

HOUSING ADVISORY COMMISSION

SYNOPSIS OF MEETING AT 5:30 PM

August 10, 2006

MEMBERS PRESENT: Vice Chair Moreno, Commissioners Bock, Colacicco, and Ordoñez, and Talivaa
MEMBERS ABSENT: Roberson
CITY STAFF: M. Cano, R. Flores, A. Herrera, M. Meyer, D. Mitchell, J. Mark, E. Moran, S. Murillo, and M. Whatley.
GUESTS: Helen Chapman, Rabia Chaudhury, Anthony Drummond, Kerri Hamilton, D. Martin, J. Rombeck, 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 5:36p.m.

2. Introductions

Staff and guests introduced themselves.

3. Announcements (1 min.)

None

4. Approval of Synopsis from the July 13, 2006 meeting

Commissioner Ordoñez made a motion to approve the synopsis from the 7/13/06 meeting. Commissioner Bock asked for clarification on the Chair's comment in the minutes regarding the Downtown High-Rise Incentive Program. In absence of the Chair, the Assistant Director responded that he believed that the Chair wanted to know if it was possible to use tax increment money to buy down the affordability level for market rate units within a redevelopment project. Commissioner Bock made a second on the motion to approve the synopsis. The motion passed 5-0.

5. Discussion Items (60 min.)

a. Transfer of Community Development Block Grant (CDBG) program to Housing Department (M. Meyer, Housing)

The Assistant Director introduced the CDBG program. He indicated that the City receives approximately \$10 million for this program, which is primarily used to support non-profit activities and certain capital improvements. The Housing Department uses some of this money for the housing rehab program. Previously, the CDBG program was administered by Parks, Recreation, and Neighborhood Services. With the approval of the FY 06-07 budget, Council approved the transfer of the administration of this program to Housing.

Ms. Murillo indicated that the program is staffed with 5 Analysts and 2 support staff. In addition, there is currently recruitment for a Senior Analyst. In addition, she indicated that the Department will be creating a Grants Unit. Commissioner Ordoñez asked if the Department has thought about the community needs process for determining how funds will be spent. Ms. Murillo indicated that staff will be working with the Gap Analysis report that was completed. Commissioner Ordoñez commented that Housing has a good track record for allocating funds through the NOFA criteria. Ms. Murillo indicated that the

application process is currently being reviewed and administrative changes might be made to the program.

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

The Assistant Director indicated that the Department is still in discussions with the Agency on developing recommendations in response to Council's request to look at the impact of possibly extending the downtown high-rise program. The expectation is that by the next meeting, staff will have developed a recommendation to Council.

Commissioner Bock asked for clarification on the issue. He responded that in June, Council changed the definition of the projects that would qualify for the downtown incentive program, by clarifying that projects which pull a foundation permit by 6/30/06 would be eligible for the program. Council also asked staff to think about whether or not the exemption should be applied to other parts of the City. In September, staff will come back with analysis and a recommendation from staff. Commissioner Bock asked about the financial impact of the projects that have been approved. The Assistant Director indicated that the projects have to be operational before they will generate tax increment. In the next report, staff will provide an accounting of the projects that have met the deadline and the tax increment that will be generated.

Commissioner Ordoñez indicated that Council is looking at broadening this exemption City-wide. The Commission may want to recommend a city-wide inclusionary policy. He asked if the ELI/Inclusionary Task Force has done any research on this issue? The Assistant Director emphasized that staff's direction was to make a recommendation on an expansion or extension of the high-rise program. He indicated that staff's recommendation will be presented to the HAC at the next meeting. At that point, the HAC can take a position on the recommendation or suggest an alternative.

There was a discussion about how the ELI/Inclusionary Task Force could communicate with other Commissioners. The Attorney clarified that Commissioners can talk to 2 other members of the Commission about issues. If there is a discussion that involves four or more Commissioners at any time, it becomes a Brown Act meeting and there must be an opportunity for public comment.

c. Proposed Changes to Park Impact Ordinance (PIO), Parkland Dedication Ordinance (PDO) and the Associated Fee Resolution (D. Mitchell, PRNS)

Dave Mitchell reviewed a PowerPoint presentation which outlined the proposed changes to the PDO/PIO. With PDO, there is a requirement that when there is new development, developers must dedicate parkland to the City, pay for park improvements or pay an in-lieu fee. Funds can be used to acquire or develop new park lands or renovate existing park lands. Under state law, money can be used for neighborhood or recreational facilities. In 1998, the City Council dropped the use for "recreational facilities." One of the proposed changes is to reinstitute the use of the funds for "recreational facilities," which will give PRNS greater latitude in use of funds. Under existing Council policy, units restricted to low and very-low income households are not required to pay park fees.

Mr. Mitchell indicated that Council has asked staff to come back with a series of alternatives. The major issue that is driving the changes is the residential land value. The proposed changes are as follows: Adjusting the in-lieu fees from 70% of the land value in 2001 to 85% of the land value in 2005. Projects that are in the pipeline would have an additional two years under 70% of 2001 fees. In addition, SRO would continue to be a designated housing type. The words "recreational facilities" would also be added as a possible use for Park Trust Funds. Credits will also be given for land dedication, design, and construction associated with community gardens as public parklands.

Mr. Mitchell continued that in 1998, Council suspended the PDO/PIO exemption for low and very-low income units and required that the Redevelopment Agency pay for these units during the period of the exemption. This program expired at the beginning of this year. Approximately 25% of the money that has come to the Park Trust Fund has been associated with low and very-low income units. The concern of PRNS Staff and the Parks Commission is that as long as affordable housing projects are built throughout the City, this should not pose a problem. However, if low and very low-income units are built in pocket areas, there will not be money to provide parks in those areas because there are no in-lieu fees being collected and no way to require developers to provide such areas. Mr. Mitchell concluded by stating that the next HAC packet will include various options on the PDO/PIO changes, if the HAC has other suggestions, they have until the end of September to propose changes.

Commissioner Ordoñez asked if staff has looked at the impact of SB 1818, which is the density bonus law that was adopted in 2004. It says that developers who provide a certain number of affordable housing units can ask for concessions. He indicated that staff may want to look at SB 1818, to make sure that it is not a way for developers to get out of providing park fees.

The Vice Chair indicated that the City needs to make sure that current parks throughout the system are equal. Mr. Mitchell indicated that gardening staff has experienced a 40% budget cut, which has had an impact on park maintenance. The Vice Chair expressed concern about the exemptions that will result from developers providing on-site amenities.

Phyllis Ward asked if there is a proposal to extend the program for the Redevelopment Agency to pay the in-lieu fees. Mr. Mitchell responded that the program sunsetted in January 1 of this year and currently there is no proposal being considered to reinstitute this program.

Commissioner Ordoñez indicated that the HAC got involved in this issue because it wanted to protect the exemptions to low-income and very low-income units. This issue is dealt with in the current ordinance. Mr. Ordoñez asked if it was possible to take action on this issue tonight or if it had to be agendaized for the next meeting? Mr. Mitchell indicated that they will come back to HAC in September with different alternatives.

Kerri Hamilton commented that Citizens for a Livable San Jose supports the adjustment of fees to 100% of most recent land value study.

Dennis Martin of the Homebuilders Association (HBA) commented that the proposed increases in fees will result in a doubling in fees throughout the City, which may eventually result in moving the fees to 100% of current land values. The HBA understands that parks are an important part of the quality of life in the community and that adequate fees will help the park system. However, this is not the total answer. The HBA has opposed the increase in fees until there is an accounting of the Park Trust Fund. The next step is to develop a plan on how new fees will be collected, expended, and a clear plan for each district with a maintenance plan. The HBA also believes that to get a true sense of how San Jose residents are being served with parks and recreational opportunities, the City needs to publicize and present county parks systems and trails. Mr. Mitchell indicated that the Greenprint recognized that the County and the Santa Clara County Open Space Authority have been buying the land to preserve the hillsides; therefore they are looking at 100 acres of additional city-wide lands that they need to provide.

6. Action Items (30 min.)

a. Evergreen East Hills Vision Strategy Housing Affordability Ratios (M. Mena, Planning, Building, and Code Enforcement)

Mr. Mena indicated that they plan to come back to the HAC at a future meeting, with a staff recommendation. At this point, staff wanted to provide the HAC with a background on the project. Staff is studying development on six opportunity sites. The Vision and Expected Outcomes statement discuss the creation of affordable housing and mixed income housing. There is a requirement on the Arcadia site, that 20% of the units will be designated as affordable. Staff is looking at how much affordable housing will be created on these sites.

Mr. Mena indicated that the workplan will be going to Council on August 29. The Task Force will be meeting on August 19. It is hoped that the Task Force will finalize the discussion on preferred housing types and school needs at this meeting. Mr. Mena indicated that this will be discussed at the General Plan hearing in the fall.

In response to p. 3 of the Vision Strategy, Commissioner Bock commented that the affordability levels should be deepened to include janitors, retail workers, and teacher's aides. The document specifically mentions police officers and she wants to ensure that other jobs are included as well.

Staff plans to return to the HAC in September with a recommendation. Ms. Whatley also indicated that Rebecca Flores from Housing is working with Planning and Parks and Recreation on this issue.

7. Standing Reports (10 min.)

a. Chair's Report - None

b. Director's Report - None

c. City Council Meeting Report, August 8, 2006 (Moreno)

Money was given to Sunset Square, which was built in 1963.

- d. 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) – None**

- 8. Future Agenda Items**

- 9. Public Comments – None**

- 10. Adjournment – The meeting was adjourned at 7:57p.m.**