

HOUSING ADVISORY COMMISSION

SYNOPSIS OF MEETING AT 5:30 PM

June 8, 2006

MEMBERS PRESENT: Chair Fink, Commissioners Bock, Colacicco, Ordoñez, Roberson, and Talivaa
MEMBERS ABSENT: Vice Chair Moreno
CITY STAFF: J. Boyden, M. Cano, R. Chaudhry, K. Clements, A. Herrera, B. Hoffman-Ooka, P. Larko, M. Meyer, D. Mitchell, E. Moran, and M. Whatley.
GUESTS: Beverley Bryant, Helen Chapman, Paul Fassinger, Michael Feazell, Jane Mark, 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. The Chair also changed Item 5B, Clarification of Downtown High-Rise Program, from a Discussion Item to an Action Item.

2. Introductions

Guests and staff introduced themselves.

3. Announcements (1 min.)

Commissioner Talivaa mentioned that she attended the celebration of the 10,000th Affordable Unit. She really enjoyed the event.

4. Approval of Synopsis from the May 11, 2006 HAC Meeting

Commissioner Ordoñez made a motion to approve the minutes for the May 11 HAC meeting, with a second by Commissioner Talivaa. The motion passed 4-0.

5. Discussion Items (60 min.)

(A) Introduction to Association of Bay Area Governments (ABAG) & Regional Housing Needs Allocation (RHNA) Process (P. Fassinger, ABAG)

Paul Fassinger explained that the Regional Housing Needs Allocation (RHNA) process has been taking place since 1980. The 1999-2006 allocation was the 4th cycle. The Association of Bay Area Governments (ABAG) has formed a Housing Methodology Committee, which will determine the methodology for the RHNA.

Saul Wachter expressed concern over the RHNA numbers and indicated that they are problematic for housing advocates, because many cities become complacent once they have met their allocation. He also expressed concern about the relationship between the RHNA and the numbers that are submitted to HUD through the Consolidated Plan. The Chair clarified that ABAG bases the RHNA on the population estimate provided by the state of California, which is based on projected job growth.

Paul Fassinger went through a PowerPoint Presentation regarding the 'Focusing Our Vision' program. He presented a timeline for the next RHNA cycle. The draft housing methodology should be finalized by the end of 2006. Mr. Fassinger indicated that the housing methodology committee is continuing to

meet. If Commissioners would like additional information, it will be posted on their website: <http://www.abag.ca.gov>.

6. Action Item (45 min.)

(A) Clarification of Downtown High-Rise Residential Incentive Program (P. Larko, Redevelopment Agency)

Mr. Larko provided information on the action the Agency will be taking to the Board on June 20. This program came about as a result of a growing interest in downtown high-rise. The Agency had a financial analysis conducted which concluded that were several factors impeding high-rise development. The recommendation that will be taken to the Agency Board would clarify that the requirements to participate in the downtown high-rise incentive program are satisfied when a proposed project pulls a foundation permit by June 30, 2006. If this clarification is approved, two projects: 360 Residences and Almaden Towers would be eligible to participate in the downtown incentive program.

Commissioner Ordoñez wanted to know if the timing of the tax increment will be affected. He asked if there will be a timeline or requirement for them to build the structure. He indicated that there is a high-rise project along Cottle Road, which has been at the foundation stage for numerous years. Mr. Larko said tax increment sequestering is based on the first two years after the project has been completed. Commissioner Bock asked if the two years of tax increment starts when the project has been completed or when it is full. Mr. Larko responded that it is based on a complete and stabilized project, so it would depend on when it is full. The Assistant Director explained that everybody expects that these projects will be developed since there is a lot of investment from developers, and funding has been committed.

The Chair asked if clarifying the definition of pulling a building permit, represents a slippery slope for erosion of the inclusionary requirement. The Chair responded that he does not see that it does. The Commission decided not to take action on this item.

(B) Review of Park Trust Fund Reconciliation Report (M. Cano, PRNS)

Matt Cano of PRNS explained that the Park Trust Fund Reconciliation Report will be presented to council on June 20. Mr. Cano indicated that they would like to get support from the HAC on this item. Today, he will be explaining the key findings of the reconciliation report. Mr. Cano then went through a PowerPoint presentation, which gave an overview of the Park Trust Fund, discussed the community outreach that has taken place, reviewed the methodology for the financial analysis, and reviewed the recommendations for unspent funds. Mr. Cano indicated that with the HAC and Council's support related to the reconciliation of the Park Trust Fund, the next step will be to review the PDO/PIO language in the fall of 2006. This action is solely for the reconciliation of the Park Trust Fund.

Commissioner Ordoñez asked a question about the difference between "committed funds" and appropriations? Are these funds that you have contracts for or are they appropriations by Council? If they are only appropriations, the homebuilders may actually be owed more money. Mr. Cano indicated that there are not contract for these projects. Committed funds show up in the 5-year capital program with a specific project name attached to it. Commissioner Ordoñez expressed concern that since the \$43 million has not been encumbered, it may be subject to the 5-year rule, and therefore owed to the homebuilders.

Beverley Bryant, of the Homebuilder Association, explained that she appreciates the city's efforts on this issue. However, she still has concerns about the process, how the money is being re-allocated, and the

high administrative charge of ten percent. Mr. Cano responded that in the future, the Department plans to do an accounting of the actual cost to administer these funds.

Commissioner Talivaa asked about the \$351,000, for which the project site is unknown. She wanted to know how these records were lost. Mr. Mitchell indicated that the money was not lost – it was not committed within the 5-year time frame. Under the State’s Quimby Act, the money has to be committed within five years. Commissioner Talivaa expressed concern over the recommendation to return money to District 5, since she had been in touch with PRNS three years ago regarding a project in her community. Mr. Cano indicated he would follow-up with Commissioner Talivaa.

Commissioner Bock asked about how quickly the trust fund grows and how quickly PRNS is able to buy land. Mr. Mitchell indicated that due to the nexus requirement, money has to be spent within the area that it is collected. They have begun to talk to the Manager’s Office about buying parcels of land in major growth areas, such as North San José.

Helen Chapman, Chair of the Parks and Recreation Commission, thanked Staff for their work on the Park Trust Fund. Commissioner Ordoñez wanted to know why there is a rush to get this approved before the Greenprint is updated. Ms. Chapman indicated that the Greenprint is a separate parks strategy.

The Chair clarified that this is an Action Item and the appropriate motion would be to approve the reconciliation report. Commissioner Ordoñez asked if action was required on this item. The Chair indicated that the only reason he would support taking action on this item, it to ensure that the HAC is involved in future discussions. Commissioner Ordoñez indicated that it may be more appropriate for the HAC to take a position on the proposed fee changes. The HAC did not take a position on this issue.

7. Discussion Items

(A) Update on City of San José Gaps Analysis Report (M. Meyer, Housing)

The Assistant Director indicated that the report included in the packet is the final version of the Gap Analysis, which includes an inventory of City grants. This is being presented to the HAC for informational purposes. The report was presented to Council on April 17 and May 2. Council directed staff to: Develop a workload assessment for the recommendations listed as “Requiring Significant Additional Time and Resources,” developing recommendations on different ways that CBOs can deliver services, and to clarify the purpose and objectives of the Gap Analysis and how the report will impact the City’s grant management program.

Commissioner Bock mentioned that her organization, the Low Income Self Help Center has never applied for funding. She added that there is a gap in services for mental-health and dental needs. Staff indicated they would follow-up with CMO staff so that Commissioner Bock can be involved in the next phase of this process.

(B) Update on Assembly Bill 2634, Act to Amend Section 65583 of the Government Code, relating to housing elements (M. Whatley, Housing).

Ms. Whatley distributed a draft memo regarding AB 2634. She indicated that this issue will go before the Rules Committee on June 14. The Housing Department is recommending support of AB 2634 if it amended to clarify that the addition of the ELI category is calculated as 50% of the VLI category, and

that the ELI calculation is not in addition to the full VLI requirement. Commissioner Ordoñez made a motion to support staff's recommendation on AB 2634, with a second by Commissioner Colaccico. The motion passed, 6-0.

8. Task Force Assignments (Chair)

Commissioner Bock made a motion to eliminate the Secondary Units Task Force, with a second by Commissioner Talivaa. The motion passed 6-0.

Standing Reports (10 min.)

9. Task Force Reports

(1) Chair's Report

None

(2) Director's Report

None

(3) Task Force Reports

(A) Coyote Valley Task Force (Chair Fink & Commissioners Colacicco and Ordonez)

Commissioner Ordoñez indicated that he and Tom attended the last Task Force meeting. They encouraged the Task Force to accept the recommendations from the Housing Focus Group, which included the housing income ratios recommended by the HAC.

(B) Secondary Units Task Force (Vice Chair Moreno & Commissioner Bock)

None

(C) ELI & Inclusionary Housing Task Force (Vice Chair Moreno & Commissioners Bock and Talivaa)

The Task Force is researching best practices and successful ELI developments.

10. Future Agenda Items

None

11. Public Comments

Michael Feazell talked to the Commission about his experience trying to rent a unit at Bella Costello. Ms. Clements indicated that she would follow-up with Mr. Feazell.

12. Adjournment

The meeting was adjourned at 7:35p.m.