



Creating Affordable Workforce Housing Through Intergovernmental Partnerships in Livermore

The City of Livermore has Demonstrated Success in Developing and Providing Affordable Housing to its Residents, but Without Tax Increment Financing Programs are Threatened

It Takes a Village to Provide Affordable Housing

Livermore, a San Francisco Bay Area city of 83,000 residents, has made affordable housing such a high priority that its efforts have been recognized by both state and national housing groups. A variety of programs and funding sources have helped Livermore fill this important affordable housing need, and many of the programs designed to help people buy or rent affordable housing would not be possible without tax increment financing.

The city's Inclusionary Housing Ordinance is one of its most important tools. Developers are required to set aside 15 percent of the units they build as affordable. The units must be comparable to the rest being built and randomly distributed throughout the development. The city's policies give preference to its teachers, police officers and service workers. "The idea is that people who work in Livermore should live here," says Eric Uranga, Livermore's assistant community development director.

Between 2002 and 2010, 105 inclusionary units were built for Livermore's moderate-, low- or very low-income residents.

The city has spent approximately \$9.6 million on housing from the 15 percent affordable housing set-aside through revenues generated through tax increment financing in the past decade. The funds were invested in two senior rental projects that produced 380 units of housing, two family housing projects that produced 140 units of housing and some smaller projects in Livermore's downtown.



Working together, the five cities in what is known as the Tri-Valley area (Livermore, Danville, Dublin, Pleasanton and San Ramon), created the Tri-Valley Housing Opportunity Center. It's a one-stop shop where residents can access information for all the affordable housing programs in the area, and has been a cost-effective way for the cities to share resources.



The city's Housing Scholarship Program provides rental assistance to people who are homeless or at risk of becoming homeless. During the two-year program, participants not only receive financial assistance, but they're also given case management services, job training and other education. The Housing Scholarship Program helped 140 families between 2001 and 2012 and is now being replicated in the city of Pleasanton.

The "village" in this case is the combination of local, state and federal resources that the city leverages to fund, build and support affordable housing. For example, the Housing Scholarship Program relies on federal Community Block Development Grants, State of California HOME Investment Partnership Program

funds and revenues created by the city's inclusionary housing in-lieu policy.

Loss of Tax Increment Financing Threatens Affordable Housing

Uranga is concerned that the loss of tax increment financing will make it more difficult for the city to achieve the goals of its housing policies. He says, "The reality is that when you apply for state or federal money to create affordable housing and don't have local funds invested, it's not very competitive. But it is powerful when your city can say in its application that it will leverage local funds with other revenues."

Until last year, state revenues generated through the state-local tax increment financing program provided the second largest source of funding for affordable housing in California (federal programs are the largest). According to Housing California, former tax increment financing agencies supported the development or preservation of more than 98,000 units of low- and moderate-income housing from 1993 until 2011.

Livermore won't be able to continue its long-standing emphasis on housing without new partnerships between cities and the state. Assistant City Manager Troy Brown hopes that the state comes up with innovative ways to help cities like Livermore build workforce and low and very-low income housing. "Identifying funding for affordable and workforce housing is critical. Sen. DeSaulnier's bill, SB 391, if approved, would be a step in the right direction in making funding available," he says. "Still, the demand for affordable housing in California will far exceed the \$500 million annually that is estimated will be generated by the bill."

While the future of these funding sources is uncertain, these state and locally funded programs offer a model for other cities. The state-local tax increment financing partnership was the foundation of the city of Livermore's successful investment in affordable housing.

With job creation on the minds of public officials across California, the power of state-local partnerships in creating good paying construction and other private sector jobs merits attention. This is part of a series of informational materials being produced to share successful partnerships between local governments and the state. When local governments thrive, the state thrives. For more examples visit www.StrongCitiesStrongState.com.

Strong Cities | Strong State is a joint effort of the League of California Cities and California City Management Foundation.

