7% | 23.7% |

*Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.*

**Table F-6: Taxable Household Spending, Multi-Family Units**

| 100 Households with Average Income of $55,500<br>Store Category | Total Household Spending | Taxable Sales | Taxable Percent | Total Sales as Percent of Income | Taxable Sales as Percent of Income |
|---|---|---|---|---|---|
| **RETAIL** | | | | | |
| Apparel Store Group | $80,089 | $80,089 | 100.0% | 1.4% | 1.4% |
| General Merchandise Group | $297,375 | $195,597 | 65.8% | 5.4% | 3.5% |
| Department Stores/Other General Merch. | $61,388 | $55,648 | 90.7% | 1.1% | 1.0% |
| Other General Merchandise | $185,176 | $119,624 | 64.6% | 3.3% | 2.2% |
| Drug & Proprietary Stores | $50,811 | $20,324 | 40.0% | 0.9% | 0.4% |
| Specialty Retail Group | $77,593 | $77,593 | 100.0% | 1.4% | 1.4% |
| Food, Eating and Drinking Group | $579,600 | $378,616 | 65.3% | 10.4% | 6.8% |
| Grocery Stores | $258,878 | $64,720 | 25.0% | 4.7% | 1.2% |
| Specialty Food Stores | $8,400 | $2,100 | 25.0% | 0.2% | 0.0% |
| Liquor Stores | $12,523 | $11,997 | 95.8% | 0.2% | 0.2% |
| Eating Places | $299,799 | $299,799 | 100.0% | 5.4% | 5.4% |
| Building Materials And | $0 | $0 | 0.0% | 0.0% | 0.0% |
| Homefurnishings Group | $108,996 | $108,996 | 100.0% | 2.0% | 2.0% |
| Automotive Group | $495,094 | $479,866 | 93.3% | 8.9% | 8.6% |
| Sub-Total Retail | $1,638,747 | $1,320,756 | 80.6% | 29.5% | 23.8% |
| **SERVICES** | | | | | |
| Rental Services | $10,218 | $0 | 0.0% | 0.2% | 0.0% |
| Professional Services | $3,432 | $0 | 0.0% | 0.1% | 0.0% |
| Medical Services | | | | | |
| Eyecare | $31,825 | $15,913 | 50.0% | 0.6% | 0.3% |
| Other Medical | $94,891 | $0 | 0.0% | 1.7% | 0.0% |
| Repair Services | | | | | |
| Auto Repair | $23,309 | $9,324 | 40.0% | 0.4% | 0.2% |
| Other Repair | $11,031 | $0 | 0.0% | 0.2% | 0.0% |
| Personal Services | | | | | |
| Personal Care Services | $22,004 | $2,200 | 10.0% | 0.4% | 0.0% |
| Other Personal | $13,908 | $0 | 0.0% | 0.3% | 0.0% |
| Entertainment/Recreation | | | | | |
| Movie, Theater, Opera, Ballet | $21,298 | $2,130 | 10.0% | 0.4% | 0.0% |
| Sporting Events | $6,519 | $652 | 10.0% | 0.1% | 0.0% |
| Other Entertainment | $45,197 | $0 | 0.0% | 0.8% | 0.0% |
| Sub-Total Services | $283,633 | $30,218 | 10.7% | 5.1% | 0.5% |
| **GRAND TOTAL** | $1,922,380 | $1,350,974 | 70.3% | 34.6% | 24.3% |

*Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.*

**Table F-7: Detailed Revenue/Cost Estimates for Housing Scenarios**

| Budget Category | Infill Scenario | | | | | | | | | Greenfield Scenario |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Single Family | Small Scale MF | Medium Density MU | High Density | High Density MU | Retail | Office | Industrial | Single Family |
| REVENUES | | | | | | | | | | |
| GENERAL FUND | | | | | | | | | | |
| Property Tax | $496,810 | $19,423 | $17,707 | $132,094 | $22,984 | $39,078 | $14,698 | $163,828 | $86,998 | $334,882 |
| Property Tax in lieu of VLF | $523,442 | $20,464 | $18,656 | $139,175 | $24,216 | $41,172 | $15,485 | $172,610 | $91,661 | $352,834 |
| Sales and Use Tax | $372,926 | $13,432 | $11,211 | $110,729 | $24,588 | $36,314 | $176,652 | | | $231,582 |
| Utility Users Tax | $121,295 | $6,612 | $5,986 | $59,125 | $9,102 | $13,442 | $2,677 | $18,621 | $5,730 | $113,994 |
| Franchise Fees | $25,362 | $1,382 | $1,252 | $12,363 | $1,903 | $2,811 | $560 | $3,893 | $1,198 | $23,835 |
| Business License Tax | $12,792 | $55 | $50 | $492 | $76 | $112 | $1,189 | $8,273 | $2,546 | $948 |
| Real Property Transfer Tax | $6,974 | $372 | $339 | $2,530 | $440 | $749 | $141 | $1,569 | $833 | $6,415 |
| Licenses and Permits | $67,484 | $3,678 | $3,330 | $32,895 | $5,064 | $7,479 | $1,489 | $10,360 | $3,188 | $63,422 |
| Intergovernmental | $15,343 | $1,076 | $974 | $9,623 | $1,481 | $2,188 | $0 | $0 | $0 | $18,554 |
| Service Charges | | | | | | | | | | |
| Recreation Fees | $43,582 | $3,057 | $2,767 | $27,335 | $4,208 | $6,215 | $0 | $0 | $0 | $52,702 |
| Other Charges for Services | $26,089 | $1,422 | $1,288 | $12,717 | $1,958 | $2,891 | $576 | $4,005 | $1,232 | $24,519 |
| Other Revenue | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fines and Forfeitures | $27,567 | $1,503 | $1,360 | $13,438 | $2,069 | $3,055 | $608 | $4,232 | $1,302 | $25,908 |
| Interest Earnings and Rents | $25,751 | $1,074 | $962 | $8,192 | $1,453 | $2,304 | $3,161 | $5,729 | $2,877 | $18,514 |
| Other Revenues | $5,207 | $284 | $257 | $2,538 | $391 | $577 | $115 | $799 | $246 | $4,893 |
| Inter Fund Revenue/ Reimbursements | $194,253 | $10,589 | $9,587 | $94,689 | $14,576 | $21,528 | $4,287 | $29,822 | $9,176 | $182,562 |
| OTHER FUNDS | | | | | | | | | | |
| GAS TAX, TRAFFIC, STREET LIGHT FUNDS | $198,657 | $13,933 | $12,615 | $124,600 | $19,181 | $28,328 | | | | $240,230 |
| WATER SERVICE | $501,894 | $45,796 | $23,429 | $254,160 | $30,503 | $29,516 | $11,735 | $81,636 | $25,120 | $789,594 |
| WASTEWATER SERVICE | $554,321 | $50,523 | $25,222 | $256,343 | $30,269 | $44,031 | $29,513 | $75,045 | $43,377 | $871,087 |
| SOLID WASTE | $42,607 | $2,323 | $2,103 | $20,769 | $3,197 | $4,722 | $940 | $6,541 | $2,013 | $40,043 |
| STORMWATER DRAINAGE | $40,446 | $2,205 | $1,996 | $19,716 | $3,035 | $4,482 | $893 | $6,209 | $1,911 | $38,012 |
| TOTAL REVENUES | $3,302,802 | $199,203 | $141,091 | $1,333,524 | $200,693 | $290,994 | $264,718 | $593,173 | $279,408 | $3,434,534 |

| Budget Category | Infill Scenario | | | | | | | | | Greenfield Scenario |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Single Family | Small Scale MF | Medium Density MU | High Density | High Density MU | Retail | Office | Industrial | Single Family |
| EXPENDITURES | | | | | | | | | | |
| GENERAL FUND | | | | | | | | | | |
| General Government | $130,769 | $7,018 | $6,363 | $61,682 | $9,466 | $13,957 | $4,871 | $20,683 | $6,729 | $203,070 |
| Police | $645,294 | $36,225 | $32,797 | $323,945 | $49,867 | $73,650 | $21,998 | $81,619 | $25,193 | $624,569 |
| Community Development | $6,935 | $378 | $342 | $3,380 | $520 | $769 | $153 | $1,065 | $328 | $6,517 |
| Engineering | $43,768 | $2,386 | $2,160 | $21,335 | $3,284 | $4,851 | $966 | $6,719 | $2,068 | $41,134 |
| Environmental Services | | | | | | | | | | |
| Streets* | $64,000 | $978 | $320 | $4,747 | $438 | $324 | $5,664 | $39,403 | $12,125 | $377,868 |
| Parks and Recreation | $174,904 | $12,267 | $11,107 | $109,702 | $16,887 | $24,941 | $0 | $0 | $0 | $211,506 |
| Other ES | $104,801 | $5,713 | $5,172 | $51,086 | $7,864 | $11,615 | $2,313 | $16,089 | $4,951 | $98,494 |
| Operating Transfers | $92,596 | $5,047 | $4,570 | $45,136 | $6,948 | $10,262 | $2,043 | $14,215 | $4,374 | $87,023 |
| OTHER FUNDS | | | | | | | | | | |
| WATER SERVICE | $260,484 | $10,932 | $8,983 | $91,289 | $13,580 | $19,532 | $11,505 | $80,035 | $24,627 | $772,643 |
| WASTEWATER SERVICE | $553,166 | $30,427 | $29,284 | $266,426 | $41,375 | $61,660 | $29,347 | $68,052 | $26,594 | $797,931 |
| SOLID WASTE | $67,302 | $4,058 | $3,674 | $36,289 | $5,586 | $8,250 | $935 | $6,507 | $2,002 | $69,965 |
| STORMWATER DRAINAGE | $42,448 | $1,913 | $1,620 | $16,314 | $2,453 | $3,559 | $1,643 | $11,429 | $3,517 | $104,640 |
| TOTAL EXPENDITURES | $2,186,466 | $117,343 | $106,393 | $1,031,331 | $158,270 | $233,370 | $81,437 | $345,816 | $112,507 | $3,395,360 |
| TOTAL BUDGET NET (DEFICIT)/SURPLUS | $1,116,336 | $81,860 | $34,698 | $302,194 | $42,423 | $57,624 | $183,280 | $247,357 | $166,900 | $39,174 |
| Units | 1,000 | 58 | 57 | 563 | 130 | 192 | | | | 1,000 |
| Per Unit Residential | $518,799 | $1,411 | $609 | $537 | $326 | $300 | | | | $39 |

*Source: ADE, Inc.*

**Note: Streets expenditures include Gas Tax and other Street related funds in addition to the General Fund.*

# Appendix

## Workforce Housing Financial Feasibility Analysis

April 27 2023

# Workforce Housing Financial Feasibility Analysis

*Prepared for:*

**Open Door Community Health Centers**
**City of Arcata**

*Prepared by:*

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# SUMMARY

This report provides a preliminary financial analysis of two housing projects proposed by Open Door Community Health Centers in Arcata. Open Door owns two sites on 10th Street and 18th Street that it plans to redevelop from obsolete heath facilities to housing for its employees. Open Door has completed preliminary conceptual designs for the two projects and this financial feasibility report is intended to assist Open Door to engage in conversations with lenders and investors who may be interested in funding the projects.

The proforma analysis compiles cost and revenue estimates for each component of the projects and evaluates the ability of the projects to pay for themselves under several initial financing scenarios. These scenarios by no means describe all the potential ways the projects could be implemented, but rather are intended to create baseline indicators of financial performance through which further exploration of financing options can occur.

The tables below summarize several key indicators for each scenario, including:

- How much equity (or grant money) is required of Open Door
- The level of affordability achieved
- How many years the project takes to pay back the equity
- How much additional revenue in 2023 dollars, if any, is generated within 30 years after construction, and
- The rate of return those revenues represent.

The scenarios evaluated in this report include 100% rental units. Open Door may also consider for sale options or rent to buy programs in these projects. The projects also include a small amount of commercial space, which Open Door initially plans to use internally as workspace. Given the results of the initial scenarios, we have also added a scenario in which Open Door would lease out the commercial space to generate higher revenues to support the projects.

The summary points below pertain mainly to the 10th St. project. The 18th St. project performs slightly better because the unit sizes and mix produce a higher average rent.

1. If Open Door had the funds to build and operate the project on its own, it would take 37 years to recoup the investment, assuming one-third of the units are priced at Low Income (80% AMI) levels and two-thirds at Moderate levels (100% AMI).
2. If Open Door formed a 501c3 non-profit to run the project, it would reduce operating costs by eliminating property tax. This would reduce the payback period to 27 years and generate a 7.7% return over 30 years.

2b. Alternatively, with a 501c3 the project could double the proportion of Low Income units and still generate a 3.1% return over 30 years.

3. Open Door estimates is could put up about 20% of the cost of the project. Debt service significantly affects the financial performance of the project. Even with a low interest loan at 3.25%, other pricing adjustments would be needed to achieve breakeven close to a 30 year time frame. Under the pricing mix of 33% low income and 67% moderate income, the payback period would be 42 years.
4. If the commercial space were leased out, the payback period would be reduced to 36 years.
5. If all the units were priced at 100% AMI, the payback period would be 31 years. It would take 13 years to generate a positive annual cash flow, requiring $1.3 million in additional equity infusions above the initial $4.1 million down payment.

**Table 1: 10th Street Summary of Financial Scenarios**

| Scenarios | Equity/ Grants Required | Low Income/ Moderate Income | Breakeven Year After Construction | Return on Investment in 30 Years | |
|---|---|---|---|---|---|
| | | | | 2023$ | Percent |
| # 1: All Equity | $20,534,000 | 33%/67% | 37 | $0 | 0.0% |
| # 2: All Equity, 501 c3 | $20,534,000 | 33%/67% | 27 | $1,586,800 | 7.7% |
| # 2b: All Equity, 501 c3 | $20,534,000 | 67%/33% | 29 | $633,600 | 3.1% |
| # 3: Below Market Financing; 80% LTV Ratio; 501 c3 | $6,677,200 | 33%/67% | 42 | $0 | 0.0% |
| # 4: Add Commercial Rents | $6,126,400 | 33%/67% | 36 | $0 | 0.0% |
| # 5: All units at 100% AMI | $5,406,200 | 0%/100% | 31 | $0 | 0.0% |

**Table 2: 18th Street Summary of Financial Scenarios**

| Scenarios | Equity/ Grants Required | Low Income/ Moderate Income | Breakeven Year After Construction | Return on Investment in 30 Years | |
|---|---|---|---|---|---|
| | | | | 2023$ | Percent |
| # 1: All Equity | $19,959,600 | 33%/67% | 36 | $0 | 0.0% |
| # 2: All Equity, 501 c3 | $19,959,600 | 33%/67% | 26 | $1,696,200 | 8.5% |
| # 2b: All Equity, 501 c3 | $19,959,600 | 67%/33% | 28 | $725,800 | 3.6% |
| # 3: Below Market Financing; 80% LTV Ratio; 501 c3 | $6,370,000 | 33%/67% | 40 | $0 | 0.0% |
| # 4: Add Commercial Rents | $5,871,800 | 33%/67% | 36 | $0 | 0.0% |
| # 5: All units at 100% AMI | $5,216,700 | 0%/100% | 31 | $0 | 0.0% |

# 1. INTRODUCTION

Open Door Community Health Centers is a non-profit health care provider operating more than a dozen health clinics and programs in Humboldt and Del Norte counties. The organization is currently building a new clinic in Arcata that will take over the functions of two older facilities in the City. Open Door is exploring the opportunity to redevelop the two sites into housing for its employees.

Open Door employs about 800 workers and the lack of affordable housing near its facilities has become an increasing burden for its workforce. It has also impeded recruitment of new workers at the organization expands. In a recent survey, 41% of staff respondents reported paying 30% or more of their monthly income on housing, which is considered "housing cost burdened" by the federal government. One-quarter (25%) reported paying more than 50% of income on housing, which is considered "extremely rent burdened." In addition:

- 65% of staff respondents reported having trouble finding quality affordable housing in the last five years.
- 45% reported that finding or paying for housing may impact their ability to stay in the region or stay employed at Open Door.
- 35% reported that finding or paying for housing impacted their ability to perform at work due to long commutes, financial stress, and other factors.

The two existing clinic sites that would be available for housing are at 770 10th St. and 785 18th St. in Arcata. The 10th St. site is one block from the Arcata Plaza and the site consists of two parcels that are a combined 0.34 acres. The preliminary conceptual design for the housing project provides for 42 units in a four story building with 14 onsite parking spaces. The 18th St. site is 0.43 acres, located about 0.6 miles from the plaza. It could support 39 units, also in a four story building with 19 onsite parking spaces.

Open Door's goal with the projects is to meet affordability thresholds for the broadest possible segments of its workforce. Among employees who currently rent and who expressed an interest in multi-family housing, 47% report having an annual household income of $30,000 to $60,000 and another 31% have household incomes ranging from $60,000 to $90,000. In Humboldt County, these income levels correspond to Very Low Income levels (60% Annual Median Income – AMI) for two-person households and larger, Low Income households (80% AMI) at all sizes, and Moderate Income (100% AMI) up to six person households. The report analyzes the financial feasibility of the housing projects and tests a number of scenarios with regard to the level of affordability and the cost of capital to build and operate the projects. The intention is to identify development scenarios that can breakeven in 30 years, although models with greater levels of affordability will take longer than that. At this stage, the analysis is a working document to assist Open Door in exploring financing and operating options for the projects. Further analysis will be needed as the project conceptual designs are refined and as new funding opportunities are identified.

# 2. PROJECT CHARACTERISTICS

Preliminary conceptual designs have been prepared by K. Boodjeh Architects for both sites (see Figures 1 and 2). The basic features of the conceptual designs and the anticipated resident populations are described in the sections below.

## 10TH STREET

The 10th Street project would provide 42 dwelling units, ranging from studio apartments to two-bedroom units. The building would be about 47,500 sq. ft. in four stories and the site would include 14 parking spaces and more than 3,000 sq. ft. of open space on the main floor (Table 3). We estimate the project would house 93 residents. The conceptual design includes 2,500 sq. ft. of commercial space at street level. This is listed in Table 3 as non-rentable, as it may be used internally as office space by Open Door. However, the proforma in the next chapter also considers options for renting the space to other businesses.

**Table 3: 10th Street Project Program**

| Building Elements | | | No. | Sq. Ft. |
|---|---|---|---|---|
| Total Building size | | | | 47,459 |
| Rentable Elements | | | | |
| | Units | Persons/ Unit | Residents | |
| Total | 42 | 2.2 | 93 | 609 |
| Studio | 3 | 1.0 | 3 | 460 |
| Studio | 4 | 1.0 | 4 | 470 |
| 1 bdrm | 18 | 2.0 | 36 | 554 |
| 1 bdrm | 7 | 2.0 | 14 | 600 |
| 2 bdrm | 4 | 3.0 | 12 | 808 |
| 2 bdrm | 6 | 4.0 | 24 | 820 |
| Balconies | 10 | | | 500 |
| Total Rentable | | | | 26,084 |
| Non-rentable Elements | | | | |
| Main floor retail area | | | | 830 |
| Main floor commercial area | | | | 1,670 |
| Main floor storage/utilities | | | | 322 |
| Main floor covered area | | | | 650 |
| Main floor common areas | | | | 2,134 |
| Second floor common areas | | | | 2,572 |
| Third floor common areas | | | | 2,572 |
| Fourth floor common areas | | | | 1,896 |
| Roof Top common area | | | | 2,860 |
| Stairwells/Elevators/Other | | | | 5,869 |
| Total Non-Rentable | | | | 21,375 |
| Parking | | | 14 | 4,200 |
| Main floor outdoor areas | | | | 1,580 |
| Landscaped area | | | | 1,490 |

*Source: ADE, Inc., based on K. Boodjeh Architects* conceptual *design and Pacific Builders estimates.*

**Figure 1: 10th Street Preliminary Conceptual Design**


| ID | # | USE | PROPOSED FLOOR AREA |
|---|---|---|---|
| 1S | 3 | STUDIO UNIT | 460 SQ.FT. |
| 2S | 4 | STUDIO UNIT | 470 SQ.FT. |
| 1A | 18 | ONE BEDROOM UNIT | 554 SQ.FT. |
| 1B | 7 | ONE BEDROOM UNIT | 600 SQ.FT. |
| 2A | 4 | TWO BEDROOM UNIT | 808 SQ.FT. |
| 2B | 6 | TWO BEDROOM UNIT | 820 SQ.FT. |
| | | MAIN FLOOR RETAIL? AREA | 930 SQ.FT. |
| | | MAIN FLOOR COMMERCIAL? AREAS | 1,670 SQ.FT. |
| | | MAIN FLOOR STORAGE/UTILITIES | 322 SQ.FT. |
| | | MAIN FLOOR OUTDOOR AREA | 1,580 SQ.FT. |
| | | MAIN FLOOR COVERED AREA | 650 SQ.FT. |
| 1 | | MAIN FLOOR COMMON AREAS | 2,134 SQ.FT. |
| 2 | | SECOND FLOOR COMMON AREAS | 2,572 SQ.FT. |
| 3 | | THIRD FLOOR COMMON AREAS | 2,572 SQ.FT. |
| 4 | | FOURTH FLOOR COMMON AREAS | 1,896 SQ.FT. |
| | | ROOF TOP COMMON AREA | 2,860 SQ.FT. |
| | | LANDSCAPE AREA | 1,490 SQ.FT. |

ESTIMATING 10 BALCONIES @ 50 S.F. EACH

TOTAL 14 PARKING SPACES (TWO @ TANDEM)

*Source: K. Boodjeh Architects*

**Figure 2: 18th Street Preliminary Conceptual Design**


| ID | # | USE | PROPOSED FLOOR AREA |
|---|---|---|---|
| 1S | 3 | STUDIO UNIT | 484 SQ.FT. |
| 1A | 11 | ONE BEDROOM UNIT | 542 SQ.FT. |
| 1B | 6 | ONE BEDROOM UNIT | 552 SQ.FT. |
| 1C | 2 | ONE BEDROOM UNIT | 616 SQ.FT. |
| 2A | 3 | TWO BEDROOM UNIT | 808 SQ.FT. |
| 2B | 8 | TWO BEDROOM UNIT | 818 SQ.FT. |
| 2C | 4 | TWO BEDROOM UNIT | 923 SQ.FT. |
| 3A | 2 | THREE BEDROOM UNIT | 1,150 SQ.FT. |
| | | MAIN FLOOR PUBLIC AREAS | 2,332 SQ.FT. |
| | | MAIN FLOOR OUTDOOR AREAS | 2,276 SQ.FT. |
| 1 | | MAIN FLOOR COMMON AREAS | 2,154 SQ.FT. |
| 2 | | SECOND FLOOR COMMON AREAS | 1,900 SQ.FT. |
| 3 | | THIRD FLOOR COMMON AREAS | 1,900 SQ.FT. |
| 4 | | FOURTH FLOOR COMMON AREAS | 1,900 SQ.FT. |
| 5 | | ROOF TOP COMMON AREA | 2,785 SQ.FT. |
| | | LANDSCAPE AREA | 2,086 SQ.FT. |
| ESTIMATING 9 BALCONIES @ 50 S.F. EACH | | | |
| TOTAL 19 PARKING SPACES (#SHARED?) | | | |

*Source: K. Boodjeh Architects*

# 18TH STREET

The 18th Street project would offer 39 units, but the unit mix features larger units with more two-bedrooms and some three-bedroom units (Table 4). We estimate the project would house about 99 residents. The site would provide 19 parking spaces and nearly 4,400 sq. ft. of open space at ground level. The main floor public areas, at 2,332 sq. ft. could be rented as business spaces.

**Table 4: 18th Street Project Program**

| Project Elements | | | No. | Sq. Ft. |
|---|---|---|---|---|
| Total Building size | | | | 46,031 |
| Rentable Elements | | | | |
| | Units | Persons/ Unit | Residents | |
| Total | 39 | 2.5 | 99 | 690 |
| Studio | 3 | 1.0 | 3 | 484 |
| 1 bdrm | 11 | 1.0 | 11 | 542 |
| 1 bdrm | 6 | 2.0 | 12 | 552 |
| 1 bdrm | 2 | 2.0 | 4 | 616 |
| 2 bdrm | 3 | 3.0 | 9 | 808 |
| 2 bdrm | 8 | 4.0 | 32 | 818 |
| 2 bdrm | 4 | 4.0 | 16 | 923 |
| 3 bdrm | 2 | 6.0 | 12 | 1,150 |
| Balconies | 9 | | | 450 |
| Total Rentable | | | | 27,368 |
| Non-rentable Elements | | | | |
| Main floor public areas | | | | 2,332 |
| Main floor common areas | | | | 2,154 |
| Second floor common areas | | | | 1,900 |
| Third floor common areas | | | | 1,900 |
| Fourth floor common areas | | | | 1,900 |
| Roof Top common area | | | | 2,785 |
| Stairwells/Elevators/Other | | | | 5,692 |
| Total Non-Rentable | | | | 18,663 |
| Parking | | | 19 | 5,700 |
| Main floor outdoor areas | | | | 2,276 |
| Landscaped area | | | | 2,086 |

*Source: ADE, Inc., based on K. Boodjeh Architects design and Pacific Builders estimates.*

# 3. PROFORMA ANALYSIS

## ANALYSIS

The proposed projects are in the preliminary stage of planning and conceptual design. As such, it is necessary to estimate a number of cost and revenue factors in order to prepare a proforma analysis. The overall outcome of the analysis is described in the Summary above and detailed proforma tables for several of the key scenarios are provided in the Appendix. Most of this chapter is devoted to describing the data sources and assumptions used in the analysis.

However, this introductory section describes how the proforma analysis works and identifies several important observations about the key factors that influence the outcome of the analysis.

The proforma covers a 31 year time frame – one year for construction and 30 years of project operation. The initial investment in the project is the cost to prepare the sites, including demolition of existing structures, and the cost to construct the units. The initial proforma scenario analyzes the ability of the project to payback this initial investment without considering financing costs. In other scenarios, the financing costs are included as fully amortized annual debt service, similar to a 30 year mortgage on a home.

The proforma estimates annual rent revenues, assuming the units are offered at specific affordability levels. In some scenarios we also include rents on the commercial spaces. The analysis then estimates annual operating costs including taxes, insurance, utilities, maintenance, management, and operating reserves. The annual difference between revenues and operating costs is the net operating income (NOI).

Where the summary tables report years to payback, it is the number of years after the project is first occupied that the NOI cumulatively equals the initial investment in the project, not accounting for the opportunity cost of the investment funds. In a couple scenarios where there are no financing costs, the payback period is less than 30 years and there is actually net gain in revenues over the 30 year period. In Tables 1 and 2 in the Summary, these returns on investment are discounted to 2023 dollars at 2.5% per year. The figures shown in the appendix tables are not discounted.

The NOI is clearly highly sensitive to the amount of rents that are charged to residents and the level of operating costs necessary to maintain the buildings in reasonable fashion. In order to best serve its employees in need of housing, Open Door would like to keep the rents in the Low Income to Moderate range up to 100% of Average Median Income (AMI). However, this is challenging given the cost of developing the project. For the 10th St. project, if all the units were offered at the 100% AMI level and the commercial space were leased, it would initially generate about $800,000 in rents in the first year of full occupancy (98%), not accounting for operating costs. If Open Door were to try to sell the project with this rent structure, it would only be worth $14 million at a 6% capitalization rate, or two thirds of the initial investment.[1] The proforma escalates rents by 2.5% each year and in 18 years, the project would generate enough revenue to reach a value equal to the construction cost. But in reality, an investor would calculate the value based on the NOI, not gross revenue, so the operating costs are extremely critical and extend the payback period by many years.

As the project planning goes forward, additional refinement of the operating costs assumptions will be important. As discussed in the scenarios in the Summary, the analysis demonstrates that the property tax burden would have a significant impact on the payback period. If Open Door can operate the project under a 501 c3 organization, it will greatly improve the financial performance. Similarly, efforts to reduce or shift utility costs, management expenses, and insurance costs would all help to increase NOI and make the investment in the housing pay off better.

Financing costs are a major expense. Open Door anticipates it will not be able to raise more than 20% of the project costs as equity, so other sources of capital are necessary. Note that we have not attempted at this stage to identify any grant funds that could help boost the equity in the capital stack. From the limited research we were able to do for this project, it appears that long term financing is available in the Arcata area at about 6.5%. This is likely inflated from recent years due to the inflation control measures undertaken by the Federal reserve. We have run a proforma scenario at this rate but the payback period is approaching 50 years and it is not clear that banks would extend financing under those conditions, so it is not shown in the report.

In this analysis we have focused on the concept of securing investments from “social investors” who may be willing to take a lower rate of return given the importance of Open Door’s health care mission and the need for the housing to help keep its services affordable and high quality. At 3.25%, half the commercial rate, the debt service is treated as a 30 year mortgage, and with rent levels at 100% AMI, the projects break even in about 32 years. There may be other ways of structuring these investments that would improve cash flow. Also, as recent as 2021, conventional mortgages were available at this low rate, so future financing options may be more beneficial than those currently available.

The following section describes the data and assumptions used in the analysis in more detail.

# METHODOLOGY

## PROJECT COST

Open Door has retained Pacific Builders of Arcata to provide preliminary construction cost estimates. Using the construction cost estimate for 10th St. as a starting point, ADE added cost estimates for demolition, furniture, fixtures and equipment (FF&E), the planning process and inspections, City fees, design, including engineering, and administrative and legal costs. As shown in Table 5 the total project cost is estimated at $20,534,000. The FF&E estimate includes an allowance of $2,200 per unit for a stove/range, range hood and refrigerator, plus about $12,000 for common area furniture.

[1] In investment terms, the rental projects create a stream of revenue for the building owner and the capitalization rate calculates how much an investor would be willing to pay for that income stream. The 6% rate was derived in the Infill market Study in 2021 by comparing rent levels and corresponding sales prices of residential properties in Arcata.

**Table 5: 10th St. Project Costs**

| 10th Street Costs | Units Costs | Total Costs |
|---|---|---|
| Land ($150,614 for property tax purposes only) | | $0 |
| Demolition | | $65,600 |
| Building, incl: | $371 | $17,603,000 |
| Site Improvements/Infrastructure | | |
| Landscaping | | |
| Parking | | |
| Contractor's Profit | | |
| Contingencies | | |
| Furniture, Fixtures, Equipment (FF&E) | | $105,000 |
| Soft Costs | | |
| Planning Process | | $100,000 |
| City Fees (see Table below) | | $457,800 |
| Inspections | | $65,000 |
| Design | 6.0% | $1,062,500 |
| Admin & Legal | 0.5% | $97,300 |
| Contingency | 5.0% | $977,800 |
| **Total** | | $20,534,000 |

*Source: Pacific Builders and ADE, Inc.*

The estimates of City fees are in the table below. We have assumed one 1.5" water meter for each project and 4 fixtures per unit. The grading permit shown is the base fee. If grading volumes are available, this can be adjusted. We have not researched what planning process would be needed for the projects, so for now we have simply listed the deposit costs for Planning Commission, City Council and an EIR. As noted above, however, we have included an estimate of consulting costs to complete the planning process.

**Table 6: Estimated City Fees for 10th St. Project**

| City Fees | 10th St. Fees | Rate | Notes |
|---|---|---|---|
| Wastewater Connection | $4,598 | $4,598 | |
| | $33,255 | $3,563 | per 18 fixtures - 4 per unit |
| Water Connection | $5,299 | $5,299 | 1.5" meter |
| | $45,603 | $4,886 | per 18 fixtures - 4 per unit |
| Drainage | $1,474 | $0.12 | per sq. ft. impervious |
| Building Permit | $8,586 | $8,586 | Base fee |
| | $92,313 | $5.56 | per $1,000 value over $1 million |
| Plan Review | $65,584 | 65% | of BP |
| SMIP | $1,760 | $0.0001 | times valuation |
| BSC Admin | $704 | $1.00 | per $25,000 valuation |
| ES Waste Diversion Fee | $4,036 | 4% | of BP |
| Grading Permit | $136.56 | | Based on CY of material moved |
| Plan Review | $88.76 | 65% | of Grading Permit |
| General Plan | $4,036 | 4% | of BP |

| City Fees | 10th St. Fees | Rate | Notes |
|---|---|---|---|
| Planning Permits | | | |
| Planning Commission | $4,420 | $4,420 | Deposit Amount |
| City Council | $8,287 | $8,287 | Deposit Amount |
| EIR | $6,630 | $6,630 | Deposit Amount |
| General Plan | $1,934 | 10% | of Planning Fees |
| Recreation Construction Tax | $176,030 | 1.00% | times valuation (Residential) |
| Solar PV | $314.10 | $314.10 | up to 5 kW |
| **Total (rounded)** | **$437,800** | | |

*Source: ADE, Inc.*

For 18th Street, the total project cost would be $19,959,600.

**Table 7: 18th St. Project Costs**

| 18th St. Costs | Units Costs | Total Costs |
|---|---|---|
| Land ($253,448 for property tax purposes only) | | $0 |
| Demolition | | $65,900 |
| Building, incl: | $372 | $17,104,200 |
| Site Improvements/Infrastructure | | |
| Landscaping | | |
| Parking | | |
| Contractor's Profit | | |
| Contingencies | | |
| Furniture, Fixtures, Equipment | | $97,500 |
| Soft Costs | | |
| Planning Process | | $100,000 |
| City Fees (see Table below) | | $449,800 |
| Inspections | | $65,000 |
| Design | 6.0% | $1,032,100 |
| Admin & Legal | 0.5% | $94,600 |
| Contingency | 5.0% | $950,500 |
| **Total** | | $19,959,600 |

*Source: Pacific Builders and ADE, Inc.*

**Table 8: Estimated City Fees for 18th St. Project**

| City Fees | 18th St. Fees | Rate | Notes |
|---|---|---|---|
| Wastewater Connection | $4,598 | $4,598 | |
| | $30,879 | $3,563 | per 18 fixtures - 4 per unit |
| Water Connection | $5,299 | $5,299 | 1.5" meter |
| | $42,345 | $4,886 | per 18 fixtures - 4 per unit |
| Drainage | $1,697 | $0.12 | per sq. ft. impervious |
| Building Permit | $8,586 | $8,586 | Base fee |
| | $89,539 | $5.56 | per $1,000 value over $1 million |

| City Fees | 18th St. Fees | Rate | Notes |
|---|---|---|---|
| Plan Review | $63,781 | 65% | of BP |
| SMIP | $1,710 | $0.0001 | times valuation |
| BSC Admin | $684 | $1.00 | per $25,000 valuation |
| ES Waste Diversion Fee | $3,925 | 4% | of BP |
| Grading Permit | $136.56 | | Based on CY of material moved |
| Plan Review | $88.76 | 65% | of Grading Permit |
| General Plan | $3,925 | 4% | of BP |
| Planning Permits | | | |
| Planning Commission | $4,420 | $4,420 | Deposit Amount |
| City Council | $8,287 | $8,287 | Deposit Amount |
| EIR | $6,630 | $6,630 | Deposit Amount |
| General Plan | $1,934 | 10% | of Planning Fees |
| Recreation Construction Tax | $171,042 | 1.00% | times valuation (Residential) |
| Solar PV | $314.10 | $314.10 | up to 5 kW |
| **Total (rounded)** | **$449,800** | | |

*Source: ADE, Inc.*

## RENT LEVELS AND OCCUPANCY

The HUD income limits and rents levels for Multifamily Tax Subsidy programs are shown in Tables 9 and 10 below. These levels are not controlling for the Open Door projects unless the projects apply for federal subsidies. However, they provide a useful framework for evaluating the affordability of the units for Open Door employees. The rent levels include utility allowances. In the proforma analysis, we have also tested scenarios in which utilities are added above these rent levels to see the effect on financial feasibility.

**Table 9: HUD Income Limits, Humboldt County , 2022**

| Income Limits | Number of Persons in Household | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Acutely Low | $8,450 | $9,650 | $10,850 | $12,050 | $13,000 | $14,000 | $14,950 | $15,900 |
| Extremely Low | $16,350 | $18,700 | $23,030 | $27,750 | $32,470 | $37,190 | $41,910 | $46,630 |
| Very Low Income | $27,300 | $31,200 | $35,100 | $38,950 | $42,100 | $45,200 | $48,300 | $51,450 |
| Low Income | $43,650 | $49,850 | $56,100 | $62,300 | $67,300 | $72,300 | $77,300 | $82,250 |
| Median Income | $56,200 | $64,250 | $72,250 | $80,300 | $89,700 | $93,150 | $99,550 | $106,000 |
| Moderate Income | $67,450 | $77,100 | $86,700 | $96,350 | $104,050 | $111,750 | $119,450 | $127,200 |

**Table 10: HUD Rent Limits for Multifamily Tax Subsidy Projects, Humboldt County, 2022**

| Rent Levels* | Unit Size | | | | |
|---|---|---|---|---|---|
| | 0 BR | 1 BR | 2 BR | 3 BR | 4 BR |
| 100% AMI | $1,364 | $1,462 | $1,754 | $2,026 | $2,260 |
| 80% AMI | $1,092 | $1,170 | $1,404 | $1,621 | $1,808 |
| 75% AMI | $1,023 | $1,096 | $1,316 | $1,519 | $1,695 |
| 70% AMI | $955 | $1,023 | $1,228 | $1,418 | $1,582 |
| 65% AMI | $887 | $950 | $1,140 | $1,317 | $1,469 |
| 60% AMI | $819 | $877 | $1,053 | $1,215 | $1,356 |

**Note: Includes utility allowance as well as rent.*

We have distributed the units between Low Income (80% AMI) and Moderate Income (100% AMI) with a view initially to achieving at least one-third Low Income units. In one scenario (2b), if there were no financing costs and if the project is property tax exempt, it could offer two-thirds Low Income units. However, we also included one scenario (5) in which all the units are offered at 100% AMI, in order to help offset anticipated financing costs.

The proforma scenarios assume 5% vacancy the first year and 2% vacancy thereafter.

These rent levels are generally in line with market rents and the current rent levels of Open Door employees as reported in the recent survey. Table 15 shows rents recently observed from Zillow.com. The availability of units is extremely limited and very few apartments are offered for rent. Rents for Apartments and mobile homes are all below $2,000, while single family homes do exceed $2,000 for 1-3 bedroom units. Given these market rents, we have used the HUD rents at 100% AMI for the Moderate Income units rather than 120% AMI. As shown in Table 16, nearly 80% of Open Door employees who currently rent and are interested in multi-family housing report their current rent is between $800 and $2,499.

**Table 11: 10th St. Project Rents and Population, Scenarios 1 - 4, Except 2b**

| Unit Types | No. | sq. ft. | Rent | Affordability Level | Persons/ Unit | Residents |
|---|---|---|---|---|---|---|
| Studio | 3 | 460 | $1,092 | Low Income | 1.0 | 3 |
| Studio | 4 | 470 | $1,364 | Moderate Income | 1.0 | 4 |
| 1 bdrm | 18 | 554 | $1,462 | Moderate Income | 2.0 | 36 |
| 1 bdrm | 7 | 600 | $1,170 | Low Income | 2.0 | 14 |
| 2 bdrm | 4 | 808 | $1,404 | Low Income | 3.0 | 12 |
| 2 bdrm | 6 | 820 | $1,754 | Moderate Income | 4.0 | 24 |
| Total Units | 42 | 609 | $1,414 | | 2.2 | 93 |
| Low Income | 14 | 33.3% | | | | |
| Moderate Income | 28 | 67.7% | | | | |

**Table 12: 10th St. Project Rents, Scenario 5**

| Unit Types | No. | sq. ft. | Rent | Affordability Level |
|---|---|---|---|---|
| Studio | 3 | 460 | $1,364 | Moderate Income |
| Studio | 4 | 470 | $1,364 | Moderate Income |
| 1 bdrm | 18 | 554 | $1,462 | Moderate Income |
| 1 bdrm | 7 | 600 | $1,462 | Moderate Income |
| 2 bdrm | 4 | 808 | $1,754 | Moderate Income |
| 2 bdrm | 6 | 820 | $1,754 | Moderate Income |
| Total Units | 42 | 609 | $1,515 | |
| Low Income | 0 | 0% | | |
| Moderate Income | 42 | 100% | | |

The 18th St. conceptual design offers larger units, and produces a higher average rent.

**Table 13: 18th St. Project Rents and Population, Scenarios 1 – 4, Except 2b**

| Unit Types | No. | sq. ft. | Rent | Affordability Level | Persons/ Unit | Residents |
|---|---|---|---|---|---|---|
| Studio | 3 | 484 | $1,092 | Low Income | 1.0 | 3 |
| 1 bdrm | 11 | 542 | $1,462 | Moderate Income | 1.0 | 11 |
| 1 bdrm | 6 | 552 | $1,170 | Low Income | 2.0 | 12 |
| 1 bdrm | 2 | 616 | $1,462 | Moderate Income | 2.0 | 4 |
| 2 bdrm | 3 | 808 | $1,754 | Moderate Income | 3.0 | 9 |
| 2 bdrm | 8 | 818 | $1,754 | Moderate Income | 4.0 | 32 |
| 2 bdrm | 4 | 923 | $1,404 | Low Income | 4.0 | 16 |
| 3 bdrm | 2 | 1,150 | $2,026 | Moderate Income | 6.0 | 12 |
| Total Units | 39 | 690 | $1,494 | | 2.5 | 99 |
| Low Income | 13 | 33.3% | | | | |
| Moderate Income | 26 | 63.7% | | | | |

**Table 14: 18th St. Project Rents, Scenario 5**

| Unit Types | No. | sq. ft. | Rent | Affordability Level |
|---|---|---|---|---|
| Studio | 3 | 484 | $1,364 | Moderate Income |
| 1 bdrm | 11 | 542 | $1,462 | Moderate Income |
| 1 bdrm | 6 | 552 | $1,462 | Moderate Income |
| 1 bdrm | 2 | 616 | $1,462 | Moderate Income |
| 2 bdrm | 3 | 808 | $1,754 | Moderate Income |
| 2 bdrm | 8 | 818 | $1,754 | Moderate Income |
| 2 bdrm | 4 | 923 | $1,754 | Moderate Income |
| 3 bdrm | 2 | 1,150 | $2,026 | Moderate Income |
| Total Units | 39 | 690 | $1,596 | |
| Low Income | 0 | 0% | | |
| Moderate Income | 39 | 100% | | |

**Table 15: Asking Rents in the Arcata Market Area**

| City | Unit Type | Bedrooms | Baths | Sq. Ft. | Rent |
|---|---|---|---|---|---|
| Arcata | Apt | 0 | 1 | 500 | $1,000 |
| | Apt | 2 | 1.5 | 1,000 | $1,600 |
| | Mobile | 2 | 2 | 800 | $1,350 |
| | Mobile | 3 | 2 | 1,188 | $1,700 |
| | Townhouse | 3 | 2 | 1,150 | $2,600 |
| | SF | 3 | 2 | 1,300 | $2,750 |
| McKinleyville | Apt | 2 | 1 | 1,000 | $1,500 |
| Eureka | SF | 1 | 2 | 2,068 | $2,250 |
| | SF | 2 | 2 | 1,046 | $1,900 |
| | SF | 2 | 1 | NA | $2,250 |
| | SF | 3 | 2 | 1,090 | $2,400 |
| Fortuna | Apt | 1 | 1 | 528 | $1,200 |

*Source: Zillow.com*

**Table 16: Open Door Employee Survey, Current Rents**

| Housing Cost | Count | Percent |
|---|---|---|
| $0-500 | 4 | 2.5% |
| $500-799 | 21 | 13.4% |
| $800-1,999 | 59 | 37.6% |
| $1,200-2,499 | 64 | 40.8% |
| $2,500-2,999 | 9 | 5.7% |
| Total | 157 | 100.0% |

For the scenarios that include commercial area rent, we have used a factor of $12.00 per sq. ft. per year. This is the low end of the range observed in a limited sample of retail and office spaces in the Eureka to McKinleyville area on Loopnet. The upper end of the range was $16.20 to $17.76 but further analysis would be needed to determine what business uses specifically would be appropriate for the sites.

## OPERATING COSTS

Operating costs are based on the following factors. Our initial assumption was that each unit would have its own PG&E service but water, sewer and refuse collection would be paid by the landlord. However, in an effort to improve the financial feasibility when debt service is considered, we have assumed tenant would pay all utilities in scenarios 3-5. In Scenario 5, for example, this reduces the payback period by four years. However, as noted above, this assumption is not consistent with HUD rent level guidelines. In addition, some additional cost would be incurred to install separate meters.

**Table 17: Operating Cost Factors**

| | | |
|---|---|---|
| Property Tax | 1.08% | of value |
| Insurance | 0.50% | of value |
| Maint./Mgmt/Reserves | 8.00% | of revenue |
| Utilities* | $64.69 | per unit per month |
| Water | $38.98 | $39.53 base for 1.5" meter = $6.94 per 100 cu.ft. |
| Sewer | $11.75 | $66.54 base rate + $5.00 sewer repair fee |
| Trash | $13.95 | $585.95 for 3 cu. yd. dumpster weekly |
| Business License | $40 | +$5 per unit above 3 units |

*Utility consumption rates: Water – 60 gallons per day per capita

Sewer - 90% of water use

Solid Waste - 5.1 lbs/DU/ day

## INFLATION AND INTEREST RATES

The proforma uses various inflation and interest rates as shown below. The general inflation rate is applied annually to rent levels and utility costs and indirectly to other operating costs.

**Table 18: Inflation and Interest Rates Used in the Proforma**

| | | |
|---|---|---|
| Inflation Rate | 2.5% | 30-yr average |
| Property Value Escalation | 2.0% | Prop 13 |
| Construction Loan Rate | 7.0% | Limited sample – subject to further review |
| Long Term Financing Loan Rate | 6.5% | Limited sample – subject to further review |
| Below Market "Social Investor" Rate | 3.25% | Hypothetical 50% of conventional |
| Capitalization Rate | 6.0% | Arcata Infill Market Study |

# 4. COMMUNITY BENEFITS

Increasing the supply of housing in Arcata would be a significant benefit by itself, given the low vacancy rates and high costs current in the market. The two Open Door sites represent infill development opportunities near Downtown Arcata. Recent studies have shown that from a cost efficiency standpoint for City government, promoting infill development helps reduce City costs for services compared to greenfield development on the City periphery where no infrastructure currently exists. The City's Infill Market Study concluded that, "Construction of infill development to meet housing needs could result in savings of more than $1 million per year [for 1,000 units]. In addition, infill development provides greater opportunities for mixed use development and higher densities, which can improve the efficiency of the transit and circulation systems as well as other utilities." [2]

If the Open Door sites are operated by a non-profit entity, their fiscal benefit would be reduced, but the resident household and commercial space would contribute to Downtown business vitality and also potentially add services closer to neighborhood residents. As shown in Table 19, the households in the two projects would be expected to spend nearly $1.7 million per year on retail goods and services, of which about $1.2 million would generate sales taxes. The City would receive about $12,000 per year in sales taxes if all of these purchases were new to Arcata.

In addition, if the commercial space in the projects is leased to retail/services businesses, it could add another $12,000 per year to City revenues.

[2] ADE, Inc., *Infill Market Study for the City of Arcata*. August 2021. p. 48.

**Table 19: Taxable Household Spending**

| 81 Households with Average Income of $64,200 — Store Category | Total Household Spending | Taxable Sales | Taxable Percent | Total Sales as Percent of Income | Taxable Sales as Percent of Income |
|---|---|---|---|---|---|
| **RETAIL** | | | | | |
| Apparel Store Group | $70,674 | $70,674 | 100.0% | 1.4% | 1.4% |
| General Merchandise Group | $259,342 | $170,919 | 65.9% | 5.1% | 3.4% |
| Department Stores/Other General Merch. | $54,010 | $48,960 | 90.7% | 1.1% | 1.0% |
| Other General Merchandise | $161,895 | $104,584 | 64.6% | 3.2% | 2.1% |
| Drug & Proprietary Stores | $43,437 | $17,375 | 40.0% | 0.9% | 0.3% |
| Specialty Retail Group | $69,606 | $69,606 | 100.0% | 1.4% | 1.4% |
| Food, Eating and Drinking Group | $507,913 | $331,816 | 65.3% | 10.1% | 6.6% |
| Grocery Stores | $226,790 | $56,697 | 25.0% | 4.5% | 1.1% |
| Specialty Food Stores | $7,405 | $1,851 | 25.0% | 0.1% | 0.0% |
| Liquor Stores | $10,757 | $10,305 | 95.8% | 0.2% | 0.2% |
| Eating Places | $262,961 | $262,961 | 100.0% | 5.2% | 5.2% |
| Building Materials And | $0 | $0 | 0.0% | 0.0% | 0.0% |
| Homefurnishings Group | $96,080 | $96,080 | 100.0% | 1.9% | 1.9% |
| Automotive Group | $434,196 | $420,708 | 93.3% | 8.6% | 8.3% |
| Sub-Total Retail | $1,437,810 | $1,159,802 | 80.7% | 28.5% | 23.0% |
| **SERVICES** | | | | | |
| Rental Services | $9,264 | $0 | 0.0% | 0.2% | 0.0% |
| Professional Services | $3,115 | $0 | 0.0% | 0.1% | 0.0% |
| Medical Services | | | | | |
| Eyecare | $28,892 | $14,446 | 50.0% | 0.6% | 0.3% |
| Other Medical | $86,146 | $0 | 0.0% | 1.7% | 0.0% |
| Repair Services | | | | | |
| Auto Repair | $21,161 | $8,464 | 40.0% | 0.4% | 0.2% |
| Other Repair | $10,014 | $0 | 0.0% | 0.2% | 0.0% |
| Personal Services | | | | | |
| Personal Care Services | $19,976 | $1,998 | 10.0% | 0.4% | 0.0% |
| Other Personal | $12,627 | $0 | 0.0% | 0.2% | 0.0% |
| Entertainment/Recreation | | | | | |
| Movie, Theater, Opera, Ballet | $19,336 | $1,934 | 10.0% | 0.4% | 0.0% |
| Sporting Events | $5,918 | $592 | 10.0% | 0.1% | 0.0% |
| Other Entertainment | $41,032 | $0 | 0.0% | 0.8% | 0.0% |
| Sub-Total Services | $257,481 | $27,433 | 10.7% | 4.9% | 0.5% |
| **GRAND TOTAL** | $1,695,291 | $1,187,235 | 70.0% | 32.5% | 22.8% |

*Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.*

# 5. CONCLUSION

Many studies have documented the difficulty in California of providing workforce housing that is financially viable. State and federal subsidies exist to help produce affordable housing for household at 60% of the Average Median Income (AMI) and private developers are able to produce housing at the upper end of the income spectrum. But the costs of construction often preclude development of middle income housing, sometimes referred to the "missing middle" housing segment.

The Arcata Infill Market Study concluded in 2021 that,

> "Infill housing can provide housing at all affordability levels but the City will need to rely on tax credit programs and other subsidies to achieve Low and Very Low Income levels. Unsubsidized infill housing will likely mostly be feasible at the Above Moderate Income level, unless density restrictions and parking requirements are changed to support higher building efficiency on the sites."

The results of this analysis for Open Door bears out some of these conclusions, but Open Door is a unique organization and its primary mission of affordable health care may stimulate unconventional sources of investment to make the project work financially.

Aside from low cost or patient financing, the analysis points out the significance of efficient and low cost operation of the units, while maintaining an attractive and high quality living environment.

Moreover, Open Door may consider further the market segments it is trying to reach. While much of what is published in terms of asking rents in Arcata and the surrounding region reflects a lower end market, very little of the available housing is new and modern, as these project would be. There may be room to increase some of the rents to the Above Moderate level and still meet the needs of Open Door employees while offering an attractive option compared to other units available in the market.

This analysis has focused on the rental market in Arcata. Open Door has also considered the potential to treat some of the units as for sale opportunities, perhaps in combination with a rent to own program. This would help to shift the long term operating cost burden from Open Door to the resident owners. Further analysis would be needed, however, to understand how Open Door could recoup the cost of the housing given per sq. ft. sales prices currently available in the market.

If other ways of reducing costs and increasing revenues are not sufficient, Open Door may wish to work with the City to see if higher density designs on these sites would create more cost efficiencies and increase the ratio of revenue to non-revenue spaces in the buildings.

# 6. REPORT PREPARATION

## CLIENT

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# **APPENDIX A:** PROFORMA TABLES

## 10TH STREET SITE: SCENARIO 1

| **10th Street Project** | **Construction** | **Ramp Up** | **Stabilized Operation** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $20,534,000 | | | | | | | | | | |
| **Operating Costs** | $0 | $415,925 | $427,594 | $436,626 | $445,851 | $455,272 | $464,895 | $474,723 | $484,761 | $495,013 | $505,485 |
| Property Tax | | $223,808 | $228,284 | $232,849 | $237,506 | $242,256 | $247,102 | $252,044 | $257,084 | $262,226 | $267,471 |
| Insurance | | $102,670 | $104,723 | $106,818 | $108,954 | $111,133 | $113,356 | $115,623 | $117,936 | $120,294 | $122,700 |
| Utilities | | $32,545 | $34,415 | $35,278 | $36,163 | $37,069 | $37,999 | $38,952 | $39,929 | $40,930 | $41,956 |
| Maintenance/Mgmt | | $56,903 | $60,172 | $61,681 | $63,227 | $64,813 | $66,438 | $68,104 | $69,812 | $71,563 | $73,358 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $20,534,000 | $711,286 | $752,148 | $771,009 | $790,344 | $810,163 | $830,480 | $851,306 | $872,654 | $894,538 | $916,970 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $20,534,000 | | | | | | | | | | |
| Social Investors | $0 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $711,285 | $752,147 | $771,008 | $790,343 | $810,162 | $830,479 | $851,305 | $872,653 | $894,537 | $916,969 |
| Commercial Rents | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | $295,360 | $324,554 | $334,383 | $344,493 | $354,891 | $365,585 | $376,583 | $387,893 | $399,524 | $411,485 |
| **Cumulative NOI** | $0 | $295,360 | $619,914 | $954,298 | $1,298,791 | $1,653,682 | $2,019,267 | $2,395,850 | $2,783,743 | $3,183,268 | $3,594,753 |
| **Total Equity Requirement** | $20,534,000 | $20,238,640 | $19,914,086 | $19,579,702 | $19,235,209 | $18,880,318 | $18,514,733 | $18,138,150 | $17,750,257 | $17,350,732 | $16,939,247 |
| **Return on Investment (Year 31)** | -$5,601,119 | | | | | | | | | | |

## 10TH STREET SCENARIO 1 (CONTINUED)

| **10th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $516,180 | $527,104 | $538,261 | $549,657 | $561,296 | $573,185 | $585,328 | $597,731 | $610,399 | $623,339 |
| Property Tax | $272,820 | $278,277 | $283,842 | $289,519 | $295,309 | $301,215 | $307,240 | $313,385 | $319,652 | $326,045 |
| Insurance | $125,154 | $127,657 | $130,210 | $132,815 | $135,471 | $138,180 | $140,944 | $143,763 | $146,638 | $149,571 |
| Utilities | $43,009 | $44,087 | $45,193 | $46,326 | $47,488 | $48,679 | $49,899 | $51,151 | $52,433 | $53,748 |
| Maintenance/Mgmt | $75,197 | $77,083 | $79,016 | $80,997 | $83,029 | $85,111 | $87,245 | $89,433 | $91,676 | $93,975 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $939,965 | $963,537 | $987,699 | $1,012,468 | $1,037,858 | $1,063,884 | $1,090,563 | $1,117,911 | $1,145,945 | $1,174,682 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $939,964 | $963,536 | $987,698 | $1,012,467 | $1,037,857 | $1,063,883 | $1,090,562 | $1,117,910 | $1,145,944 | $1,174,681 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $423,785 | $436,433 | $449,438 | $462,811 | $476,561 | $490,699 | $505,235 | $520,181 | $535,546 | $551,344 |
| **Cumulative NOI** | $4,018,538 | $4,454,971 | $4,904,409 | $5,367,221 | $5,843,782 | $6,334,481 | $6,839,716 | $7,359,897 | $7,895,443 | $8,446,787 |
| **Total Equity Requirement** | $16,515,462 | $16,079,029 | $15,629,591 | $15,166,779 | $14,690,218 | $14,199,519 | $13,694,284 | $13,174,103 | $12,638,557 | $12,087,213 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 10TH STREET SCENARIO 1 (CONTINUED)

| **10th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $636,556 | $650,055 | $663,845 | $677,929 | $692,316 | $707,011 | $722,022 | $737,354 | $753,016 | $769,013 |
| Property Tax | $332,566 | $339,218 | $346,002 | $352,922 | $359,980 | $367,180 | $374,524 | $382,014 | $389,654 | $397,447 |
| Insurance | $152,562 | $155,613 | $158,726 | $161,900 | $165,138 | $168,441 | $171,810 | $175,246 | $178,751 | $182,326 |
| Utilities | $55,096 | $56,478 | $57,894 | $59,346 | $60,834 | $62,359 | $63,923 | $65,526 | $67,170 | $68,854 |
| Maintenance/Mgmt | $96,331 | $98,747 | $101,223 | $103,761 | $106,364 | $109,031 | $111,765 | $114,568 | $117,441 | $120,386 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $1,204,140 | $1,234,336 | $1,265,290 | $1,297,019 | $1,329,545 | $1,362,886 | $1,397,063 | $1,432,098 | $1,468,010 | $1,504,824 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,204,139 | $1,234,335 | $1,265,289 | $1,297,019 | $1,329,544 | $1,362,885 | $1,397,062 | $1,432,097 | $1,468,009 | $1,504,823 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $567,584 | $584,281 | $601,445 | $619,090 | $637,229 | $655,875 | $675,042 | $694,743 | $714,995 | $735,811 |
| **Cumulative NOI** | $9,014,371 | $9,598,652 | $10,200,097 | $10,819,187 | $11,456,416 | $12,112,291 | $12,787,332 | $13,482,076 | $14,197,071 | $14,932,881 |
| **Total Equity Requirement** | $11,519,629 | $10,935,348 | $10,333,903 | $9,714,813 | $9,077,584 | $8,421,709 | $7,746,668 | $7,051,924 | $6,336,929 | $5,601,119 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 10TH STREET SITE: SCENARIO 2B

| 10th Street Project | Construction | Ramp Up | Stabilized Operation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $20,534,000 | | | | | | | | | | |
| **Operating Costs** | $0 | $188,108 | $195,070 | $199,430 | $203,889 | $208,449 | $213,112 | $217,880 | $222,757 | $227,745 | $232,845 |
| Property Tax | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | | $102,670 | $104,723 | $106,818 | $108,954 | $111,133 | $113,356 | $115,623 | $117,936 | $120,294 | $122,700 |
| Utilities | | $32,545 | $34,415 | $35,278 | $36,163 | $37,069 | $37,999 | $38,952 | $39,929 | $40,930 | $41,956 |
| Maintenance/Mgmt | | $52,893 | $55,932 | $57,334 | $58,772 | $60,246 | $61,757 | $63,305 | $64,893 | $66,520 | $68,188 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $20,534,000 | $661,166 | $699,148 | $716,681 | $734,653 | $753,076 | $771,961 | $791,320 | $811,164 | $831,505 | $852,357 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $20,534,000 | | | | | | | | | | |
| Social Investors | $0 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $661,165 | $699,147 | $716,680 | $734,652 | $753,075 | $771,960 | $791,319 | $811,163 | $831,504 | $852,356 |
| Commercial Rents | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | $473,057 | $504,078 | $517,251 | $530,764 | $544,628 | $558,849 | $573,439 | $588,406 | $603,761 | $619,512 |
| **Cumulative NOI** | $0 | $473,057 | $977,136 | $1,494,387 | $2,025,151 | $2,569,779 | $3,128,628 | $3,702,067 | $4,290,474 | $4,894,234 | $5,513,746 |
| **Total Equity Requirement** | $20,534,000 | $20,060,943 | $19,556,864 | $19,039,613 | $18,508,849 | $17,964,221 | $17,405,372 | $16,831,933 | $16,243,526 | $15,639,766 | $15,020,254 |
| **Return on Investment (Year 31)** | $2,705,304 | | | | | | | | | | |

## 10TH STREET SCENARIO 2B (CONTINUED)

| **10th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $238,061 | $243,396 | $248,851 | $254,431 | $260,137 | $265,972 | $271,940 | $278,044 | $284,287 | $290,672 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $125,154 | $127,657 | $130,210 | $132,815 | $135,471 | $138,180 | $140,944 | $143,763 | $146,638 | $149,571 |
| Utilities | $43,009 | $44,087 | $45,193 | $46,326 | $47,488 | $48,679 | $49,899 | $51,151 | $52,433 | $53,748 |
| Maintenance/Mgmt | $69,898 | $71,651 | $73,448 | $75,290 | $77,178 | $79,113 | $81,097 | $83,131 | $85,216 | $87,353 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $873,732 | $895,642 | $918,102 | $941,126 | $964,726 | $988,919 | $1,013,718 | $1,039,139 | $1,065,198 | $1,091,910 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $873,731 | $895,641 | $918,101 | $941,125 | $964,725 | $988,918 | $1,013,717 | $1,039,138 | $1,065,197 | $1,091,909 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $635,670 | $652,247 | $669,251 | $686,695 | $704,590 | $722,947 | $741,778 | $761,095 | $780,911 | $801,238 |
| **Cumulative NOI** | $6,149,417 | $6,801,663 | $7,470,915 | $8,157,610 | $8,862,200 | $9,585,146 | $10,326,924 | $11,088,019 | $11,868,929 | $12,670,167 |
| **Total Equity Requirement** | $14,384,583 | $13,732,337 | $13,063,085 | $12,376,390 | $11,671,800 | $10,948,854 | $10,207,076 | $9,445,981 | $8,665,071 | $7,863,833 |
| **Return on Investment (Year 31)** | $238,061 | $243,396 | $248,851 | $254,431 | $260,137 | $265,972 | $271,940 | $278,044 | $284,287 | $290,672 |

## 10TH STREET SCENARIO 2B (CONTINUED)

| 10th Street Project | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $297,201 | $303,880 | $310,710 | $317,696 | $324,841 | $332,149 | $339,623 | $347,267 | $355,086 | $363,083 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $152,562 | $155,613 | $158,726 | $161,900 | $165,138 | $168,441 | $171,810 | $175,246 | $178,751 | $182,326 |
| Utilities | $55,096 | $56,478 | $57,894 | $59,346 | $60,834 | $62,359 | $63,923 | $65,526 | $67,170 | $68,854 |
| Maintenance/Mgmt | $89,543 | $91,789 | $94,091 | $96,450 | $98,869 | $101,348 | $103,890 | $106,495 | $109,165 | $111,903 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $1,119,292 | $1,147,360 | $1,176,133 | $1,205,627 | $1,235,860 | $1,266,852 | $1,298,621 | $1,331,187 | $1,364,569 | $1,398,788 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,119,291 | $1,147,359 | $1,176,132 | $1,205,626 | $1,235,859 | $1,266,851 | $1,298,620 | $1,331,186 | $1,364,568 | $1,398,787 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $822,090 | $843,480 | $865,422 | $887,931 | $911,019 | $934,703 | $958,998 | $983,919 | $1,009,483 | $1,035,705 |
| **Cumulative NOI** | $13,492,258 | $14,335,738 | $15,201,160 | $16,089,091 | $17,000,110 | $17,934,814 | $18,893,812 | $19,877,731 | $20,887,214 | $21,922,920 |
| **Total Equity Requirement** | $7,041,742 | $6,198,262 | $5,332,840 | $4,444,909 | $3,533,890 | $2,599,186 | $1,640,188 | $656,269 | -$353,214 | -$1,388,920 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

# 10TH STREET SITE: SCENARIO 5

| **10th Street Project** | **Construction** | **Ramp Up** | **Stabilized Operation** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $20,534,000 | | | | | | | | | | |
| **Operating Costs** | $0 | $1,021,562 | $1,027,119 | $1,030,830 | $1,034,624 | $1,038,503 | $1,042,467 | $1,046,520 | $1,050,663 | $1,054,898 | $1,059,227 |
| Property Tax | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | | $102,670 | $104,723 | $106,818 | $108,954 | $111,133 | $113,356 | $115,623 | $117,936 | $120,294 | $122,700 |
| Utilities | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | | $60,985 | $64,489 | $66,106 | $67,764 | $69,463 | $71,205 | $72,990 | $74,821 | $76,697 | $78,620 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 |
| **Revenues** | $20,534,000 | $792,263 | $836,808 | $857,792 | $879,303 | $901,354 | $923,957 | $947,127 | $970,878 | $995,225 | $1,020,182 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $4,106,800 | | | | | | | | | | |
| Social Investors | $16,427,200 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $762,315 | $806,108 | $826,323 | $847,045 | $868,286 | $890,061 | $912,381 | $935,261 | $958,714 | $982,756 |
| Commercial Rents | | $29,947 | $30,698 | $31,468 | $32,257 | $33,066 | $33,895 | $34,745 | $35,617 | $36,510 | $37,425 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | ($229,299) | ($190,311) | ($173,038) | ($155,321) | ($137,149) | ($118,510) | ($99,393) | ($79,785) | ($59,673) | ($39,045) |
| **Cumulative NOI** | $0 | ($229,299) | ($419,609) | ($592,647) | ($747,968) | ($885,118) | ($1,003,628) | ($1,103,021) | ($1,182,806) | ($1,242,479) | ($1,281,524) |
| **Total Equity Requirement** | $4,106,800 | $4,336,099 | $4,526,409 | $4,699,447 | $4,854,768 | $4,991,918 | $5,110,428 | $5,209,821 | $5,289,606 | $5,349,279 | $5,388,324 |
| **Return on Investment (Year 31)** | -$913,206 | | | | | | | | | | |

## 10TH STREET SCENARIO 5 (CONTINUED)

| **10th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $1,063,653 | $1,068,177 | $1,072,802 | $1,077,530 | $1,082,363 | $1,087,304 | $1,092,355 | $1,097,518 | $1,102,797 | $1,108,194 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $125,154 | $127,657 | $130,210 | $132,815 | $135,471 | $138,180 | $140,944 | $143,763 | $146,638 | $149,571 |
| Utilities | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | $80,592 | $82,613 | $84,685 | $86,808 | $88,985 | $91,217 | $93,504 | $95,849 | $98,253 | $100,717 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 |
| **Revenues** | $1,045,766 | $1,071,990 | $1,098,873 | $1,126,429 | $1,154,677 | $1,183,633 | $1,213,315 | $1,243,741 | $1,274,931 | $1,306,902 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,007,401 | $1,032,663 | $1,058,560 | $1,085,105 | $1,112,316 | $1,140,210 | $1,168,803 | $1,198,113 | $1,228,159 | $1,258,957 |
| Commercial Rents | $38,364 | $39,326 | $40,312 | $41,323 | $42,359 | $43,422 | $44,510 | $45,627 | $46,771 | $47,944 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | ($17,887) | $3,813 | $26,071 | $48,900 | $72,314 | $96,329 | $120,960 | $146,223 | $172,133 | $198,708 |
| **Cumulative NOI** | ($1,299,411) | ($1,295,597) | ($1,269,526) | ($1,220,627) | ($1,148,313) | ($1,051,984) | ($931,024) | ($784,801) | ($612,668) | ($413,960) |
| **Total Equity Requirement** | $5,406,211 | $5,402,397 | $5,376,326 | $5,327,427 | $5,255,113 | $5,158,784 | $5,037,824 | $4,891,601 | $4,719,468 | $4,520,760 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 10TH STREET SCENARIO 5 (CONTINUED)

| **10th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $1,113,711 | $1,119,351 | $1,125,118 | $1,131,013 | $1,137,039 | $1,143,201 | $1,149,500 | $1,155,940 | $1,162,524 | $1,169,255 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $152,562 | $155,613 | $158,726 | $161,900 | $165,138 | $168,441 | $171,810 | $175,246 | $178,751 | $182,326 |
| Utilities | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | $103,242 | $105,831 | $108,485 | $111,206 | $113,994 | $116,853 | $119,783 | $122,787 | $125,866 | $129,023 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 | $857,907 |
| **Revenues** | $1,339,675 | $1,373,270 | $1,407,708 | $1,443,009 | $1,479,196 | $1,516,290 | $1,554,314 | $1,593,291 | $1,633,247 | $1,674,204 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,290,528 | $1,322,891 | $1,356,065 | $1,390,071 | $1,424,930 | $1,460,664 | $1,497,293 | $1,534,841 | $1,573,330 | $1,612,784 |
| Commercial Rents | $49,146 | $50,378 | $51,642 | $52,937 | $54,264 | $55,625 | $57,020 | $58,450 | $59,916 | $61,418 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $225,964 | $253,919 | $282,591 | $311,997 | $342,157 | $373,089 | $404,814 | $437,352 | $470,723 | $504,948 |
| **Cumulative NOI** | ($187,995) | $65,924 | $348,515 | $660,511 | $1,002,668 | $1,375,757 | $1,780,571 | $2,217,923 | $2,688,645 | $3,193,594 |
| **Total Equity Requirement** | $4,294,795 | $4,040,876 | $3,758,285 | $3,446,289 | $3,104,132 | $2,731,043 | $2,326,229 | $1,888,877 | $1,418,155 | $913,206 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

# 18TH STREET SITE: SCENARIO 1

| 18th Street Project | Construction | Ramp Up | Stabilized Operation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $19,959,600 | | | | | | | | | | |
| **Operating Costs** | $0 | $404,559 | $415,873 | $424,652 | $433,619 | $442,777 | $452,130 | $461,683 | $471,439 | $481,404 | $491,582 |
| Property Tax | | $218,705 | $223,079 | $227,541 | $232,092 | $236,734 | $241,468 | $246,298 | $251,224 | $256,248 | $261,373 |
| Insurance | | $99,798 | $101,794 | $103,830 | $105,906 | $108,025 | $110,185 | $112,389 | $114,637 | $116,929 | $119,268 |
| Utilities | | $30,221 | $31,957 | $32,758 | $33,579 | $34,422 | $35,285 | $36,170 | $37,077 | $38,006 | $38,960 |
| Maintenance/Mgmt | | $55,835 | $59,043 | $60,523 | $62,041 | $63,597 | $65,192 | $66,827 | $68,502 | $70,220 | $71,981 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $19,959,600 | $697,941 | $738,036 | $756,544 | $775,516 | $794,964 | $814,899 | $835,334 | $856,282 | $877,755 | $899,767 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $19,959,600 | | | | | | | | | | |
| Social Investors | $0 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $697,940 | $738,035 | $756,543 | $775,515 | $794,963 | $814,898 | $835,333 | $856,281 | $877,754 | $899,766 |
| Commercial Rents | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | $293,382 | $322,164 | $331,892 | $341,897 | $352,187 | $362,769 | $373,652 | $384,843 | $396,351 | $408,185 |
| **Cumulative NOI** | $0 | $293,382 | $615,546 | $947,438 | $1,289,335 | $1,641,522 | $2,004,292 | $2,377,943 | $2,762,786 | $3,159,138 | $3,567,323 |
| **Total Equity Requirement** | $19,959,600 | $19,666,218 | $19,344,054 | $19,012,162 | $18,670,265 | $18,318,078 | $17,955,308 | $17,581,657 | $17,196,814 | $16,800,462 | $16,392,277 |
| **Return on Investment (Year 31)** | -$5,154,186 | | | | | | | | | | |

## 18TH STREET SCENARIO 1 (CONTINUED)

| 18th Street Project | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $501,976 | $512,593 | $523,437 | $534,513 | $545,825 | $557,379 | $569,180 | $581,233 | $593,545 | $606,119 |
| Property Tax | $266,600 | $271,932 | $277,371 | $282,918 | $288,577 | $294,348 | $300,235 | $306,240 | $312,365 | $318,612 |
| Insurance | $121,653 | $124,086 | $126,568 | $129,099 | $131,681 | $134,315 | $137,001 | $139,741 | $142,536 | $145,387 |
| Utilities | $39,936 | $40,938 | $41,965 | $43,017 | $44,096 | $45,201 | $46,335 | $47,497 | $48,688 | $49,909 |
| Maintenance/Mgmt | $73,786 | $75,637 | $77,533 | $79,478 | $81,471 | $83,514 | $85,608 | $87,755 | $89,956 | $92,211 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $922,330 | $945,460 | $969,169 | $993,473 | $1,018,386 | $1,043,924 | $1,070,103 | $1,096,938 | $1,124,446 | $1,152,644 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $922,329 | $945,459 | $969,168 | $993,472 | $1,018,385 | $1,043,923 | $1,070,102 | $1,096,937 | $1,124,445 | $1,152,643 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $420,354 | $432,866 | $445,732 | $458,960 | $472,562 | $486,546 | $500,923 | $515,705 | $530,901 | $546,524 |
| **Cumulative NOI** | $3,987,677 | $4,420,543 | $4,866,275 | $5,325,235 | $5,797,797 | $6,284,343 | $6,785,266 | $7,300,971 | $7,831,872 | $8,378,397 |
| **Total Equity Requirement** | $15,971,923 | $15,539,057 | $15,093,325 | $14,634,365 | $14,161,803 | $13,675,257 | $13,174,334 | $12,658,629 | $12,127,728 | $11,581,203 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 18TH STREET SCENARIO 1 (CONTINUED)

| 18th Street Project | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $618,963 | $632,082 | $645,482 | $659,169 | $673,149 | $687,429 | $702,014 | $716,913 | $732,131 | $747,675 |
| Property Tax | $324,984 | $331,484 | $338,114 | $344,876 | $351,774 | $358,809 | $365,985 | $373,305 | $380,771 | $388,386 |
| Insurance | $148,295 | $151,260 | $154,286 | $157,371 | $160,519 | $163,729 | $167,004 | $170,344 | $173,751 | $177,226 |
| Utilities | $51,161 | $52,444 | $53,759 | $55,107 | $56,489 | $57,905 | $59,357 | $60,846 | $62,372 | $63,936 |
| Maintenance/Mgmt | $94,524 | $96,894 | $99,324 | $101,815 | $104,368 | $106,985 | $109,668 | $112,418 | $115,237 | $118,127 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $1,181,549 | $1,211,179 | $1,241,551 | $1,272,686 | $1,304,601 | $1,337,317 | $1,370,853 | $1,405,230 | $1,440,469 | $1,476,592 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,181,548 | $1,211,178 | $1,241,550 | $1,272,685 | $1,304,600 | $1,337,316 | $1,370,852 | $1,405,229 | $1,440,468 | $1,476,591 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $562,585 | $579,096 | $596,069 | $613,517 | $631,452 | $649,888 | $668,838 | $688,317 | $708,338 | $728,916 |
| **Cumulative NOI** | $8,940,982 | $9,520,078 | $10,116,148 | $10,729,665 | $11,361,117 | $12,011,005 | $12,679,843 | $13,368,160 | $14,076,498 | $14,805,414 |
| **Total Equity Requirement** | $11,018,618 | $10,439,522 | $9,843,452 | $9,229,935 | $8,598,483 | $7,948,595 | $7,279,757 | $6,591,440 | $5,883,102 | $5,154,186 |
| **Return on Investment (Year 31)** | $618,963 | $632,082 | $645,482 | $659,169 | $673,149 | $687,429 | $702,014 | $716,913 | $732,131 | $747,675 |

# 18TH STREET SITE: SCENARIO 2B

| 18th Street Project | Construction | Ramp Up | Stabilized Operation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Years* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $19,959,600 | | | | | | | | | | |
| **Operating Costs** | $0 | $181,771 | $188,476 | $192,686 | $196,991 | $201,393 | $205,895 | $210,499 | $215,207 | $220,022 | $224,946 |
| Property Tax | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | | $99,798 | $101,794 | $103,830 | $105,906 | $108,025 | $110,185 | $112,389 | $114,637 | $116,929 | $119,268 |
| Utilities | | $30,221 | $31,957 | $32,758 | $33,579 | $34,422 | $35,285 | $36,170 | $37,077 | $38,006 | $38,960 |
| Maintenance/Mgmt | | $51,753 | $54,726 | $56,098 | $57,505 | $58,947 | $60,425 | $61,941 | $63,494 | $65,086 | $66,718 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $19,959,600 | $646,911 | $684,075 | $701,229 | $718,814 | $736,840 | $755,317 | $774,259 | $793,675 | $813,578 | $833,980 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $19,959,600 | | | | | | | | | | |
| Social Investors | $0 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $646,910 | $684,074 | $701,228 | $718,813 | $736,839 | $755,316 | $774,258 | $793,674 | $813,577 | $833,979 |
| Commercial Rents | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | $465,140 | $495,598 | $508,543 | $521,823 | $535,446 | $549,422 | $563,760 | $578,468 | $593,556 | $609,034 |
| **Cumulative NOI** | $0 | $465,140 | $960,738 | $1,469,281 | $1,991,104 | $2,526,550 | $3,075,973 | $3,639,732 | $4,218,200 | $4,811,756 | $5,420,790 |
| **Total Equity Requirement** | $19,959,600 | $19,494,460 | $18,998,862 | $18,490,319 | $17,968,496 | $17,433,050 | $16,883,627 | $16,319,868 | $15,741,400 | $15,147,844 | $14,538,810 |
| **Return on Investment (Year 31)** | $1,590,907 | | | | | | | | | | |

## 18TH STREET SCENARIO 2B (CONTINUED)

| **18th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $229,981 | $235,131 | $240,397 | $245,783 | $251,291 | $256,924 | $262,685 | $268,577 | $274,603 | $280,765 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $121,653 | $124,086 | $126,568 | $129,099 | $131,681 | $134,315 | $137,001 | $139,741 | $142,536 | $145,387 |
| Utilities | $39,936 | $40,938 | $41,965 | $43,017 | $44,096 | $45,201 | $46,335 | $47,497 | $48,688 | $49,909 |
| Maintenance/Mgmt | $68,391 | $70,106 | $71,865 | $73,667 | $75,514 | $77,408 | $79,349 | $81,339 | $83,378 | $85,469 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $854,894 | $876,332 | $898,308 | $920,835 | $943,927 | $967,597 | $991,862 | $1,016,735 | $1,042,232 | $1,068,368 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $854,893 | $876,331 | $898,307 | $920,834 | $943,926 | $967,596 | $991,861 | $1,016,734 | $1,042,231 | $1,068,367 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $624,913 | $641,201 | $657,911 | $675,052 | $692,635 | $710,673 | $729,177 | $748,158 | $767,629 | $787,603 |
| **Cumulative NOI** | $6,045,703 | $6,686,904 | $7,344,815 | $8,019,866 | $8,712,502 | $9,423,175 | $10,152,352 | $10,900,510 | $11,668,139 | $12,455,742 |
| **Total Equity Requirement** | $13,913,897 | $13,272,696 | $12,614,785 | $11,939,734 | $11,247,098 | $10,536,425 | $9,807,248 | $9,059,090 | $8,291,461 | $7,503,858 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 18TH STREET SCENARIO 2B (CONTINUED)

| **18th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $287,068 | $293,514 | $300,106 | $306,849 | $313,745 | $320,797 | $328,011 | $335,388 | $342,934 | $350,652 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $148,295 | $151,260 | $154,286 | $157,371 | $160,519 | $163,729 | $167,004 | $170,344 | $173,751 | $177,226 |
| Utilities | $51,161 | $52,444 | $53,759 | $55,107 | $56,489 | $57,905 | $59,357 | $60,846 | $62,372 | $63,936 |
| Maintenance/Mgmt | $87,613 | $89,810 | $92,062 | $94,371 | $96,737 | $99,163 | $101,650 | $104,199 | $106,812 | $109,490 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Revenues** | $1,095,159 | $1,122,623 | $1,150,775 | $1,179,633 | $1,209,215 | $1,239,538 | $1,270,622 | $1,302,486 | $1,335,148 | $1,368,630 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,095,158 | $1,122,622 | $1,150,774 | $1,179,632 | $1,209,214 | $1,239,537 | $1,270,621 | $1,302,485 | $1,335,147 | $1,368,629 |
| Commercial Rents | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $808,092 | $829,109 | $850,669 | $872,784 | $895,470 | $918,741 | $942,611 | $967,097 | $992,214 | $1,017,978 |
| **Cumulative NOI** | $13,263,833 | $14,092,942 | $14,943,611 | $15,816,395 | $16,711,865 | $17,630,606 | $18,573,218 | $19,540,315 | $20,532,529 | $21,550,507 |
| **Total Equity Requirement** | $6,695,767 | $5,866,658 | $5,015,989 | $4,143,205 | $3,247,735 | $2,328,994 | $1,386,382 | $419,285 | -$572,929 | -$1,590,907 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

# 18TH STREET SITE: SCENARIO 5

| 18th Street Project | Construction | Ramp Up | Stabilized Operation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Years* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **Construction** | $19,959,600 | | | | | | | | | | |
| **Operating Costs** | $0 | $993,344 | $998,766 | $1,002,383 | $1,006,081 | $1,009,861 | $1,013,725 | $1,017,675 | $1,021,713 | $1,025,840 | $1,030,060 |
| Property Tax | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | | $99,798 | $101,794 | $103,830 | $105,906 | $108,025 | $110,185 | $112,389 | $114,637 | $116,929 | $119,268 |
| Utilities | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | | $59,638 | $63,064 | $64,645 | $66,266 | $67,928 | $69,632 | $71,378 | $73,168 | $75,003 | $76,883 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 |
| **Revenues** | $19,959,600 | $773,408 | $816,935 | $837,421 | $858,421 | $879,948 | $902,014 | $924,634 | $947,821 | $971,590 | $995,955 |
| *Capital Funding Sources* | | | | | | | | | | | |
| Construction Loan | $0 | $0 | | | | | | | | | |
| Long Term Debt | | $0 | | | | | | | | | |
| Equity | $3,991,920 | | | | | | | | | | |
| Social Investors | $15,967,680 | $0 | | | | | | | | | |
| Grants | $0 | | | | | | | | | | |
| *Occupancy Factor* | | 95% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | | $745,473 | $788,298 | $808,067 | $828,331 | $849,103 | $870,396 | $892,223 | $914,597 | $937,533 | $961,043 |
| Commercial Rents | | $27,935 | $28,635 | $29,353 | $30,090 | $30,844 | $31,618 | $32,410 | $33,223 | $34,056 | $34,910 |
| Equity Sales | | | | | | | | | | | |
| **Net Operating Income** | $0 | ($219,936) | ($181,831) | ($164,962) | ($147,660) | ($129,913) | ($111,711) | ($93,041) | ($73,891) | ($54,250) | ($34,105) |
| **Cumulative NOI** | $0 | ($219,936) | ($401,767) | ($566,729) | ($714,389) | ($844,302) | ($956,013) | ($1,049,053) | ($1,122,944) | ($1,177,194) | ($1,211,299) |
| **Total Equity Requirement** | $3,991,920 | $4,211,856 | $4,393,687 | $4,558,649 | $4,706,309 | $4,836,222 | $4,947,933 | $5,040,973 | $5,114,864 | $5,169,114 | $5,203,219 |
| **Return on Investment (Year 31)** | -$752,454 | | | | | | | | | | |

## 18TH STREET SCENARIO 5 (CONTINUED)

| **18th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $1,034,373 | $1,038,782 | $1,043,290 | $1,047,898 | $1,052,609 | $1,057,425 | $1,062,348 | $1,067,381 | $1,072,526 | $1,077,786 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $121,653 | $124,086 | $126,568 | $129,099 | $131,681 | $134,315 | $137,001 | $139,741 | $142,536 | $145,387 |
| Utilities | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | $78,811 | $80,788 | $82,814 | $84,890 | $87,019 | $89,201 | $91,438 | $93,731 | $96,082 | $98,491 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 |
| **Revenues** | $1,020,930 | $1,046,532 | $1,072,776 | $1,099,678 | $1,127,255 | $1,155,523 | $1,184,500 | $1,214,204 | $1,244,653 | $1,275,865 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $985,143 | $1,009,848 | $1,035,172 | $1,061,131 | $1,087,741 | $1,115,019 | $1,142,980 | $1,171,643 | $1,201,024 | $1,231,142 |
| Commercial Rents | $35,786 | $36,683 | $37,603 | $38,546 | $39,513 | $40,504 | $41,519 | $42,561 | $43,628 | $44,722 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | ($13,443) | $7,750 | $29,486 | $51,780 | $74,646 | $98,099 | $122,153 | $146,823 | $172,127 | $198,079 |
| **Cumulative NOI** | ($1,224,742) | ($1,216,992) | ($1,187,506) | ($1,135,726) | ($1,061,079) | ($962,981) | ($840,828) | ($694,005) | ($521,878) | ($323,800) |
| **Total Equity Requirement** | $5,216,662 | $5,208,912 | $5,179,426 | $5,127,646 | $5,052,999 | $4,954,901 | $4,832,748 | $4,685,925 | $4,513,798 | $4,315,720 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

## 18TH STREET SCENARIO 5 (CONTINUED)

| **18th Street Project** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Years*** | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| **Construction** | | | | | | | | | | |
| **Operating Costs** | $1,083,164 | $1,088,662 | $1,094,282 | $1,100,028 | $1,105,903 | $1,111,909 | $1,118,049 | $1,124,327 | $1,130,744 | $1,137,306 |
| Property Tax | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Insurance | $148,295 | $151,260 | $154,286 | $157,371 | $160,519 | $163,729 | $167,004 | $170,344 | $173,751 | $177,226 |
| Utilities | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Maintenance/Mgmt | $100,961 | $103,493 | $106,088 | $108,749 | $111,476 | $114,271 | $117,137 | $120,074 | $123,086 | $126,172 |
| Debt Service | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Investor Repayment | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 | $833,908 |
| **Revenues** | $1,307,860 | $1,340,657 | $1,374,277 | $1,408,740 | $1,444,067 | $1,480,280 | $1,517,401 | $1,555,453 | $1,594,460 | $1,634,444 |
| *Capital Funding Sources* | | | | | | | | | | |
| Construction Loan | | | | | | | | | | |
| Long Term Debt | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Social Investors | | | | | | | | | | |
| Grants | | | | | | | | | | |
| *Occupancy Factor* | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Residential Rents | $1,262,016 | $1,293,663 | $1,326,105 | $1,359,360 | $1,393,448 | $1,428,392 | $1,464,212 | $1,500,930 | $1,538,569 | $1,577,152 |
| Commercial Rents | $45,843 | $46,993 | $48,171 | $49,379 | $50,618 | $51,887 | $53,188 | $54,522 | $55,889 | $57,291 |
| Equity Sales | | | | | | | | | | |
| **Net Operating Income** | $224,696 | $251,996 | $279,995 | $308,712 | $338,164 | $368,371 | $399,352 | $431,127 | $463,715 | $497,138 |
| **Cumulative NOI** | ($99,104) | $152,892 | $432,887 | $741,599 | $1,079,763 | $1,448,134 | $1,847,487 | $2,278,614 | $2,742,329 | $3,239,466 |
| **Total Equity Requirement** | $4,091,024 | $3,839,028 | $3,559,033 | $3,250,321 | $2,912,157 | $2,543,786 | $2,144,433 | $1,713,306 | $1,249,591 | $752,454 |
| **Return on Investment (Year 31)** | | | | | | | | | | |

# City of Arcata
# Housing Element

## 6TH CYCLE 2019-2027

**ARCATA GENERAL PLAN**

**CHAPTER 3**

**CITY OF ARCATA**

736 F STREET
ARCATA, CA 95521

**ADOPTED**

**DECEMBER 18, 2019**

**HCD CERTIFIED**

**JANUARY 28, 2020**

## 2019 HOUSING ELEMENT ACKNOWLEDGEMENTS


### City Council and Manager

Brett Watson – Mayor
Michael Winkler – Vice Mayor
Susan Ornelas
Sofia Pereira
Paul Pitino
Karen Diemer – City Manager

### Planning Commission

Daniel Tangney – Chair
Judith Mayer – Vice Chair
John Barstow
Michael Reinman
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Joe Mateer – Senior Planner
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Karin Roscoe – Community Development Specialist I

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# 3. CITY OF ARCATA HOUSING ELEMENT

## 3.1 INTRODUCTION

Meeting the housing needs of Arcata residents as well as the City's share of regional housing needs remains an important goal for the City of Arcata. As the population of the state continues to grow and pressure on resources increases, Arcata is concerned with providing adequate housing opportunities while maintaining a high standard of living for all citizens in the community.

Recognizing the importance of providing adequate housing, the State of California has mandated a Housing Element within every General Plan since 1969. This Housing Element (2019–2027) was created in compliance with State General Plan law and was certified by the California Department of Housing and Community Development (HCD) on January 28, 2020.

**Purpose.** The State of California has declared that "the availability of housing is of vital statewide importance and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order." In addition, the government should assist the private sector in developing the greatest diversity of housing opportunities feasible for all and accommodate regional housing needs through cooperative efforts, while maintaining a responsibility toward economic, environmental, and fiscal factors and community goals as outlined in the general plan.

Further, State Housing Element law requires "an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs." The law requires analyses of:

- Population and employment trends.
- The City's fair share of the regional housing needs.
- Household characteristics.
- Land suitable for residential development and an inventory of such land.
- Governmental and non-governmental constraints on the improvement, maintenance, and development of housing.
- Special housing needs.
- Opportunities for energy conservation.
- Publicly assisted housing developments that may convert to non-assisted housing developments.

The purpose of these requirements is to develop an understanding of the existing and projected housing needs within the community and to set forth policies and schedules promoting the preservation, improvement, and development of diverse housing types in Arcata that are available at a range of costs.

## 3.2 RELATIONSHIP TO OTHER ELEMENTS (GENERAL PLAN CONSISTENCY)

State law requires that "the general plan, its elements and parts thereof comprise an integrated, internally consistent, and compatible statement of policies." The purpose of requiring internal consistency is to avoid policy conflict and provide a clear policy guide for the future maintenance, improvement, and development of housing within the City. The update to the Housing Element has been reviewed for consistency with all elements of the Arcata General Plan, and amendments have been made as necessary to ensure General Plan consistency.

As summarized in the appendix, the City previously completed an SB 244 analysis, and no disadvantaged unincorporated communities were identified. As part of the General Plan and Land Use Code updates, the City is in the process of updating the Local Coastal Program, slated for completion in December 2020. This City will begin to update sections of the General Plan in 2020 and plans to complete the Safety Element by 2021. The City plans to complete updates to the Conservation Element and meet environmental justice requirements by 2021.

## 3.3 SUMMARY OF FUTURE HOUSING NEEDS

The City's future housing needs are projected by HCD based on demographic trends. The full methodology is provided in the Regional Housing Needs Allocation adopted by the Humboldt County Association of Governments Board on March 21, 2019. The Housing Element identifies the housing stock characteristics, housing market trends, and the availability of appropriately zoned land to accommodate projected need. The following summarize the detailed analysis of housing needs included in Appendix A.

- Arcata's population was 18,398 in 2018. The population has been growing slowly, with 1,167 new residents added between 2010 and 2018. Population growth estimates vary by method, but the City is planning on annual growth of between 0.25% and 0.5%, resulting in a population between 18,900 and 20,000 by 2027.
- As of 2017, seniors (age 65 and older) comprised 11.73 percent of the total population, an increase of 3 percent from 2010 when all seniors comprised 8.17 percent of the total population. Seniors age 85 or above comprised of 1.7 percent of the total population and experienced a marked increase of 34.82 percent from 2010 to 2017. Age-inclusive housing and social services will be needed as these seniors continue aging and as other current middle-aged adults age into the senior population.
- Humboldt State University had 7,774 undergraduate and graduate students enrolled in 2018, with approximately 1,944 students living on campus and the remaining 5,830 students living in the nearby communities. Maintenance of existing housing for students and the addition of new homes for students is needed.
- The average household size for Arcata in 2016 was estimated to be 2.25, a slight increase from 2.16 in 2000.
- Family households make up 39 percent of all households, and non-family households make up 61 percent. The majority of non-family households are single-member households.
- As of 2017, there were 7,078 occupied homes in Arcata, with 37 percent of those occupied by owners and the remaining 63 percent occupied by renters.
- An estimated 363 housing units were built during the last Housing Element Planning Cycle from 2014 to 2018. Two-thirds of Arcata's housing stock is more than 40 years old, but a minimum of 500 units have been added to the housing stock each decade since 1950. Arcata's housing stock is in relatively good condition. However, given its age, lead abatement issues may potentially be found in an estimated 3,852 housing units (48 percent of all housing units).
- Overcrowding is not a large issue for Arcata (<3 percent of Arcata's total households). Owner and renter overcrowding has declined since 2011, and "severely overcrowded" rental households (more than 1.5 persons/room) has decreased to 150 households.
- Incomes, as well as the costs of both rental and for sale housing have increased.
    - The median household income for the City of Arcata was $30,866 in 2017, up from $22,315 in 2000.

- o The median rent increased from $982 in 2013 to $1,015 in 2019 for a two-bedroom apartment, and the median rent similarly increased in the same time period from $583 to $949 for one-bedroom units in the City.
- o The median home sales price increased from $278,758 in 2012 to $350,000 in 2019.

- Overpayment is defined as monthly housing costs in excess of 30 percent of a household's income. A significant proportion of Arcata's residents (56.92 percent) are overpaying for housing costs. Severe overpayment is defined as monthly housing costs in excess of 50 percent of a household's income. A moderate proportion of Arcata's residents (35.77 percent) are severely overpaying for housing costs. Among lower-income households (earning 80 percent or less of the area median income), 49.53 percent are overpaying and 35.19 percent are severely overpaying for housing costs. More housing is needed, especially housing that is affordable to households at lower incomes.

## 3.4 REGIONAL HOUSING NEEDS ALLOCATION

The State of California (Government Code, Section 65584), requires regions to address housing issues and needs based on future growth projections for the area by developing a Regional Housing Needs Plan (RHNP) to distribute the Regional Housing Needs Allocation (RHNA) as determined by HCD. HCD provides the County's total RHNA to the Humboldt County Association of Governments (HCAOG) and that entity then develops the RHNP, which allocates to cities and the unincorporated county their "fair share" of the total county RHNA. The principal use of the allocations in the RHNP is inclusion in local housing elements as the shares of regional housing need. The state-established RHNA period of Humboldt County is 2018 to 2027, with a Housing Element update due on August 31, 2019. **Table 3-1** shows the City's adopted "fair share" allocation as provided by HCAOG.

**TABLE 3-1. HUMBOLDT COUNTY REGIONAL HOUSING NEEDS ALLOCATION 2019–2027**

| Jurisdiction | Very Low | Low | Moderate | Above Moderate | Total |
|---|---|---|---|---|---|
| **Arcata** | **142** | **95** | **111** | **262** | **610** |
| Blue Lake | 7 | 4 | 5 | 7 | 23 |
| Eureka | 231 | 147 | 172 | 402 | 952 |
| Ferndale | 9 | 5 | 6 | 13 | 33 |
| Fortuna | 73 | 46 | 51 | 120 | 290 |
| Rio Dell | 12 | 8 | 9 | 22 | 51 |
| Trinidad | 4 | 4 | 3 | 7 | 18 |
| Unincorporated | 351 | 223 | 256 | 583 | 1,413 |

*Source: HCAOG, Regional Housing Needs Plan for Humboldt County, 2018.*

The intent of the RHNP is to ensure that local jurisdictions address not only the needs of their immediate areas but also fill their share of the housing needs for the entire region. Additionally, a major goal of the RHNP is to ensure that every community provides opportunity for a mix of housing affordable to all economic segments of its population. The RHNP process requires local jurisdictions to be accountable for ensuring that projected housing needs can be accommodated and providing a benchmark for evaluating the adequacy of local zoning and regulatory actions to ensure that sufficient appropriately designated land and opportunities for housing development address population growth and job generation. Based on the HCAOG's adopted allocation, the City of Arcata is planning for a total of 610 residential units to meet the projected housing need for the 2019 to 2027 period. The residential units are distributed into four household income groups for the City of Arcata. The income groups are defined by HCD as follows:

- Very low income: 31 to 50 percent of Area Median Income (AMI)
- Low income: 51 to 80 percent of AMI
- Moderate income: 81 to 120 percent of AMI
- Above moderate income: 120 percent or more of AMI

As of October 4, 2019, the City has produced and/or approved 58 housing units toward the 2019–2027 planning cycle RHNA allocation (**Table 3-2**). During the previous cycle (2014–2019), the City produced a total of 363 housing units. Between 2014 and December 31, 2018, the City issued building permits or planning permits for 43 very low-income units, 5 low-income units, 258 moderate-income units and 57 above-moderate-income units. Fourteen units received both planning and building permits. 44 have received planning permits. As a result of the building production from 2014 and December 31, 2018, the City produced 100 percent of 363 total housing allocations for the 2014–2019 planning cycle.

**TABLE 3-2. ARCATA REGIONAL HOUSING NEEDS ALLOCATION 2019-2027**

| Income Group | Total RHNA | Progress Since January 2019* | Remaining RHNA |
|---|---|---|---|
| Very Low | 142 | 20 | 122 |
| Low | 95 | 23 | 72 |
| Moderate | 111 | 12 | 99 |
| Above Moderate | 262 | 3 | 259 |
| **Total** | **610** | **58** | **552** |

*Building Permits and/or Planning Permits issued for new residential construction.
*Source: City of Arcata, 2019; HCAOG, Regional Housing Needs Plan.*

To meet this planning cycle's RHNA allocation, the City of Arcata currently has about 2.2 acres of vacant land zoned Residential High (RH) and 2.2 acres of vacant land zoned Residential Medium (RM) for multifamily residential development. It also has about 30.4 acres of vacant land zoned Residential Low (RL) and about 30.5 acres of vacant land zoned Residential Very Low (RVL) for single-family development. As described in Implementation Measure 20, additional land will be rezoned and annexed, which will also contribute towards meeting this planning cycle's RHNA allocation. No underutilized land is being used to meet this planning cycle's RHNA allocation.

The majority of vacant land in the City is zoned Residential Very Low density (RVL), which permits two primary units per acre. However, because of the constraints associated with developing in the RVL zone, such as hillside development standards, creeks, and accessibility, the conservative estimate of capacity of one unit per parcel was used in this analysis.

## 3.5 QUANTIFIED OBJECTIVES SUMMARY

The quantified objectives summary estimates the number of units likely to be constructed, rehabilitated, or conserved/preserved by income level during the planning period. It does not assess the sites available to meet the RHNA; rather, it shows projects likely to be built. The quantified objectives do not seek to represent a ceiling on development, but rather set a target goal for the jurisdiction to achieve based on needs, resources, and constraints. Based on the goals, objectives, policies, and implementation measures in Section 3.6, the City has established the following quantified objectives (**Table 3-3**). Over the next planning period, the City anticipates new construction of 610 new units, assistance with the rehabilitation of 36 units, most of which will be substantial rehabilitations. Staff at Humboldt Plaza indicated to the City that they are renewing their section 8 Contract so that the 135 “at-risk” affordable units there will be preserved during this planning cycle.

**TABLE 3-3. QUANTIFIED OBJECTIVES SUMMARY**

| | Income Level | | | | | |
|---|---|---|---|---|---|---|
| **Task** | **Extremely Low** | **Very Low** | **Low** | **Moderate** | **Above Moderate** | **Total** |
| **Fair Share Allocation** | **71** | **71** | **95** | **111** | **262** | **610** |
| Permits 1/1 –10/4/19 | 5 | 15 | 23 | 12 | 3 | 58 |
| New Construction | 66 | 56 | 72 | 99 | 259 | 552 |
| Rehabilitation | 0 | 0 | 36** | 0 | 0 | 36 |
| Preservation | 0 | 0 | 135 | 0 | 0 | 135 |
| **Total** | **71** | **71** | **266** | **111** | **262** | **781** |

*Project-based section 8.
**Arcata Gardens multifamily rehabilitation project with $1,717,442 from 2017 GDBG grant.
*Source: City of Arcata, 2019; HCAOG, Regional Housing Needs Plan.*

## 3.6 HOUSING GOALS, POLICIES, AND IMPLEMENTATION MEASURES

In 1980, the State of California amended the Government Code by adding Article 10.6 regarding Housing Elements. By enacting this statute, the legislature found that

> ... the availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order. The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels. Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.

This chapter presents the City of Arcata’s housing program, which is based on state, regional, and local housing policies; identified housing needs of the City’s residents; housing resources; and housing constraints. The housing program works to preserve, improve, and develop housing for Arcata. The housing program includes many components, such as the establishment of goals, objectives and programs, which together provide a foundation upon which detailed housing activities can be developed and implemented.

The Housing Element Goals are:

A. Housing Quality
B. Housing Quantity
C. Affordable Housing
D. Equal Housing Opportunity

## A. HOUSING QUALITY

It is the goal of the City of Arcata to promote the development of new sustainable and energy efficient housing that meets safety standards, offers a variety of housing types in a variety of locations, and enhances existing neighborhoods, services, and the environment.

Policy HE-1 Support innovation and creativity in sustainable construction techniques, energy efficient design, property conveyances, and types of development. Condominium, Community Land Trusts, cooperative and co-housing, developments, and planned developments shall be encouraged. (Reference Implementation Measures: 8 and 19)

Policy HE-2 Encourage the maintenance of existing housing to prevent deterioration and promote dwelling lifespan. (Reference Implementation Measures: 2 and 3)

Policy HE-3 Continue to provide understandable information to the public about the City's policies, standards, and procedures for housing. (Reference Implementation Measures: 2, 7, 19 and 21)

Policy HE-4 Continue to encourage and support public involvement in decisions concerning housing. (Reference Implementation Measures: 2, 7, 19 and 21)

## B. HOUSING QUANTITY

*It is the goal of the City of Arcata to provide housing opportunities for people of all income levels through the development of a wide range of housing types and the preservation of existing housing.*

Policy HE-5 Identify adequate sites that are or will be made available with appropriate zoning and development standards and that will have the public services and facilities needed to facilitate and encourage the development of a variety of types of housing for the needs of all income levels. (Reference Implementation Measures: 4, 13, 19, and 20)

Policy HE-6 Provide opportunities for infill development of vacant and redevelopable properties in a way that allows for gradual, rather than drastic, changes from surrounding development density or type. Design features such as gradual increases in building height, functional open space, well-designed landscaping and natural vegetation, breaks in wall and roof lines, and building separations. (Reference Implementation Measures: 11, 12, 13, and 19)

Policy HE-7 Encourage a wide range of public and private investment to help meet the City's Housing Goals. (Reference Implementation Measures: 1, 2, 3, 4, 5, 6, 7, 8, 9, 16, 17, 18 and 20)

Policy HE-8 Eliminate unnecessary discretionary review procedures and delays in the housing development process due to complex processing procedures for housing projects, which may be under tight timelines imposed by state and federal funding programs. (Reference Implementation Measure: 10, 19 and 20)

Policy HE-9 Where appropriate, remove governmental constraints to the maintenance, improvement, and development of housing. (Reference Implementation Measures: 10 and 19)

Policy HE-10 Focus housing development in the downtown area to promote higher densities and levels of affordability and to create a more vibrant city center. (Reference Implementation Measures: 11, 12, and 13)

Policy HE-11 Encourage higher densities near the Intermodal Transit Facility and near bus stops. (Reference Implementation Measures: 11, 12, 13, 16, and 18)

Policy HE-12 Encourage Humboldt State University to maintain, rehabilitate or replace existing campus housing, develop additional on-campus housing, and to work with the City and private developers to ensure that there are adequate and appropriate housing opportunities for Humboldt State University students and staff. (Reference Implementation Measure: 18)

Policy HE-13 Support affordable housing and greenhouse gas emissions reduction by prioritizing high-density, mixed-income, infill housing projects that improve alternative transportation infrastructure. Affordable housing and infill projects that include public and/or private infrastructure for public transit, bike and other ride share programs, electric vehicles, and other transportation demand management strategies or alternative transportation modes will receive incentives including deferred fees and reduced development standards, including but not limited to reduced parking, setbacks, or landscaping requirements. (Reference Implementation Measures: 11, 12 and 20)

## C. AFFORDABLE HOUSING

*It is the goal of the City of Arcata to promote affordability of housing of all types to meet the present and projected needs of households of all income levels.*

Policy HE-14 Support private and nonprofit developers through grants, loans, and other forms of assistance to voluntarily develop housing affordable to extremely low-, very-low-, and low-income households. (Reference Implementation Measures: 4, 5, and 6)

Policy HE-15 Preserve assisted housing identified in this document as reserved for lower-income households. (Reference Implementation Measure: 3)

Policy HE-16 Seek and support programs that address the housing needs of and prioritize housing for special groups such as seniors, disabled persons, farmworkers, those in need of temporary shelter, those in need of supportive housing, single-parent families, and large families. (Reference Implementation Measures: 2, 3, 4, 5, 6, 7, 8, 9, 10, 14, 15, 16, 17, and 18.)

Policy HE-17 Assist in the development of housing affordable to very low-, low-, and moderate-income households through financial and/or technical assistance. (Reference Implementation Measures: 1, 2, 3, 4, 5, 6, 7, 8, 9, and 14)

Policy HE-18 Provide incentives to developers to include low- and moderate-income housing units in their proposals; and support housing for persons with lower incomes in residential developments in all areas of the City through a variety of methods to ensure neighborhood diversity. (Reference Implementation Measures: 1, 2, 3, 4, 5, 6, 7, 8, 9, 14, 16, and 20)

Policy HE-19 Continue to provide a housing rehabilitation program for lower income renters and owners. Housing rehabilitation is a cost-effective way of keeping the community's stock of affordable housing in a safe and decent condition. (Reference Implementation Measures: 2, 3 and 6)

Policy HE-20 Prioritize meeting the needs of low-income households, since they represent the most significant area of unmet need. (Reference Implementation Measures: 1, 2, 3, 4, 5, 6, 7, 8, 9, and 14)

Policy HE-21 Encourage the development of accessory dwelling units (ADUs). (Reference Implementation Measure: 13)

Policy HE-22 Encourage the use of density bonuses to incorporate affordable housing units into projects. (Reference Implementation Measures: (11, 16, and 18)

## D. EQUAL HOUSING OPPORTUNITY

*It is the goal of the City of Arcata to ensure that discrimination is not a factor in the ability of households to obtain housing.*

Policy HE-23 Promote housing opportunities for all persons regardless of race, color, national origin, religion, sex, familial status, disability, sexual orientation, gender identity/expression, genetic information, marital status, and source of income. (Reference Implementation Measure: 15)

Policy HE-24 Support state and federal mandates for fair housing practices in both public and private housing developments. (Reference Implementation Measures: 15 and 10)

Policy HE-25 Meet the housing and supportive housing and accessibility needs of the homeless and other special needs groups, including prevention of homelessness. (Reference Implementation Measures: 10, 16, 17, and 18)

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| **1**<br>**Promotion of Owner-Occupied Units**<br>Increase proportion of owner-occupied units in Arcata by increasing the number of homeowners living in the City and reducing the number of absentee homeowners. | The City will operate the First Time Homebuyer Program as CDBG funds are available to fund it and the Moderate-Income Home Ownership Program, while investigating additional sources of ownership assistance for potential resident homeowners.<br>The City will also provide programs for development and acquisition of single-family housing to assist potential low- and moderate-income homebuyers in purchasing a home.<br>The City will focus on assisting potential homebuyers with acquisition of the existing stock of homes until the cost of acquisition and construction of home declines to a level that makes the latter feasible.<br>The City will continue to use CDBG, HOME, and other programs to fund affordable single- family housing opportunities in Arcata, including these First Time Homebuyer Programs:<br>• Down Payment Assistance (DPA);<br>• 2nd Mortgage Assistance;<br>• Community Land Trust Assistance; and<br>• Cooperative Housing Program.<br>The City will further continue to support Humboldt Bay Housing Development Corporation's (HBHDC) Community Land Trust (CLT) Program. | Community Development Department<br>Planning Commission<br>City Council | General Fund<br>CDBG<br>HOME | 2019 and ongoing | A quantifiable increase in owner occupied housing in Arcata.<br>Annually review grant funding for ownership assistance. Prepare a minimum of one grant application every two years for ownership assistance.<br>The City estimates that two DPA loans will be provided annually.<br>Where feasible, use the Homeownership Program to fund the Community Land Trust Program. The City does not expect to create additional homes with CLT; however the City will support the CLT's existing ones by offering DPA when the homes are resold. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| **2**<br>**Housing Review and Rehabilitation Program**<br>Identify neighborhoods with housing requiring rehabilitation, then offer financial assistance to lower income households for housing rehabilitation through code enforcement and a rental inspection program. | The City will continue to identify housing in need of preservation or replacement, and to provide information about its Housing Rehabilitation Program to people living in housing units in need of rehabilitation, and community agencies that can help identify such housing.<br>The City will continue to implement processes for prompt responses by its Building Department to complaints of housing code violations and making educational materials for tenants accessible including ("A Guide for Renters – Substandard Housing," and "Getting Repairs Corrected in Rentals").<br>The City will continue to implement the recently launched Rental Inspection Program.<br>The City will continue to focus on the following areas to ensure safe and decent housing:<br>• Education;<br>• Tenant Rights;<br>• Voluntary Inspections;<br>• Flexible regulatory compliance to correct health and safety violations;<br>• Recorded notices of nuisance for non-compliance; and<br>• Abatement of violations on a case-by-case basis under the process outlined in the Arcata Municipal Code.<br>The City will continue to apply for CDBG and | Community Development Department<br>Redwood Community Action Agency (RCAA)<br>HBHDC<br>Environmental Services | CDBG<br>HOME<br>Earthquake Retrofit Program<br>Housing Fund (244) | Apply annually or as funding becomes available. | The Building Official will promptly respond to complaints of substandard housing conditions and initiate code enforcement as necessary.<br>Seek funding sources for targeted rehabilitation programs such as ADA accessibility, window replacement, and roof repairs.<br>The City estimates that 36 units will be rehabilitated during this planning cycle. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | HOME funding for this program, and to seek new funding sources for a Housing Rehabilitation Program, allocating a portion of housing funding for rehabilitation.<br>Staff will work to obtain a place on the State CDBG and HOME Advisory Committees in order to effectively relay local, regional, and statewide programmatic issues of concern with State program administrators, with the goal of improving access to funds and improving services.<br>Staff will provide a list of potential funding sources to owners. | | | | |
| **3**<br>**Affordable Housing Preservation**<br>Continue to develop programs which preserve affordable housing at risk of converting to market rate.<br>Develop programs to preserve mobile home parks with rents that are typically lower than other housing units. | The City will continue to monitor affordable housing projects and identify ways to extend affordability terms and as their funding sources near expiration will inform and work with owners and other agencies to consider options, including available funding sources, to preserve such units as affordable. Specifically, the following actions will be taken:<br>Monitor the status of affordable projects, rental projects, and mobile homes in Arcata. Should the property owners indicate the desire to convert properties, consider providing technical and financial assistance, when possible, to ensure long-term affordability. City will cooperate in the application for state, federal, or private loans or grants and prepare letters or | Community Development Department<br>Humboldt County Community Services<br>Planning Commission<br>City Council | General Fund<br>CDBG | 2019 and ongoing | Retain affordability restrictions on 135 at risk housing units.<br>Housing with typically lower rents in mobile home parks will continue to be available as the City focuses on preserving mobile home parks and discouraging their conversion to other uses. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | resolutions and/or provide technical assistance in support of this effort.<br><br>If conversion of units is likely, work with local service providers as appropriate to seek funding to subsidize the at-risk units in a way that mirrors the HUD Housing Choice Voucher (Section 8) program. Funding sources may include state or local funding sources.<br><br>Per state law, owners of deed-restricted affordable projects are required to provide notice of restrictions that are expiring after January 1, 2021, to all prospective tenants, existing tenants, and the City within three years of the scheduled expiration of rental restrictions. Owners shall also refer tenants of at-risk units to educational resources regarding tenant rights and conversion procedures and information regarding Section 8 rent subsidies and any other affordable housing opportunities in the city.<br><br>If a development is offered for sale, HCD must certify persons or entities that are eligible to purchase the development and to receive notice of the pending sale. Placement on the eligibility list will be based on experience with affordable housing.<br><br>The City will build on its successful Mobile Home Park Program, while exploring program and funding options at local, state and federal levels, | | | | |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | including grants.<br>The City will continue to work with the non-profit Resident Owned Parks (ROP) to establish ROPs in Arcata, with rents controlled by regulatory agreements.<br>The City will continue to assist ROPs through CDBG and HOME funding and focus on retention of existing mobile home parks and discourage conversion to other uses.<br>The City will also investigate:<br>• HCD's Mobile Home Park Resident Ownership Program;<br>• The Senior Mobile Home Program; and<br>Other parks which may be appropriate for future resident ownership. | | | | |
| **4**<br>**Land Acquisition for Housing**<br>Acquire vacant, underutilized, and blighted properties for future development as affordable housing. | The City will use the acquired assets of the former Redevelopment Agency to work with potential purchasers to promote housing opportunities for people earning less than 120% of AMI.<br>The City will continue to use existing funding mechanisms, including public-private partnerships for affordable housing development.<br>The City will continue to further affordable housing goals through the following measures, concentrating efforts on small lots when | Community Development Department | HOME<br>CDBG<br>Housing Fund (244) | 2019 and ongoing | The City will meet with housing developers annually to discuss financial assistance and local regulatory assistance with the potential acquisition of vacant and underutilized blighted properties in the community for future affordable housing development. 1 land acquisition during |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | practical:<br>• Seek new state and federal resources for future affordable housing development;<br>• Identify vacant, underutilized and/or blighted properties, including small sites and analyze their development potential.<br>• Work with non-profit and for-profit housing organizations such as the HBHDC, RCAA, and Habitat for Humanity to facilitate development of appropriate sites;<br>• Facilitate development of affordable housing on small lots, and consolidation of small lots to provide for affordable housing development;<br>• Continue to use HOME, CDBG, and the Low- and Moderate-Income Housing Fund. | | | | the planning cycle is expected. |
| **5**<br>**Development and Acquisition of Affordable Multifamily Housing**<br>Provide programs for development of multifamily housing for very low-, low-, and moderate-income tenants. | The City will continue to use HOME, CDBG, and available Federal, State, and local programs and funding to provide affordable multifamily housing to very low-, low-, and moderate-income households.<br>The City will ensure affordable housing projects include a range of unit sizes, including larger units for larger families. Developments that receive City financial assistance will evaluate and provide for the market need for 3- and 4-bedroom units, where applicable.<br>The City will develop new opportunities using Federal, State, local, and private programs to | Community Development Department | HOME<br>CDBG<br>AHSC | 2019 and ongoing | Annually meet with non-profit and other developers to assist them to acquire and develop affordable multifamily housing units. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | develop:<br>• Mortgage tax credit projects<br>• Planning and technical assistance for private and non-profit developers of affordable multifamily housing.<br>• The City will strongly promote mixed-income developments. | | | | |
| 6<br>**State and Federal Grants and Loans**<br>Identify, advocate, sponsor, and connect developers with state and federal housing programs, grants, and loans. | The City will work with Federal, State, County and other local resources to identify sources of funding for development of affordable housing units, updating such information annually and as it becomes available.<br>The City will apply for funding programs where appropriate and beneficial for Arcata residents, emphasizing funding for extremely low-income households including persons with disabilities, including persons with developmental disabilities.<br>The City will also work with developers to connect them with appropriate programs and sources of funding. | Community Development Department | General Fund | 2019 and ongoing | Award of state and federal funding to support affordable housing development.<br>City staff will meet directly with affordable housing advocates a minimum of one time every year during the planning cycle. |
| 7<br>**Housing Market Monitoring**<br>Monitor the local housing market to evaluate effectiveness of housing assistance. | The City's Community Development Department shall collect data from landlords and tenants regarding housing costs, rents, vacancy rates, and other pertinent information in order to determine current housing costs and availability.<br>The Community Development Department will also increase coordination with the Humboldt | Community Development Department | General Fund<br>CDBG<br>HOME | Coordination in 2019<br>Ongoing monitoring | Continue coordination with the Humboldt Associate of Realtors will assist monitoring efforts.<br>Use monitoring data to determine whether existing programs are |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | Association of Realtors to assist in making information more readily available to the public, private developers, and housing advocates.<br>The data will be used to monitor rent structures and vacancy rates, and to assist in determining effectiveness of existing housing assistance, and where to target further assistance. | | | | effective and where additional effort and funding should be focused. |
| **8**<br>**Community Land Trust**<br>Coordinating with the Community Land Trust to develop and resale restricted affordable housing units to very low-, low-, and moderate-income households. | The City will continue to work with and monitor Humboldt Bay Housing and Development Corporation's (HBHDC) Community Land Trust to identify whether support in areas such as financial assistance and management are needed.<br>The City will also continue to work with the HBHDC to facilitate and maintain a "project pipeline" of affordable new owner-occupied homes.<br>The City will also coordinate with RCAA and Habitat for Humanity to ensure that available resources and information are shared.<br>The City will continue to use CDBG and HOME to assist with Community Land Trust developments. | Community Development Department<br>HBHDC<br>RCAA<br>Habitat for Humanity | HOME<br>CDBG | 2019 and ongoing | Community land trust properties will continue, and new units will be added. |
| **9**<br>**Affordable Housing Trust Fund**<br>Development of an | The City will assess the feasibility and, if feasible, develop an Affordable Housing Trust Fund to be used for the development of affordable housing in the City. | Community Development Department<br>Humboldt | General Fund<br>In-Lieu Fees<br>Local Housing Trust Fund | 2019 and ongoing | If determined feasible, opportunities for development of affordable housing projects will be |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| Affordable Housing Trust Fund. | In developing the Affordable Housing Trust Fund, the City will investigate the feasibility and appropriateness of fees and funding sources. The City will also apply for matching funds from the Local Housing Trust Fund Matching Grant Program through the California Department of Housing and Community Development (HCD). | County Community Services<br>Planning Commission<br>City Council | Matching Grant Program | | expanded by assisting through a new and stable funding mechanism. For the program to be considered feasible, the Trust Fund would likely need to generate a minimum of $250,000 annually. |
| **10**<br>**Access for Persons with Disabilities, Including Persons with Developmental Disabilities**<br>Provide housing units accessible to persons with disabilities, including persons with developmental disabilities.<br>Identify and remove possible governmental constraints to development of accessible housing for persons with disabilities, including | The City will continue to encourage developers to build or convert dwelling units to be accessible to persons with disabilities, including persons with developmental disabilities. These efforts will include the following measures:<br>• Education and promoting concepts that more easily allow for unit changes in occupant age, ability, and other special needs in housing projects;<br>• Developing other building design concepts in cooperation with appropriate service agencies; and<br>• Encouraging nominal changes to development plans that would not affect marketability but would make them more usable by persons with disabilities, including persons with developmental disabilities.<br>The City also continues to evaluate and improve its City's Handicap Access Appeals Board (HAAB) | Community Development Department<br>Planning Commission<br>City Council | CDBG<br>HOME<br>General Fund | 2019 and annually | All housing projects will meet the California Building Code (CBC), Chapter 11A (Housing Accessibility) for accessible units. In addition, all City assisted housing units will exceed the CBC, Chapter 11A accessibility requirements by a minimum of 10%.<br>As State law allows, priority for financial assistance will be given by the City to residents needing accessibility improvements for each year of the planning |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| persons with developmental disabilities. | process:<br>• The City's Building Inspector is a Certified Accessible Specialist (CASP);<br>• Information on reasonable accommodations is publicly available; and<br>• HCD-funded projects require accessibility compliance.<br><br>The City will continue to use guidelines from HCD regarding reasonable accommodation policies, practices, and procedures, and will continues to post the information locally and on the City website, and in pamphlets.<br><br>The City will continue to provide grants up to $1,000 through its Housing Rehabilitation Program for materials and installation of handicap-accessible ramps for low-income units.<br><br>The City will continue to ensure that its policies and regulations ensure that housing for disabled persons, including developmental disabilities is not inhibited. ADA compliance is part of all building permits. The City will monitor land use controls, permit and processing procedures, and building codes. If constraints on development, maintenance, or improvement of housing intended for persons with disabilities, including developmental disabilities are identified, the City will take action to address the constraint, including removal of the constraint or providing reasonable accommodation for housing | | | | cycle.<br><br>The City will be responsive to the HAAB and will continue to ensure information is readily available to the public.<br><br>City policies and regulations will be regularly evaluated, to identify barriers to housing and ensure compliance with ADA standards.<br><br>Four accessibility grants during the planning cycle are expected. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | intended for persons with disabilities, including developmental disabilities. | | | | |
| **11**<br>**Infill Development Program**<br>Meet Arcata's housing needs through infill development as opposed to development in the City's green belt. | The City will continue to encourage developers to use infill development and small lots for housing development.<br>The City will conduct outreach to property owners to encourage development.<br>The City will work with the Housing Authority and developers to obtain project-based section 8 vouchers for projects that include affordable housing.<br>The City will promote existing parking reduction alternatives for infill projects, and continue to explore additional incentives to promote mode shift and alternative transportation.<br>Density will be maximized through the combination of the following measures:<br>• Offering concessions;<br>• Up-zoning;<br>• Rezoning; and<br>• Encouraging use of the Density Bonus and other incentives. | Community Development Department<br>Community Development Department, Building Division<br>City Council<br>Housing Authority of the County of Humboldt | General Fund | 2019 and ongoing | The City will see an increase in infill development and use of small lots for housing.<br>The City will encourage mixed use development. The City estimates an average of one infill or small lot housing development per year |
| **12**<br>**Mixed Use**<br>Meet housing needs by combining commercial and retail uses with | The City will continue to encourage mixed use development, such as allowing living units on a floor above retail shopping, by reducing or waiving development standards such as parking standards, and through density requirements. | Community Development Department<br>Community Development | | 2019 and bi-annually | Bi-annual evaluations of existing land use standards in CM zoning will provide an opportunity, if |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| residential units. | Implement the Arcata Gateway Specific Area Plan, create form-based code that allows high density infill development in this area.<br><br>The City's LUC currently includes a Commercial Mixed (CM) zoning district and contains standards for "Live/Work" and "Mixed Use" to maintain a predominantly commercial use while also providing housing units. The City will eliminate "Live/Work" and allow "Mixed Use" in all areas where "Live/Work" is currently allowed. The City will continue to review the lack of mixed use in the CM zoning district to determine if there are other factors that account for the lack of mixed-use development. | Department, Building Division<br><br>Planning Commission<br><br>City Council | | | appropriate, for increased residential uses in Mixed Use zones.<br><br>The City will proactively work with landowners, developers, and financers to promote development of mixed-use properties.<br><br>An average of one mixed use project every two years of the planning cycle will be developed. |
| **13**<br>**Development of Additional Living Units in Residential Zones**<br><br>Provide opportunities for construction or conversion of existing living space into additional residential units. | The City has completed zoning amendments that have removed barriers to accessory dwelling unit (ADU) development, and the City continues to encourage ADU housing, and to require new single-family developments to submit site plans that document where an ADU could be located.<br><br>Reduce floor area ratio, site coverage, and setbacks on certain parcels and make exceptions to site coverage for accessible ADU's.<br><br>Allow by right third units in specified neighborhoods (extension of ADU streamlining from 1 to 2 units). Create a pathway to compliance for existing 3rd units.<br><br>Create an ADU financing program tied to | Community Development Department<br><br>Community Development Department, Building Division<br><br>Planning Commission<br><br>City Council | General Fund | The City will amend the Zoning Code to comply with the most recent changes to ADU state laws by June 30, 2021. | The public will have ready access to information about ADU opportunities, by the end of the first year of the planning cycle.<br><br>All new single-family developments will include documentation of space for an ADU by the end of the first year of the planning cycle.<br><br>Developers will take advantage of new zoning amendments to encourage ADU |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | affordability restrictions<br>Evaluate the feasibility of reducing or assisting with the cost of sewer lateral upgrades triggered by the construction of an ADU.<br>The City will continue to encourage production of ADU housing by the following methods:<br>• Providing educational materials regarding ADUs at City Hall;<br>• Conducting outreach to property owners to encourage development;<br>• Targeting Humboldt State University, Downtown, and RVL, and RL zones for ADU development;<br>• Increasing density in C and IL zones, and through the infill development program.<br>• Identifying areas where fourth units on existing parcels zoned residential low will be principally permitted and develop design standards for these. | | | | development where appropriate.<br>An average of ten ADU will be developed for each year of the planning cycle. |
| **14 Residential Relocation and Anti-Displacement Program**<br>Provide financial assistance to those displaced by property acquisition or renovation. | The City will continue to implement its Residential and Business Anti-Displacement and Relocation Assistance Plan (Plan) (adopted 08-04-04 by Resolution No. 045-12), which provides financial assistance to low-income households of rental-occupied units who are permanently displaced when the City acquires a property, and to property owners who undertake repairs that require occupants to be temporarily relocated. | Community Development Department<br>Planning Commission<br>City Council | CDBG<br>HOME<br>Earthquake Retrofit Program<br>General Fund | 2019 and ongoing<br>The replacement requirement will be implemented immediately and applied as | The public will be aware of available assistance under the Plan, and the City will continue to review the Plan to ensure ongoing effectiveness and compliance with applicable regulations.<br>Loss of affordable housing |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | The City will periodically review the Plan to ensure ongoing compliance with relocation and fair housing law, amending the Plan as necessary.<br>In accordance with Government Code, section 65915, subdivision (c)(3) and section 65590, article 10.7, the City will continue to require all developers to replace and/or finance the replacement of all low- and moderate-income housing lost as a result of their development on any sites in the Coastal Zone and on sites outside of the Coastal Zonte that are identified in the site inventory when any new development (residential, mixed-use or non-residential) occurs on a site that has been occupied by or restricted for the use of lower-income households at any time during the previous five years.<br>This requirement applies to:<br>• Non-vacant sites<br>• Vacant sites with previous residential uses that have been vacated or demolished | | | applications on identified sites are received and processed. | units will be mitigated by requiring new housing developments to replace all affordable housing units lost due to new development.. |
| **15 Housing Discrimination and Housing Equal Opportunity**<br>Prevent housing and discrimination and | The City will continue to act as an independent third party in discrimination complaints and alleged violations of State or Federal fair housing requirements, coordinating and referring interested persons to appropriate agencies. The City will continue to maintain a file, recording information about alleged violations. | Community Development Department | General Fund | 2019 and ongoing | The public will be aware that the City is a resource for those experiencing housing discrimination or violation of tenant rights. The City will continue to record violations and refer those in need to |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| promote equal housing opportunities. | The City will continue to support housing equal opportunity by providing information, including Fair Housing and tenant rights brochures, which will be available to the public at the following locations:<br>• Arcata City Hall;<br>• Arcata Library;<br>• Arcata Transit Center; and<br>• Arcata Community Center;<br>and given to the following service providers for distribution:<br>• North Coast Resource Center,<br>• RCAA;<br>• Arcata Counseling Services; and<br>• Northcoast Children's Services.<br>The City will also continue to assist and refer those at risk of losing housing, or in need of housing, to:<br>• HBHDC, RCAA, and Humboldt County Housing Authority. For compliance with SB 329, the City will work with property owners to increase the acceptance of section 8 and other rental assistance programs in both new and existing housing. | | | | appropriate agencies. |
| **16**<br>**Housing Development for Seniors**<br>Encourage | The City will continue to encourage senior housing projects through the following measures:<br>• Density bonuses; | Community Development Department<br>Planning | General Funds<br>CDBG<br>HOME | 2019 and ongoing | A larger number of housing units designed for seniors will become available through the |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| development of housing identified for senior households. | • Reduction in parking requirements;<br>• Assistance with applying for advantageous government financing or subsidies;<br>• Assistance with acquisition of government land suitable for multifamily development. | Commission<br><br>City Council | | | City's use of incentives with developers. |
| **17**<br>**Address the Shelter and Other Needs of the Homeless Population**<br><br>Continue to identify needs of the homeless population, including homeless students and encourage the development of housing for the homeless on the parcels preapproved for Emergency Housing and transitional housing in other areas zoned multifamily. | The City will continue to implement the City's Homeless Services Plan (adopted in 2007), which includes the following:<br>• Participation in the County Continuum of Care efforts;<br>• Maintain inventory of suitable sites for emergency, transitional, and supportive housing; and<br>• Implement the City's LUC, which allows development of emergency shelters by right in the Housing for Homeless (:HH) Combining Zone, and treats transitional housing like all multifamily housing.<br><br>Per AB 101 (2019) the City will review its zoning ordinance and make revisions if necessary, to allow low barrier navigation centers for the homeless per Government Code 65660-65668.<br><br>The City will apply, or coordinate with other agencies to apply, for the Emergency Housing and Assistance Program (EHAP) to assist with development of homeless and transitional shelters in the City.<br><br>The City will also continue to preserve and | Community Development Department<br><br>Environmental Services<br><br>Planning Commission<br><br>City Council | General Fund<br><br>HEAP<br><br>EHAP<br><br>HOME Tenant-Based Rental Assistance<br><br>Other State or Federal funds as available | Review zoning ordinance revisions by 2020 and make revisions by 2021. | Existing Housing for the homeless will be maintained and new housing will be developed.<br><br>An average of five dwelling units during the planning cycle will be developed for the homeless with the HEAP program. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | maintain its homeless facilities and services for those who are homeless, or at risk of becoming homeless.<br>The City shall review its zoning code to ensure compliance with AB 2162 related to allowing supportive housing. The zoning code will be reviewed to assess whether supportive housing is allowed without discretionary review in all zones that allow multifamily housing or mixed-use development, including nonresidential zones as applicable. If it is determined that the allowed uses in the zoning code are not in compliance with AB 2162, the City will revise the allowed uses along with corresponding development standards as detailed in AB 2162. | | | | |
| **18**<br>**Promote Student Housing Opportunities**<br>Communicate and coordinate with HSU to ensure the needs of the University and the City are being met. | The City will continue to meet regularly with HSU administrators to work cooperatively with housing for the student population, including homeless students or students at risk of homelessness, without undue impact to the City's non-student population. The City will encourage HSU to maintain, rehabilitate or replace existing campus housing, and develop additional on-campus housing.<br>The City continues to proactively pursue both on- and off-campus housing.<br>The City will work with student housing developers and consider density bonuses for development that provides amenities for | Community Development Department<br>Humboldt State University<br>Planning Commission<br>City Council | General Fund | 2019 and ongoing | The City will continue to support the maintenance of existing and development of new housing for students on- and off-campus. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| | students. | | | | |
| **19**<br>**Residential Development Information Program and Development Review Process Streamlining**<br><br>Make information readily available and reduce processing time for residential development. | The City will continue its practice of engaging the public and housing development community about the availability of approved residential development and vacant land, particularly as the economy continues to improve, in order to promote residential development and increase public participation in the process.<br><br>The Community Development Department will continue to provide information though postings in the Planning Division and on the City's website.<br><br>The City will continue to add to its existing handouts and checklists that explain processes and procedures for making permit applications, with the goal of having information available to the public for all forms of permits and processes and making the permit application process more user friendly.<br><br>The City will develop high quality information to assist with navigating the pre-development process. The City will also evaluate and manage systems to create more efficiency in the planning process.<br><br>The City will continue to work to streamline permit review procedures to minimize processing time and reduce developing costs.<br><br>The City will establish a written policy or | Community Development Department<br><br>Community Development Department, Building Division<br><br>Historic and Design Review Commission<br><br>Planning Commission<br><br>City Council | General Fund | 2019 and annually<br><br>The SB 35 written policy or procedure will be completed by January 2023 | The public will have ready access to useful information about the City's design and planning processes and forms that are easy to use, making applying for permits clear-cut and uncomplicated.<br><br>Every year of the planning cycle, staff will improve a user friendly public informational material related to the planning permit process.<br><br>The City will continue to improve applications and process information. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
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| | procedure and other guidance as appropriate to specify the SB 35 streamlining approval process and standards for eligible projects, as set forth under GC Section 65913.4. | | | | |
| **20**<br>**Residential Rezone and Up zone**<br>Identification of vacant and under-utilized land suitable for residential development. | The Community Development Department continues to maintain a database identifying vacant and under-utilized residential land and constraints to the development of that land. To ensure low- and very low-income housing units are developed with the rezoned properties, the City will evaluate a range of incentive-based and regulatory approaches, including principally permitted development pathways, inclusionary zoning scaled for feasibility, permit fee waivers, and financial assistance.<br>To meet the City's RHNA allocation, the City will complete these programs:<br>"Re-use" of sites program: Per AB 1397, on sites that are available for lower income housing that have been used in two previous housing elements, the City commits to allowing owner-occupied or rental multifamily housing "by right" without discretionary review if 20 percent or more of the units in a project proposed on the site are affordable to those with lower incomes. For the sixth cycle housing element, this includes APNs 507-071-004 and 503-470-002.<br>Rezone program: In order to meet state law requirements (Government Code Sections | Community Development Department | General Fund<br>LMIHF<br>SB 2 | Rezone by August 31, 2022 | Identification and monitoring of land suitable for residential development will assist in removing barriers to stalled projects and developing and disposing of housing assets held by the City. (see 32 "Residential Development Information Program".) |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
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| | 65583(c)(1)(A) and 65583(c)(1)(B)) to address the 2019–2027 RHNA, the City shall amend the General Plan and the Zoning Codes, as needed, as detailed in Appendix A, Section 4, to provide adequate site(s) for 148 very low- and low-income units at a minimum of 16 dwelling units per acre on certain sites or in certain zones. The 16 unit per acre density for owner-occupied or rental multifamily housing must be allowed "by right" without discretionary review if 20 percent or more of the units in a project proposed on the site are affordable to those with lower incomes. The rezoned site(s) must be able to accommodate a minimum of 16 units per site. A minimum of 10 acres must be rezoned to accommodate the 148 dwelling units at the minimum required 16 units per acres. The applications can be subject to design review as long as the project does not trigger the CEQA review process. This includes the Arcata Gateway Specific Area Plan, which will include form-based code that allows high density infill development. A total of 87.64 acres are being used to prepare for the development. 53.99 acres are located in the Coastal Zone and 33.65 acres are located outside of the Coastal Zone. The new zoning created by the Arcata Gateway Specific Area Plan would be available to those properties outside the Coastal Zone immediately, and the City plans to update the | | | | |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
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| | Local Coastal Plan by January 2021 to make the zoning available to the parcels within the Coastal Zone (see Implementation Measure 23). | | | | |
| **21**<br>**New Residential Zoning District** | The Housing Element is relying on the Creekside Annexation to satisfy a portion of its RHNA allocation. The annexation is currently undergoing discretionary review and may or may not be approved. This measure is intended to create 5 very low, 20 low, 32 moderate, and 32 above moderate units. If the Creekside Annexation is not approved, or if the approval is at a density less than is required for the creation of 89 units, this program will also be used to find alternative land to rezone or up-zone for the creation of the 89 units. 15.95 acres are being rezoned to support the development of Creekside. The annexation and rezone is expected to be completed in late summer or early autumn of 2020. | Community Development Department, City Council, Developer | Developer Fees, Grant or Loan funds | Fall of 2020 (for the annexation only, not development) | Land available with appropriate zoning for 89 units |
| **22**<br>**Public Engagement**<br>Identification of opportunities for the public to participate in the decision-making process. | The City will identify stakeholders, including the general public, housing advocates and other interest groups, developers, builders, investors, and financers, and ensure they are engaged early and often to realize housing development that reflects community need. The City's outreach will place emphasis on vulnerable and traditionally marginalized groups.<br>The City will prepare and annually update a Community Landscape document to ensure | Community Development Department<br>City Council | General Fund | 2019 and ongoing | Updated Community Landscape document<br>Public Engagement Plan |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
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| | those targeted in our outreach are reflective of the diversity in our community. As part of the Community Landscape, local community leaders will be identified that represent different demographic groups throughout Arcata. These local leaders will be engaged early on in all outreach efforts.<br>The City will develop a dynamic Public Engagement Plan that identifies engagement goals, objectives, strategies, and tools to overcome barriers to engagement. | | | | |
| **23**<br>**Local Coastal Program Update** | Update and approval of LCP. | Community Development Department, Coastal Commission, Planning Commission, City Council | Coastal Commission Grant & General Fund | December 2020 | Updated LCP |
| **24**<br>**REACH Code**<br>The City will Evaluate the economic impact on the feasibility of housing development resulting from the REACH Code. Prior to adoption of a REACH Code, the City must | Evaluate the impact on financial feasibility of housing development using a variety of methods, including pro forma for typical project, pro forma for actual projects to the extent available, and effect on housing production if detectable. | Community Development Department | General Fund | December 2021 | Determination whether REACH Code is a constraint to housing production and measures to remove or limit the impact of the additional energy code requirements. |

**TABLE 3-4. IMPLEMENTATION MEASURES**

| Implementation Measures | Action Required | Responsible Agency | Funding Source | Timeframe | Result |
|---|---|---|---|---|---|
| demonstrate implementation of the code will be cost effective to the end users. There is no requirement to evaluate whether the extended energy code affects housing development. | | | | | |
| **25**<br>**Residential Uses and Definitions** | Evaluate allowed uses by zone, in Land Use Code (Title 9 of Municipal Code) (Article 2 Zoning Districts & Allowable Land Uses) to correct as needed to be compliant with State law. Review approval processes for ADUs, mobile homes, manufactured homes, and residential care facilities for six or fewer persons.<br><br>Evaluate definitions in Land Use Code (Title 9 of Municipal Code) (Article 10, Glossary) to correct as needed to be compliant with State law. Review definitions for residential accessory use, residential accessory structure, caretaker units, employee units, group quarters, and organizational housing. | Community Development Department | General Fund | December 2022 | Code compliant with State law |