

HOUSING ADVISORY COMMISSION

SYNOPSIS OF MEETING AT 5:30 PM

May 11, 2006

MEMBERS PRESENT: Chair Fink, Vice Chair Moreno, Commissioners Bock, Ordonez, Roberson, and Talivaa

MEMBERS ABSENT: Colacicco

CITY STAFF: K. Clements, A. Drummond, R. Flores, A. Herrera, M. Meyer, E. Moran, T. Nguyen, G. Oliveros, M. Pena, J. Scheiner, R. VanderVeen, M. Whatley, and S. Yakubu.

GUESTS: Chris Block, Beverly Bryant, Saul Wachter, and Phyllis Ward.

LOCATION: 200 E. Santa Clara Street, T-1254, San José CA 95113

MEETING

1. Call to Order/Orders of the Day

The Chair called the meeting to order at 5:30p.m.

2. Introductions

The Commissioners, guests, and staff introduced themselves.

3. Announcements (1 min.)

The Assistant Director announced that the Department will be celebrating the "10,000th Affordable Unit" at a groundbreaking ceremony on May 18. Ms. Whatley also announced that on May 5, the state legislature approved a housing bond for the ballot. In addition, she distributed a handout, which contained information on SB 1689, which will be Proposition 1C on the ballot.

4. Approval of Synopsis from the April 8, 2006 HAC Retreat

Commissioner Ordonez made a motion to approve the synopsis, with a second by Commissioner Talivaa. The motion passed 4-0.

5. Approval of Synopsis from the April 13, 2006 Meeting

Commissioner Talivaa made a motion to approve the synopsis with Councilmember's Cortese's district being corrected to District 8. The motion was seconded by Commissioner Roberson and passed 3-0, with Commissioner Ordonez abstaining.

6. Consent Calendar

Fair Housing and Predatory Lending Education Update

Commissioner Ordonez made a motion to accept the item on the consent calendar, with a second by Commissioner Roberson. The motion passed 4-0.

7. Discussion Items (45 min.)

(A) Workforce Housing, Prop. 46 (R. VanderVeen, Housing)

Ms. VanderVeen indicated that a few months ago, staff made a presentation regarding the use of Prop. 46 funds. Today, she will be making a presentation on questions that were raised by Commissioners. The Department plans to use the funds for curb cuts in Strong Neighborhood areas and for photovoltaic systems in affordable housing projects. The Department of Transportation estimates that the curb cuts will cost approximately \$2,500 each and \$600,000 will be used for this program (approximately 240 ramps). There is a

need for 25,000 throughout the City. The City will go through a competitive bidding process and select a contractor to complete this work. For the photovoltaic system, it can take anywhere from 7-20+ years for the system to pay for itself. Ms VanderVeen indicated that the Department estimates that it should qualify for approximately \$1 million when this money becomes available in March 2007. Commissioner Ordonez suggested that if this money becomes available in the future, that it be communicated to non profit developers.

The Chair changed the order of the agenda.

8. (B) AB 2634 (Lieber), Act to Amend Section 65583 of the Government Code, relating to housing elements (M. Whatley, Housing).

Ms. Whatley asked if there were any questions or comments regarding the memo that was provided in the packet. Commissioner Ordonez commented that the policy is flawed because it automatically assumes the 50% need for ELI without any analysis, for this reason he does not believe the HAC should support this policy. Ms. Whatley indicated that the policy would also require that cities zone for ELI housing, which is currently not standard practice. The Chair indicated that the Commission supports the intent of this legislation. Ms. Whatley indicated that the City of San José does not have a position on the bill. The Appropriations Committee has up until the end of May to set a hearing for this bill. Ms. Whatley indicated that if the HAC would like to take a position on this bill, it should happen in June or at the latest, July. The Chair asked that Ms. Whatley continue to track the bill and report to the HAC to what extent it is being amended.

7. (B) Affordable Housing Finance (C. Block, Charities Housing)

Draft: Housing Silicon Valley: Affordable Housing Production and Finance in Santa Clara County

Chris Block indicated that this is the last opportunity to provide feedback on the draft of the report. He would like to find out today if the HAC has any comments. He indicated that the goal of the report is to identify production levels over the last seven years, the cost of producing affordable housing, and to look at the unmet need for housing over the next 20 years. The report will provide findings on what the production levels could be if there were an adequate level of resources. The completion date for the draft is June 10. They will begin the second phase of the report on June 21, which will provide solutions and ways of addressing the gap in resources.

Commissioner Bock indicated that it would be useful if the report contained a breakdown of a budget for a family that is earning \$20K or \$30K annually. Chris Block asked Commissioner Bock to send her a link with this information so it can be included in the report.

8. (A) Coyote Valley Draft Affordable Housing Program

Recommendation: It is recommended that the Housing Advisory Commission support the recommendations made by the Coyote Valley Housing Focus Group (M. Meyer, R. Flores, Housing)

The Assistant Director provided a report on the Coyote Valley Affordable Housing Program. He indicated that the table in the handout with affordability targets is identical to the table the HAC recommended to the City Council. The Subcommittee and Housing Focus Group will recommend these affordability levels to the Coyote Valley Task Force.

Vice Chair Moreno asked about who the employers will be in Coyote Valley. Mr. Yakubu indicated that IBM, Cisco, and Xilinx still own property there. He also indicated that the specific plan calls for 50,000 jobs.

There are also triggers in place which will not allow any residential development to take place until there are industrial work places.

The Assistant Director indicated that in March, when the Department took the affordable housing program to the Task Force, the Department's position was that the City should not contribute additional funds into this project. Based on further discussions with the subcommittee, the Department feels that City funds should be made available only to deepen the affordability level for very low-income units to the extremely low-income level. The Department will recommend that City funds be limited to no more than 20% of City funding available for affordable housing subsidies City-wide.

Chris Block indicated that he is excited about this proposal for the following reasons: 1) Evelyn Stivers, who is very familiar with inclusionary zoning ordinances thought the program was remarkable and that it would be a challenge to find a more extensive policy in the state with these affordability levels; 2) Inclusionary policies rarely require the development of units below the low-income level. In addition, he is comfortable with the ELI subsidy for the following reasons: 1) This policy creates an inclusionary policy that achieves the goals of advocates; 2) The community is only paying about half of the cost of an ELI unit, because the units will be built on land that has been dedicated for free; 3) There may be financing scenarios where a City subsidy is not required for ELI units.

Vice Chair Moreno indicated that she does not think the program is a good idea because: 1) The Housing Advisory Commission worked hard on these numbers; 2) Councilmember Williams stated that Coyote Valley would be a self-sustaining community; 3) Planning staff has indicated that residential developers are anxious to start building in Coyote Valley.

Chris Block indicated that an inclusionary policy that would have made Coyote Valley self-sustaining, would have resulted in only low-income and moderate income units. This additional cost to the City is the result of having a significant number of ELI units.

Commissioner Ordonez commented that this program uses income targeting recommended by the HAC, which are in line with non-profit housing recommendations that were sponsored by the homebuilders and affordable housing developers. Also, the city will get 88 acres of land at no cost, which can then be used for the development of additional affordable housing.

Commissioner Bock commented that the City is behind in providing housing for people who work in San José. In addition, in terms of social equity, wages are not going to get any better. She expressed concern about having to make a quick decision on this issue. Mr. Meyer indicated that the issues and alternatives before the Commission were previously discussed by the HAC at their meetings in October and November 2005.

Commissioner Ordonez made a motion to support staff's recommendation. The motion was seconded by Commissioner Roberson. The Chair commented that the proposal incorporates the HAC's recommendations on affordability targets, mixed income communities, design and location standards and phases. The Commissioners voted 3-3 on the motion, (Bock, Moreno, and Talivaa "no").

Saul Wachter, of the Affordable Housing Network, commented that funds spent in Coyote Valley is money that will not be used in San José. In addition, there is a shortage of 59,000 affordable units in San José already.

Commissioner Ordonez made a motion to continue this item until the next meeting. Commissioner Bock made a motion to hold a special meeting to discuss this item before the Task Force meeting meets on May 22. Commissioner Roberson seconded the motion made by Commissioner Ordonez; the motion passed 6-0.

Vice Chair Moreno expressed concern about the development of Coyote Valley and having social services available for the low-income families that would be moving to this area. Commissioner Talivaa made a motion to hold a special meeting to discuss this issue, with a second by Commissioner Bock.

Beverly Bryant, of the Homebuilders Association, commented that the most effective way to make housing more affordable is to increase the housing supply, which Coyote Valley will do. She stated that the program being proposed is remarkable and is an achievement in the state and country, because it guarantees that money from the builders and the City will be dedicated to the development of ELI housing.

Commissioner Ordonez commented that the 88 acres of land that will become available through the land bank will be subject to the same funding criteria that the HAC recommends to the City Council, which is weighted towards VLI and ELI housing. With the housing targets outlined in the program and density bonuses, this could result in additional ELI units that would not require additional City funding.

Commissioner Ordonez made a motion to rescind the previous motion to reconsider the item at the June HAC meeting, which was seconded by Commissioner Roberson. The motion passed 6-0.

Commissioner Bock made a motion to support the Coyote Valley Affordable Housing Program, with the reservation that there is not enough housing for workers in San Jose. Commissioner Ordonez amended the motion and recommended that the HAC support staff's proposal with the recommendation that staff continue to find ways to fill the gap for ELI housing. Commissioner Bock accepted the amendment, with a second by Commissioner Roberson. The motion passed 6-0.

8. (C) Approve 2006 Workplan (Chair)

The Commission discussed the workplan and set meeting dates for the list that was brainstormed at the April retreat. Commissioner Ordonez made a motion to approve the workplan, with a second by Commissioner Roberson. The motion passed 6-0.

9. Standing Reports

(A) Chair's Report

None

(B) Director's Report

None

(C) City Council Meeting Report for April 18 – May 9, 2006 (Vice Chair Moreno)

The Vice Chair announced that Council opposed the proposed formula changes to the CDBG program. Many awards were given. Affordable Housing week was established. The Con Plan was approved.

(D) Task Force Reports

1. Coyote Valley Task Force

None

2. Secondary Units Task Force

None

3. ELI & Inclusionary Zoning Task Force

None

10. Future Agenda Items

- Task Force Assignments
- Recommendation for use of Old City Hall

11. Public Comments

Phyllis Ward asked about the downtown agreement and if the Department is receiving funding from the Redevelopment Agency. The Assistant Director indicated that units have not been built yet.

12. Adjournment

The meeting was adjourned at 7:32p.m.