



July 1, 2021

Members of the Contra Costa Measure X Advisory Board,

As a proud endorser of Measure X, East Bay Housing Organizations (EBHO) is excited to work together with members of the Contra Costa community to ensure that this revenue serves to combat the affordable housing and homelessness crises plaguing our county. EBHO believes that this takes a multi-pronged approach that uses all “3 Ps” (production, preservation, and protection of affordable homes) and housing-first supports for unhoused residents. **Among the many urgent and apt ideas that were lifted up at the Community Advisory Board Meeting on June 30th, we’d like to emphasize the importance of two in particular: 1) a “local match” for affordable housing production and 2) a set-aside for acquisition-rehab.**

According to the California Housing Partnership, Contra Costa is facing a shortfall of 27,700 affordable rental homes for low-income households, forcing 76% of extremely-low-income households to spend more than 50% of their income on rental housing costs.¹ But despite the scale of this crisis, local investment in affordable housing has been on the decline. A decade ago, Contra Costa spent around \$35 million per year through local redevelopment programs. Since redevelopment was disbanded in 2012, however, the County has failed to come up with an alternative funding source to fill the gap. **Thus, from 2009 to 2019, state and local funding for affordable housing development dropped by 90% in Contra Costa.**² (This trend has started to reverse during the pandemic thanks to new state investments, especially Project Homekey, but local dollars have remained more or less stagnant.)

This mismatch between affordable housing need and production can be traced, in large part, to the lack of a so-called “local match” of affordable housing funds. In order to be competitive for state, federal, and private financing, an affordable housing developer generally needs to show that at least 20% of overall costs will be covered right up front by a local government agency. Unfortunately, Contra Costa is nowhere near meeting this standard. One recent study found that, on average, Contra Costa cities only contributed an average of \$66,000 per unit to new affordable developments—around half of what’s typically required to access other sources of capital.³ Without an adequate local match, affordable housing developments in Contra Costa lose out in funding competitions to projects from other areas, like Alameda County, that have passed bond measures to fund affordable homes. As Contra Costa County staff testified at the meeting on June 30th, the minimal federal dollars that the County receives from the Dept. of

¹ California Housing Partnership Corp. (2021). [Contra Costa County Affordable Housing Needs Report](#), p. 1.

² California Housing Partnership Corp. (2020). [Contra Costa County Affordable Housing Needs Report](#), p. 2.

³ Great Communities Collaborative (2017). [Funding Affordable Housing Near Transit in the Bay Area Region](#), p. 16.

Housing and Urban Development are neither *substantial* nor *flexible* enough to serve as a robust local match for non-profit developers and, ultimately, their residents.

In simple terms, this means that Contra Costa is routinely missing out on the state and federal dollars needed to build homes that low-income residents can truly afford. By comparison, take San Mateo County, which has a half-cent sales tax that's similar to Measure X. Since 2016, San Mateo has dedicated 25% of this revenue to affordable housing. In addition, it has prioritized funding projects in cities that provide an additional local match, making those projects all the more competitive for low-income housing tax credits. As a result, San Mateo has been able to leverage \$4 in development dollars for every \$1 spent by the County. According to the Housing Leadership Council of San Mateo County, "[t]he result has been a steady increase in affordable housing production, even in a climate where state and federal funding have declined."⁴

Given the importance of a local match, we support Contra Costa County staff's proposal to create a \$12 million Local Housing Trust Fund. However, we encourage the Advisory Board and the County to think even bigger. San Mateo, for instance, has spent an average of around \$20 million in Measure K sales tax revenue per year on housing and homelessness since 2016. We think that a comparable amount is warranted for Contra Costa.⁵

In addition to a local match, we recommend using a portion of this money to buy market-rate apartments and convert them to affordable homes. This strategy, called "acquisition-rehab," or "acq-rehab," is often faster and cheaper than building new affordable housing. **In Oakland, San Francisco, and San Mateo, it was found to cut costs by 33-53% per unit.**⁶ And when targeted to single-family rentals and small apartment buildings, it can be a powerful tool for low-income tenants and land trusts to prevent displacement, remove housing from the speculative market, and preserve it for community use.

Unfortunately, such purchases are often overlooked by state and federal housing programs. So a local set-aside for acq-rehab, including small buildings, is likely the best way to encourage this critical placed-based preservation strategy. In San Francisco, for instance, money from the City's Small Sites Program is often the only public funding involved in such projects.⁷ Since its launch, the program has funded the acquisition of 350 residential units across 40 properties, anchoring

⁴ Housing Leadership Council of San Mateo County (n.d.). [*Building on Success: How San Mateo County Can Meet the Need for Affordable Homes*](#), pp. 9, 17.

⁵ Measure K raises around \$86 million per year, making it comparable in size to the projections for Measure X. See <https://cmo.smcgov.org/financial-summary>.

⁶ In Oakland, for instance, where the City has created a set-aside with revenue raised through the Measure KK bond, the per-unit cost of acq-rehab was only \$276,000, as compared to \$589,000 for new construction. See Enterprise Community Partners (2020). [*Preserving Affordability, Preventing Displacement: Acquisition-Rehabilitation of Unsubsidized Affordable Housing in the Bay Area*](#), p. 38.

⁷ San Francisco Planning Department (n.d.). [*Affordable Housing Funding, Production, and Preservation White Paper*](#), p. 24.

long-time residents in the face of rampant displacement.⁸ Given the scarcity of funding, a local set-aside for acq-rehab can help grow the capacity of land trusts and other community groups interested in leading this important anti-displacement strategy, which can help them scale up over the long term.

In conclusion, creating a dedicated local match with a set-aside for place-based acq-rehab is key to unlocking the money needed to build and preserve affordable homes, which will allow low-income residents to remain rooted in Contra Costa. And Measure X can make all the difference. EBHO looks forward to continuing to work with the Advisory Board and County to ensure that our community makes the most of this critical resource.

Sincerely,



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⁸ See <https://sfmohcd.org/small-sites-program>.