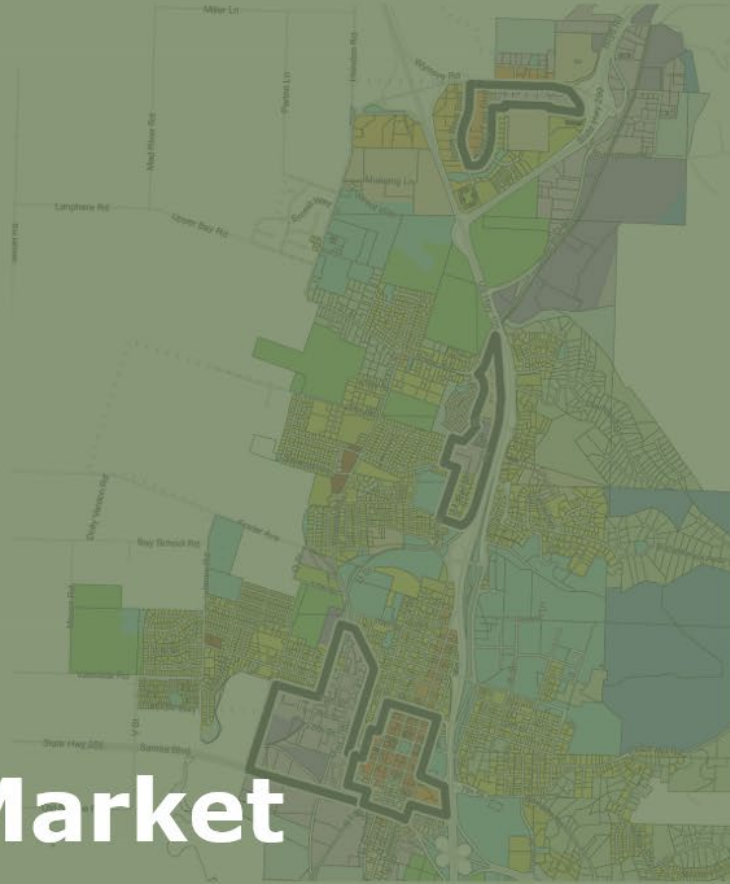


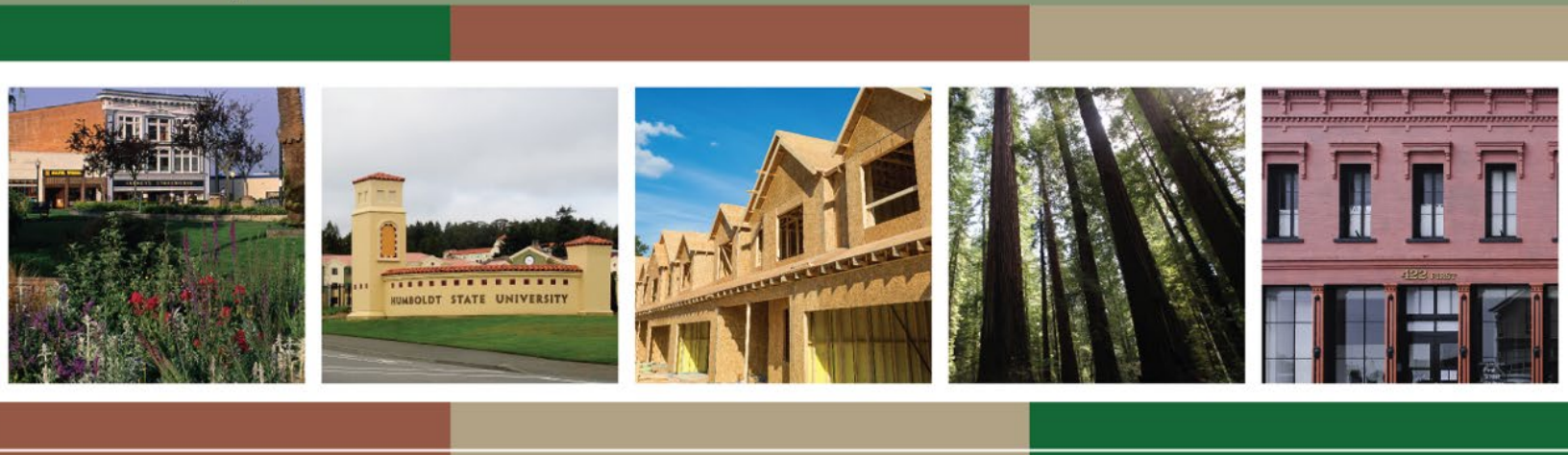


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ECONOMICS



Infill Market Study

January 2021



Prepared for:
City of Arcata

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

January 8, 2021

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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 board 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 8th 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 be 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 6th 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 6th 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).

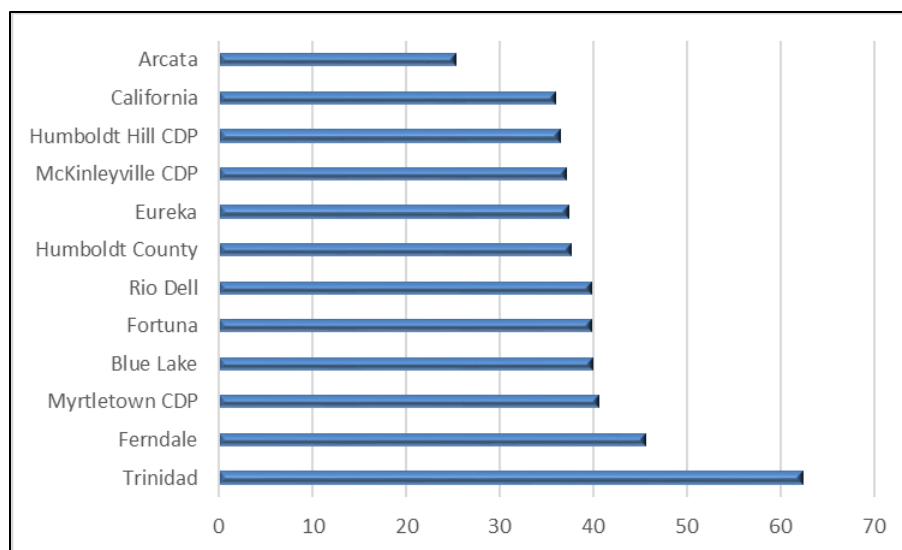
Table 2: Trends in Population: Humboldt County, Arcata and Other Jurisdictions, 2010-2019

Year	Total Humboldt County	Arcata	Eureka	Other Cities	Unincorporated
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%

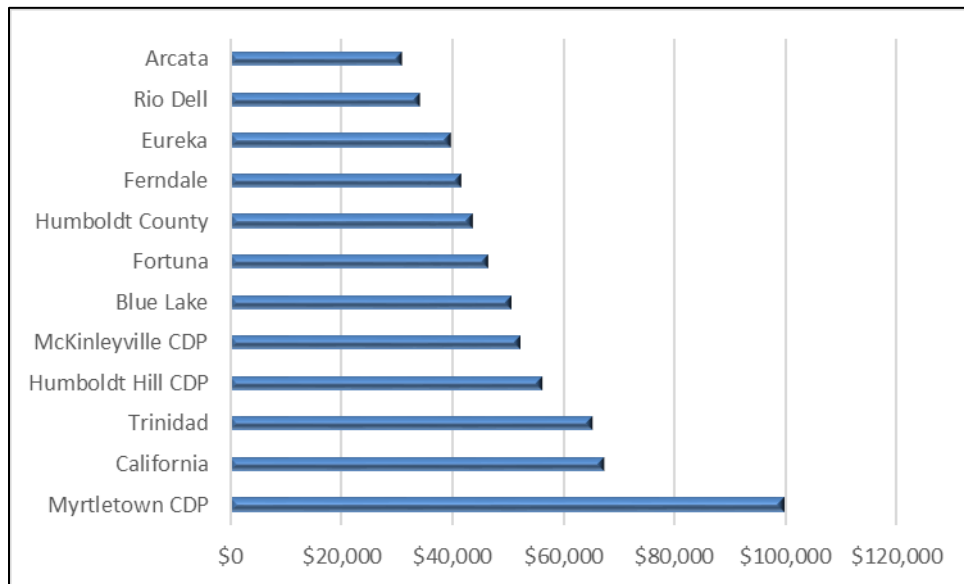
¹ "HSU Enrollment is Down by Over 1,000 Students and Expected to Keep Falling for Years" by Freddy Brewster. Lost Coast Outpost. September 24, 2019.

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).

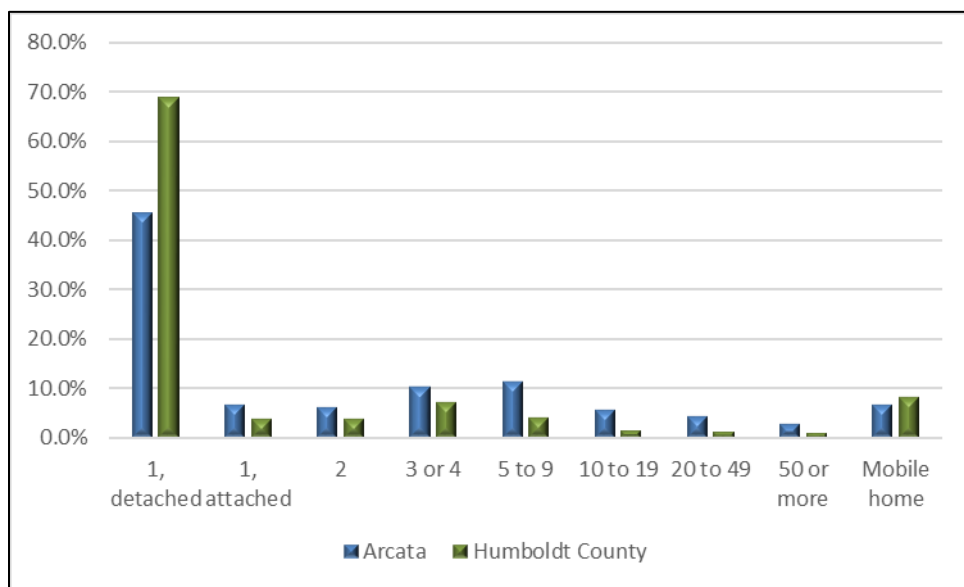
The relatively low incomes and the high rate of renter households are related and signify the need for more affordable home ownership opportunities in Arcata to better balance housing opportunities.

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
Myrtle town 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 within 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 existing 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.”

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 categories⁶:

- **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.

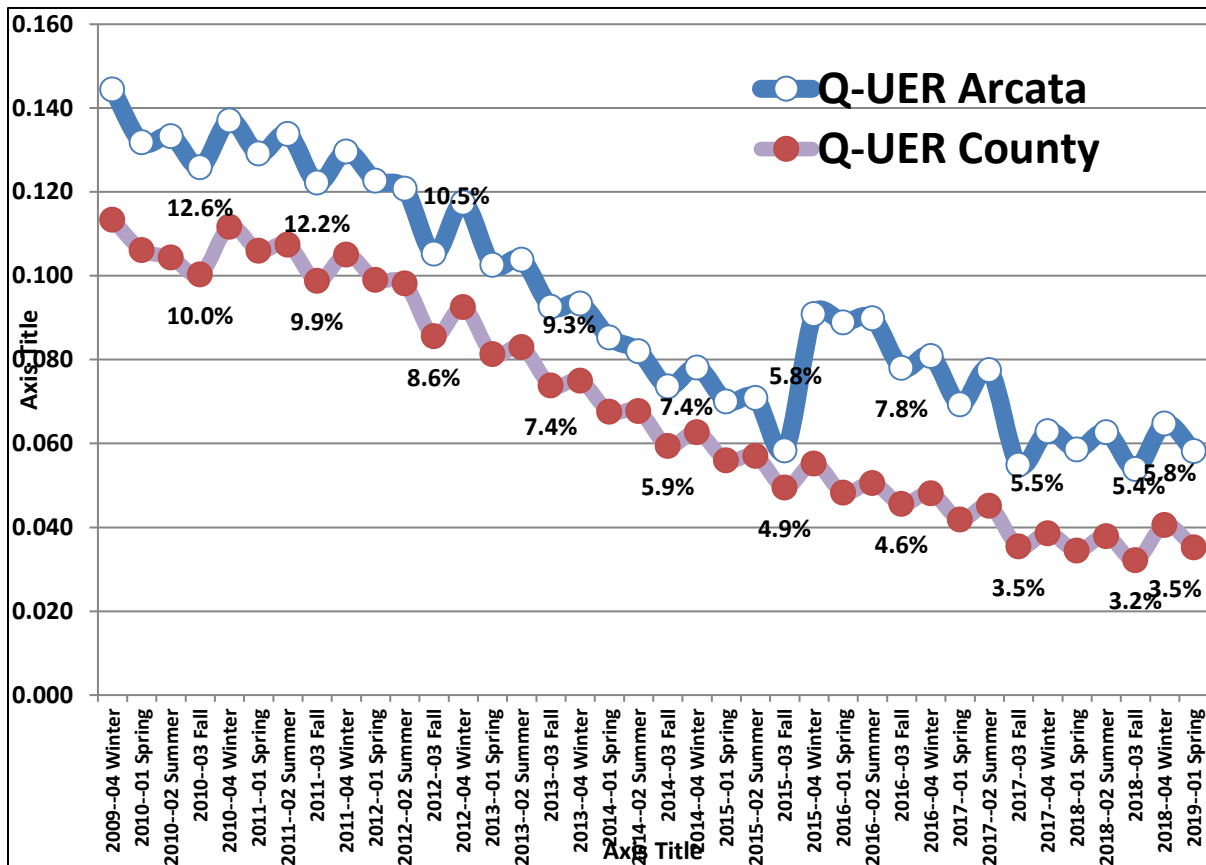
Table 9: Top Twenty Employers in Arcata, 2021

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 contractors 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 DEVELOPMENT FEASIBILITY 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 feasibility 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

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 to 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

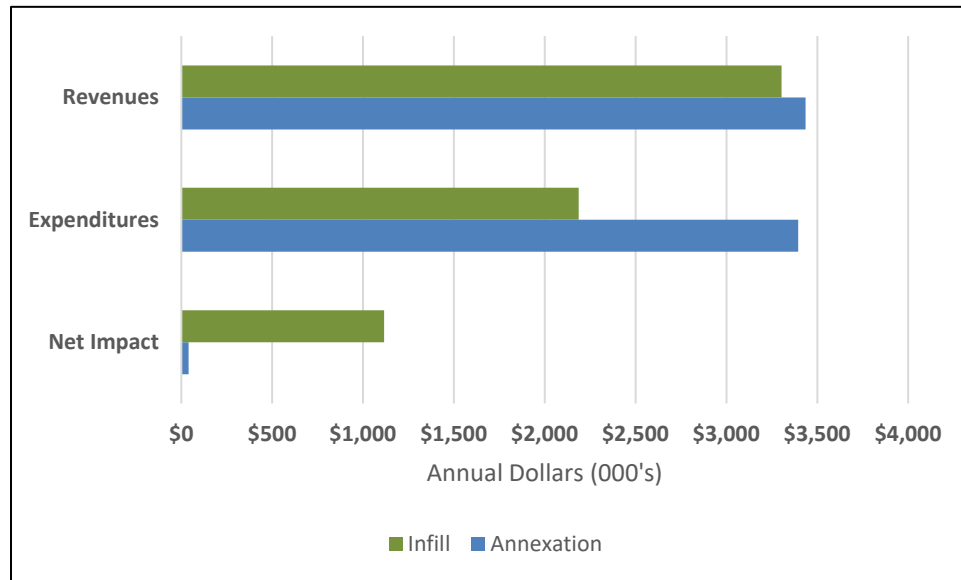
The fiscal analysis estimates the annual revenues the development would generate for City government and the cost required to provide services to the new units and population, as well as the non-residential uses. (Impacts for the Arcata Fire Protection District are discussed further below). The fundamental 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 medical 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 board 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 8th 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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Isadora Sharon, California Center for Rural Policy - survey tabulation

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 be 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, 2012-2017 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			
	All	<35	35-54	55 and over	Own	<35	35-54	55 and over	Rent	<35	35-54	55 and over
Age Group												
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
Myrtle town 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
Myrtle town 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**

Income Category	All Households				Home-Ownning Households				Renter Households			
	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

HOUSEHOLDS WITH HEAD OF HOUSEHOLD LESS THAN 30 YEARS OLD

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**

Income Category	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			
	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**

Income Category	Homeowners <30 Years with at Least One Person with a Disability				Homeowners <30 Years with a Veteran				Homeowners <30 Years with no College Degree			
	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**

Income Category	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			
	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**

Income Category	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			
	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**

Income Category	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			
	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**

Income Category	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			
	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**

Income Category	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			
	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 "tripleplex-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 Limitations 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 incentives 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 of 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-initiative-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 LIHTC 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 CDBG 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, new 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 Contracts 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/documents/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, Statutes 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 is placed on housing for extremely low-income households with 30 % or 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. CalHFA 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](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/mmrbs/>

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 if 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		RESIDENTIAL UNIT 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 (PTILVF). 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					
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					
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					
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.