

## HOUSING ADVISORY COMMISSION

### SYNOPSIS OF MEETING AT 6:00 PM

**October 12, 2006**

<b>MEMBERS PRESENT:</b>	Chair Fink, Vice Chair Moreno, Commissioners Bock, Colaccico, Ordoñez, Roberson, and Talivaa
<b>MEMBERS ABSENT:</b>	None
<b>CITY STAFF:</b>	M. De Castro, R. Flores, A. Herrera, A. Lo, M. Mena, M. Meyer, and S. Murillo.
<b>GUESTS:</b>	Councilmember Cortese, Vince Canton, Anthony Drummond, Al Muñoz, The-Vu Nguyen, Jennifer Simmons, Saul Wachter, and Phyllis Ward.
<b>LOCATION:</b>	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 5:36 p.m. The Chair recommended that Items 5B and 5C be moved up to the top of the agenda. The Vice Chair made a motion to make this change, which was seconded by Commissioner Ordoñez. The motion passed 5-0.

##### **2. Introductions**

Guests and staff introduced themselves.

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

Commissioner Ordoñez announced that the RHNA process kicked-off in November. He requested that Planning staff provide an update at the next HAC meeting. In addition, he announced that the Governor signed Sally Lieber's bill, AB 2634.

##### **4. Approval of Synopsis from the September 14, 2006 meeting**

Commissioner Talivaa made a motion to approve the synopsis of the 9/14/06 meeting, with a second by Commissioner Ordoñez. The motion passed 6-0.

##### **5. Action Items (60 min.)**

###### **(1) Recommendation to advise the City Council to consolidate the Community Development Block Grant Steering Committee with the Housing Advisory Commission (M. Meyer, Housing)**

The Chair indicated that at the special HAC meeting, Commissioners had a full discussion regarding this topic. They had a quorum at the meeting. However, they recommended the approval of the consolidation with the CDBG Steering Committee with 3 "yes" votes," and the by-laws state that there must be 4 "yes" votes to pass resolutions. For this reason, another vote must be taken on this item.

Saul Wachter indicated that there was a 3-2 vote on this issue. He indicated that in order to re-consider this item, Robert's Rules of Order indicate that a motion must be made to re-consider the item. Commissioner Ordoñez made a motion to re-consider the item with a second by Commissioner Roberson. The motion passed with a vote of 5-2 (Commissioners Bock and Talivaa voted "no").

Commissioner Ordoñez asked if there was a statutory requirement to have appointments from Council Districts 3, 5, and 7. The Assistant Director responded that this is not a statutory requirement, however, this is part of the City's Citizen Participation Plan. Commissioner Ordoñez asked if the citizen participation plan would be changed. The Assistant Director responded that this

item is scheduled to go to Council next week. Commissioner Ordoñez pointed out that currently, the HAC has 2 representatives from Council District 2. Under the proposed composition for the Housing and Community Development Advisory Commission (HCD), there is a small probability that they would both be on the commission at the same time. He indicated that there should be more city-wide participation on the HCD Commission.

The Chair indicated that the HAC can discuss this issue later. He would welcome a motion to support staff's recommendation with the proviso that the composition be discussed later. Commissioner Ordoñez made such a motion, with a second by Commissioner Colacicco.

Saul Wachter of the Affordable Housing Network indicated that new housing production is not eligible for CDBG funds. He indicated that the merger should not be accepted. The HAC has the responsibility of alleviating the affordable housing crisis. He does not believe the merger will be helpful to this cause.

Commissioner Ordoñez responded that he believed this will be of benefit to the HAC. This will enable the HAC to provide funding recommendations. And although new housing production is not an eligible activity, housing rehabilitation and acquisition are eligible activities. Money can also be used to improve park facilities, which are an overall benefit to affordable housing projects.

Commissioner Colacicco indicated that this seems like a method to streamline the process instead of having two separate entities. Commissioner Roberson added that this issue was discussed at great length at the special meeting on September 27.

Commissioner Bock indicated that she still feels the same way she felt last week. She has noticed that rents are increasing and the need for affordable housing is increasing. Also, many condominiums are being converted to ownership housing.

Phyllis Ward indicated that the City Clerk's office has 7 people on file who applied to be part of the Housing Advisory Commission and she wonders how this is going to be handled. Ed Moran clarified that there will not be any new appointments to the Commission for about a year. After the City Council takes action on this issue, applicants will be notified if a change has been made.

Commissioner Bock indicated that the effectiveness of the combined commission should be revisited in one year.

**The HAC voted on the motion made by Commissioner Ordoñez to support staff's recommendation to merge the HAC and CDBG Steering Committee with the proviso that the composition be revisited in the future. The Commission voted 5-2 on the motion (Commissioners Bock and Talivaa voted "no"). Commissioner Bock made a motion that the merge be re-visited in one calendar year, with a second by Commissioner Ordoñez. The motion passed 6-1 (Commissioner Roberson voted "no").**

Councilmember Cortese asked for clarification on the motion. He wanted to know if the HAC would like the composition of the new Commission to be part of Council's motion on the item. The Councilmember also asked if the HAC would be sending forward a memo and a representative to

speak on the issue. The Chair indicated that the HAC will send a memo to the Mayor and City Council and attend the City Council meeting.

The Attorney indicated that the one-year review of the merge would have to come in the form of a Council Directive or the new commission doing a self-evaluation, because if this item passes, the HAC would cease to exist. Commissioner Bock stated that she would like the one-year review to be part of the information relayed to the Mayor and City Council.

The Chair indicated that the general tenor of the discussion would be captured in the memo addressed to the City Council and the memo will suggest that there needs to be more City-wide representation on the Commission.

**(2) Recommendation to the City Council regarding affordable housing in Evergreen/East Hills (M. Mena, Planning, Building, and Code Enforcement)**

Mr. Mena indicated that he gave a presentation the HAC in August and gave an overview of the Evergreen East Hills strategy. He indicated that since then, the Task Force completed their process and made some recommendations. Two recommendations were made: 1) The Developer's Proposal, which proposes building up to 5,200 units and 500 pool units and; 2) Zito's proposal, which proposes building 4000 units and 400 pool units. He indicated that the Planning Commission will consider this issue on November 8, followed by the City Council on December 5.

Commissioner Ordoñez asked about the current make-up of affordable housing in the project areas. Mr. Mena responded that Council Districts 5, 6, and 7 have most of the affordable housing projects. Currently, there is a lack of affordable housing in District 8.

Councilmember Cortese added that this is in part due to the Level of Service (LOS) policy, which has meant that each affordable housing unit that is built has to have a traffic allocation, which means developments cannot mitigate their way out of traffic impacts. These traffic allocations have historically been severe enough to skew affordable housing development towards other Council Districts. The Councilmember added that the lack of affordable housing in this area is a function on the traffic policy.

The Vice Chair indicated that there has not been a lot of discussion about the affordability levels in this area and what jobs might be created in this area. Also, there is a lot of public transit in the area.

Vince Canton, representative from a Developer working on the Evergreen East Hills strategy, read a letter into the record, which stated that the proposal submitted to the Task Force used the City's definition of affordable housing on all units proposed of affordable housing. Also, they have had several discussions with non-profit affordable housing developers and were advised that the most successful projects are located in areas that are high-density and are located near or adjacent to public transit. As a result, the proposal for affordable housing developments are in Arcadia and the Evergreen College site. In terms of public benefit gained from development fees, they are proposing \$235 million in transportation and amenities and 47 acres in land dedication. Requirements for affordable housing on the Campus Industrial or Pleasant Hills Golf Course site would raise the following challenges: 1) significant impact on funding for transportation improvements, an inclusionary requirement would necessitate a drastic reduction to the amenities; 2) location of denser housing product near long-standing neighborhoods, which is conflict with the Evergreen

East Hills guiding principles document; 3) the population would be more dependent on public transportation and other services.

Commissioner Ordoñez asked if the developer would be willing to sign a development agreement that would pay for the infrastructure and commit to building the affordable units that are described in the document. The Developer's Representative stated that the details would still need to be worked out and that he was not prepared to answer the question at this time. Commissioner Ordoñez indicated that the HAC weighed-in on the Hitachi development and there was a development agreement, which allowed the City to get a sense of the development that would take place in exchange for the entitlements and timing issues. He added that he sees a development agreement as an appropriate vehicle for this for Evergreen East Hills.

The Chair indicated that with Evergreen East Hills there are still a lot of uncertainties, e.g., amenities, transportation, and competing proposals. He indicated that the most effective thing for the HAC would be to roll over the recommendations that were made in Coyote Valley.

Commissioner Ordoñez added that in Coyote Valley there was a 20% affordable housing requirement. He suggested that the HAC provide input on the affordability levels within that 20% for Evergreen East Hills, so that it is not all moderate affordable housing.

The Chair went on to reiterate the recommendations that were made for the Coyote Valley strategy. He recommended that the memo be forwarded to the City Council that incorporates certain affordable housing principles into the Evergreen plan that are specific to Evergreen East Hills.

Commissioner Ordoñez made a suggestion that the numbers for Coyote Valley be converted to percentages and that the HAC provide input on the affordability levels for all of the affordable housing.

**Commissioner Ordoñez made a motion that the same apportionment of affordable housing that was made in Coyote Valley, be recommended for Evergreen East Hills. The Vice Chair seconded the motion. Commissioner Roberson indicated that he would abstain from voting because of a conflict of interest. The motion passed 6-0 (Roberson abstained).**

**(3) Downtown High-Rise Incentive program (P. Larko, Redevelopment Agency)**

Pete Larko indicated that a final recommendation will go forward to the City Council/Agency Board on November 14. He indicated that in 2004 there was a lot of interest in high-rise development. Council directed staff to develop incentives to encourage high-rise development. A clarification was made to the original incentive program earlier this year. It was at this time, that Council asked staff to look at extending or re-instituting the downtown high-rise program.

The new program proposes a cap of 2,500 high-rise units. Staff estimates that it will take 4-7 years for these projects to be developed. Mr. Larko reviewed maps with the Commissioners, which showed the geographic boundaries of the Downtown Core and Civic Plaza.

The Chair indicated that one of the issues the HAC is concerned with is the loss of inclusionary units. The money generated from this program can be used to build affordable units elsewhere. With inclusionary housing, the affordable units are built within the project itself. Inclusionary

housing creates mixed-income communities. When this program was originally conceived, the problem the HAC foresaw is the question of where the units would be built. This is still an important question. The Chair indicated that the financial arrangement proposed in this program is a good deal, this translates into money that can be used to provide housing at deeply subsidized levels in other parts of the City. These units will be more affordable than if developers were held to the inclusionary policy. Nevertheless, what will happen is there will be a downtown built with no low-income people. The Chair asked that the Commission provide input on the financial issues and where the money that is generated from this program will be spent.

Commissioner Ordoñez asked if it would be possible for Agency or Housing Department staff to put together a map that shows where the money could be spent.

**Commissioner Ordoñez made a motion to support staff's recommendation and that the downtown incentive program be limited to the downtown core and Civic Plaza and that a list or exhibit be provided of where in-lieu fees can be spent within the downtown area (areas can be general and do not need to be parcel specific). Commissioner Talivaa seconded the motion. The motion passed 5-1.**

**6. Discussion Items (20 min.)**

**A. Introduction to the Community Development Block Grant Program (S. Murillo, Housing)**

Sandra Murillo provided an introductory presentation to the Commissioners regarding the CDBG program. Her PowerPoint presentation discussed the national objectives of the CDBG program, eligible projects/programs, as well as projects that would be ineligible. She also discussed how the CDBG cycle works.

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

**A. Chair's Report - None**

**B. Director's Report - None**

**C. City Council Meeting Report for September 19, 2006 – October 10, 2006 (Moreno)**

The Vice Chair indicated that the City Council approved the CAPER.

**D. Task Force Reports**

**(1) Coyote Valley Task Force (Chair Fink and Commissioners Colacicco and Ordoñez) - None**

**(2) ELI & Inclusionary Housing Task Force (Vice Chair Moreno & Commissioners Bock and Talivaa) - None**

**8. Future Agenda Items**

Commissioner Ordoñez asked if it was possible to have a presentation from the Planning Department regarding the update to the Regional Housing Needs Allocation (RHNA) process. The Chair also asked if information could be provided regarding where money for affordable housing could be spent in the downtown core.

**9. Public Comments**

None

**10. Adjournment**

The meeting was adjourned at 7:47pm.