



WalnutCreekPatch

GOVERNMENT

New Fees Aim to Boost Construction and Affordable Housing in Walnut Creek

Walnut Creek Housing Division's recommendations would offer property developers fee payment flexibility, potentially bringing more affordable housing options to the city.

By **Natasha Chilingirian** October 17, 2010

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Affordable housing can be hard to find in Walnut Creek, but the city's Housing Division is hoping to change that.

The Housing Division is proposing changes to a city ordinance that temporarily would allow developers to pay a fee instead of setting aside affordable housing units in developments. These changes could encourage new development in the city at a time many projects have stalled because of the economic downturn. These changes also could lead to an increase in the funds available for new affordable housing projects.

The City Council is scheduled to review and possibly approve the proposed ordinance Tuesday; if approved, it could take effect as early as late December. You can read the staff report here.

Under the city's Inclusionary Housing Ordinance and Fee Resolution, developers of residential properties with 27 or more units must make at least 10 percent of their project units "affordable."

Developers of projects with two to 26 units have the option of paying an in-lieu fee determined by the building's square footage – a fee that helps fund affordable housing projects in Walnut Creek and is due when the building permit is issued.

The proposed ordinance would give developers of condominiums of any size two years to pay the in-lieu fee. Fees may be divided into two payments, half when construction begins on the building and half when it is completed. Fees would be set at \$15 per square foot.

After two years, developers of condominiums containing 27 or more units again would be required to offer affordable housing units on-site. For rental projects, an impact fee of \$15 per square foot would be required for projects of 10 units or more (because of recent changes in the law, new rental projects may no longer be required to provide on-site affordable units).

Walnut Creek Planning Commission members discussed and unanimously approved the proposed ordinance at their Sep. 9 meeting; it's now in the hands of the City Council.

By setting the fees at \$15 per square foot, allowing for a flexible payment plan and giving more developers the option of paying the in-lieu fee (which may cost them less than providing affordable units would), developers could have more money left over to launch affordable housing projects of their own, Walnut Creek Housing Program Manager Laura Simpson said.

"This could benefit developers by helping them get some new projects started," she said. "New projects come down to financial feasibility, and it may be less expensive for developers to pay the fee rather than provide the affordable unit."

And with more developers paying in-lieu fees to the city, a heavier cash flow could be on its way to the city's affordable-housing project fund, Simpson added.

"It's likely to bring in more funding for affordable housing projects," she said.

Planning Commission members did express uncertainty about the proposed ordinance's two-year timeline. At the Sep. 9 meeting, several members suggested the measures instituted in response to the recession be lifted when evidence points to local economic improvement, not automatically in two years.

"My concern is that two years is not long enough, and that we're not actually going to see a recovery for at least two years," Planning Commissioner Kristina Lawson said at the meeting. "We might be back here talking about the same thing two years from now."



PHOTOS (2)



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Sue Doughnim

12:30am on Monday, October 18, 2010

This proposal is quite sensible. Upscale developers shouldn't be forced to provide units in their projects to the underprivileged. And those of us who can afford to live in a luxury setting certainly wouldn't want to have school teachers, secretaries or retail clerks as our neighbors. Let the city build low-income housing projects for those people. That's where they belong. Concentrate this public housing somewhere downtown near transit, but away from the restaurants and shopping districts. World class cities all have their ghettos.

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Ann

8:33am on Monday, October 18, 2010

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Cheryl Nakao

9:57am on Monday, October 18, 2010

I think there needs to be a temporary moratorium on these luxury housing developments unless they're rentals. Despite their initial hype, neither the Mercer or 555 YVR did very well. Do we really need another mostly vacant luxury housing development here in Walnut Creek?

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