

## HOUSING ADVISORY COMMISSION

### SYNOPSIS OF MEETING AT 5:30 PM

July 13, 2006

**MEMBERS PRESENT:** Chair Fink, Vice Chair Moreno, Commissioners Bock, Ordoñez, and Roberson  
**MEMBERS ABSENT:** Commissioners Colacicco and Talivaa  
**CITY STAFF:** W. Chen, K. Clements, M. De Castro, A. Drummond, A. Herrera, M. Meyer, T. Nguyen, and M. Whatley.  
**GUESTS:** Taewoo Kim, 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 meeting was called to order at 5:32p.m.

**2. Introductions**

Guests and staff introduced themselves.

**3. Announcements (1 min.)**

There were no announcements.

**4. Approval of Synopsis from the June 8, 2006 meeting**

Commissioner Ordoñez made a motion to approve the 6/8/06 minutes, with a second by Commissioner Roberson. The motion passed 4-0.

**5. Discussion Items (60 min.)**

**(1) Update on Downtown High-Rise Incentive Program (M. Meyer, Housing)**

The Assistant Director, Mike Meyer, reminded Commissioners that Pete Larko of the Redevelopment Agency made a presentation at the June HAC meeting regarding a clarification of the downtown high-rise incentive program. Staff made a recommendation to Council that projects which pull a foundation permit by June 30, 2006, should be eligible for the program. Council approved the recommendation and also directed Staff to study the expansion of the footprint and the impact to affordable housing city-wide. Council also directed staff to consult with the HAC on this issue.

The Chair commented that when the original exemption was granted, the potential was created to build subsidized housing at much more deeply subsidized levels at the ELI and VLI level through tax increment dollars that would go to the Housing Department for two years. This encouraged high-rise development. However, there is also a commitment to low-income housing and maintaining the low-wage worker population downtown. The downtown incentive program was a way to meet both needs at the same time. The Chair asked about the possibilities of re-creating a similar deal so that the Housing Department would receive tax increment money.

Commissioner Ordoñez indicated that the problem is that Coyote Valley has no tax-increment money. A change in this policy would impact Coyote Valley. The Assistant Director pointed out that the Coyote Valley Specific Plan does not have an inclusionary requirement that is triggered by redevelopment law.

The Chair asked about the possibility of using the tax increment money generated by a project to buy down the affordability level for units in the project itself. This would create mixed-income communities. The Chair asked the Department to explore this idea.

Commissioner Ordoñez indicated that another alternative might be to present what the Inclusionary Housing Task Force has been exploring – a City-wide inclusionary policy. This should be brought before the City Council. The Assistant Director indicated that it is not clear from the City Council if the policy will be expanded; they have asked staff to look into this and to consider alternatives, as well as the pros and cons.

The Vice Chair indicated that this program was started because the City Council wanted to encourage development downtown. Secondly, they want high-rise development in transit corridors. She asked why the City Council would want to exempt affordable housing in transit corridors.

The Chair clarified that if a developer wants to build a high-rise, they can do so outside of the redevelopment project area without any type of inclusionary requirement. The Chair asked staff to look into the possibility of buying down the affordability level with tax increment money in the project itself. The Assistant Director said the question is whether or not this is economically feasible. The Chair indicated that the issue should be broadened to look at other options beyond high-rises because the Commission's concern is that this policy will result in gentrification.

Commissioner Ordoñez stated that the HAC should use this as an opportunity to advocate for a City-wide inclusionary policy. He pointed out that in the North San Jose redevelopment area, there will be 80,000 people and there is the potential for high-rise development. This area could be excluded if the policy were expanded.

Saul Wachter indicated that the City is embarking on a program of gentrification. People are already concerned about the luxury condos that will be built downtown. The idea of a City-wide inclusionary policy is important and the HAC should propose such an ordinance to the City Council. Commissioner Ordoñez pointed out that an alternative that staff can present to Council is that if the downtown program is expanded, a possible solution might be to have a City-wide inclusionary ordinance or an in-lieu fee that can be used for other projects in the City.

The Assistant Director indicated that this item will come back to the HAC in August.

## **(2) Housing Production Report (M. Meyer, Housing)**

The Assistant Director went through the PowerPoint presentation that was presented to the Driving a Strong Economy Committee (DSE) regarding housing production. He pointed out that by December 31, 2006, there will be 11,579 completed units or under construction. A chart in the presentation shows that 2/3 of the units have been family units. Currently, the bonding capacity is \$47 million that will be available for new housing production. The DSE Committee also received information regarding the report that was brought to the HAC by the Full Circle Fund and LISC, regarding regional housing needs. San Jose's share of that need is 21,758 units.

Commissioner Bock indicated that she re-read information provided by the Affordable Housing Network which stated that the need is 200,000 units. Saul Wachter indicated that the numbers from

ABAG are low and since they are achievable, local elected officials can lose sight of the actual need. The Assistant Director indicated that if the HAC is interested, the authors of the report can talk to the HAC regarding the methodology for determining housing need.

**(3) Coyote Valley Task Force Update (M. Meyer, Housing)**

The Assistant Director indicated that the City Council held a study session on June 24. At this study session, Council heard the affordability targets that were adopted by the HAC. Staff will continue to work with the affordable housing focus group on the implementation of this program. The next step will be to identify the sites.

**(4) Legislative Update (M. Whatley, Housing)**

Ms. Whatley indicated that Council supported staff's recommendation to support Sally Lieber's bill, AB 2634. Sally Lieber did accept the amendment to clarify that the addition of the extremely-low income (ELI) category is calculated as 50% of the very-low income (VLI) category, and that the ELI calculation is not in addition to the full VLI requirement.

**(5) Update on Secondary Units Pilot Program (M. Whatley, Housing)**

Ms. Whatley reported that so far, 20 applications have been received for the secondary unit pilot program. The Department plans to market the program more heavily. She also mentioned that a strategy needs to be put together on how to address illegal secondary units.

**6. Standing Reports (10 min.)**

**(1) Chair's Report** – None

**(2) Director's Report** – None

**(3) Task Force Reports**

**i. Coyote Valley Task Force (Chair Fink and Commissioners Colacicco and Ordonez)** – None

**ii. ELI & Inclusionary Housing Task Force (Vice Chair Moreno & Commissioners Bock and Talivaa)** – The Task Force has been meeting and conducting research.

**7. Public Comments** – None

**8. Adjournment** – The meeting was adjourned at 6:48p.m.