



**CITY OF DAVIS  
SOCIAL SERVICES COMMISSION  
SPECIAL MEETING MINUTES**

**Monday, June 9, 2014**

**7:00 pm**

**Shasta Point Retirement Community  
Community Room  
1501 Shasta Drive  
Davis, CA 95616**

**Social Services  
Commission Members Present:** Donald Kalman, Sarah Mungas, Bernita Toney,  
R. Matthew Wise

**Commissioners Absent:** Judy Wolf (Chairperson), Jenna Templeton (Vice Chairperson), Mindy  
Romero, Amanda Steidlmayer

**Staff:** Danielle Foster, Housing and Human Services Superintendent  
Kelly Stachowicz, Deputy City Manager  
Mike Webb, Director of Community Development and Sustainability

**Members of the Public Present:** Chris Pereyra (Turning Point), Ali Youssefi (CFY Development),  
Kiyomi Buchanan, Cheryl Essex (Planning Commission),  
Darryl Rutherford (Sacramento Housing Alliance),  
Lisa Baker (Yolo County Housing),  
Luke Watkins (Neighborhood Partners, LLC),  
Jason Taormino (Taormino and Associates, LLC),  
Vanessa Guerra (Mutual Housing California)

---

**1. Called to Order:**

The meeting was called to order at 7:11 p.m.

**2. Approval of Agenda:**

The agenda was approved by consensus.

**3. Public Comment:**

None.

**4. Commissioner and Staff Communications:**

None.

---

## 5. Business Items:

### A. Affordable Housing Workshop #2- *Housing Production and Constraints.*

Staffmember Foster gave an introduction to the second in a four part workshop series on the City's affordable housing program. This second workshop focused on local constraints to housing production, affordable housing options, and discussions on the in-lieu fee calculation methodology. After the introduction, Staffmember Foster introduced the panel of speakers. Details of the panel's discussion are saved as part of the workshop documents, included as Attachment A to these minutes.

The Commission opened this item for public comment and allowed comment throughout the item. The following comments were provided at various points throughout the discussion:

Ali Youssefi (CFY Development): Suggested that secondary units, though problematic in filling affordable housing needs, should be used to supplement affordable housing, rather than replace it. He also asked the panel if "affordable by design" micro-units could be a viable solution to the lack of housing. He asked if varying the fees for ownership versus rental housing units would be possible, and stated his opinion that housing in the downtown area should be subject to different requirements than development further from the downtown core.

Darryl Rutherford (Sacramento Housing Alliance): Stated his opinion that regulated units should be the only way to qualify for affordable housing requirements (under the ordinance). He stated his concern that the concept of "affordable by design" is driven by local markets, which would price out those who need affordable housing. He also spoke regarding the suggestion that there should be a flat "per square foot" fee on all new developments, stating that that fee should apply to only large developments, as the burden on small developments or conversions would be too much. He asked if the city considered a commercial linkage fee, as the new businesses would bring new jobs, and a higher need for local affordable housing. On the in-lieu fees, he stated that the fee needed to be much larger, as the development of new affordable housing is being slowed by a lack of federal funds and increased fees could help to speed up building of affordable units.

Cheryl Essex: Asked the panel what their opinions were on the possibility of mixed use buildings with affordable housing units.

Mike Webb: Asked the panel about their opinions on the current benefit of utility cost reduction measures (e.g. solar panels, water saving appliances, etc.) to affordable housing.

## 6. Adjournment.

The meeting ended at 9:00 p.m.

Respectively Submitted by,

Danielle Foster  
Housing and Human Services Superintendent

---

Attachment A: Workshop 2 Notes

## **Affordable Housing Workshop #2 Notes:**

### **Housing Production and Constraints Overview:**

*Review local constraints on housing development (new construction or rehabilitation) in the downtown or other in-fill locations, on land dedication sites, and throughout the city, evaluate how affordability requirements impact smaller infill projects, and consider needs for various housing types, including affordability and accessibility needs.*

Panelists: Lisa Baker of Yolo County Housing  
Vanessa Guerra, Mutual Housing California  
Jason Taormino of Taormino & Associates,  
Luke Watkins of Neighborhood Partners, LLC

**What kinds of constraints have you faced in designing and developing housing (affordable and/or market rate housing) within Davis and/or the Sacramento region? What has differed in different areas (cities, downtown, infill, redevelopment, etc.) or project/housing types (ownership, rental, multi-story, etc.)?**

Vanessa Guerra: The city has restrictive design guidelines and policies for housing developed by a freeway or a high transit area.

Luke Watkins: Access to land for affordable housing. Stated that he doesn't believe landowners will sell to developers looking to provide housing for the mentally ill or homeless. The only exception to this was in the 1970's, when the city purchased the land currently occupied by Olive Court. The parcel was an odd size, so of no real use to developers. For special needs housing, land dedication is essential to the success of the project. The land is the first piece to leverage, without land it is very difficult to find a lender or anyone willing to invest in the project.

Lisa Baker: On a regional basis, there are a lot of constraints on the development of affordable housing. The availability of land is a big issue. Density is a way to get affordable housing, especially when created from existing and unused buildings; however this type of development does not work with Universal Design. Populations with special needs would not be served by multi-level housing.

Jason Taormino: The for-sale affordable units required in new developments drive the design of the entire neighborhood. Affordable ownership creates uncertainty, and in-lieu fees provide a better, easier option, while putting more money into the overall affordable housing stock. For example, a small in-fill project is better served with in-lieu fees, and provides the ability to complete the design of all the properties before the offer is even placed on the table. The uncertainty is caused by the developer not knowing how the affordable requirements will be met (either by in-lieu fees or units), and if there are units required, often the surrounding neighborhood will object to the project. In addition, for small developers, affordable housing costs close to market rate housing (don't have the tools/man power the larger developers have).

---

**What have your experiences been with the city's affordable housing requirements? Which options and aspects of the requirement have worked for you (on-site, land dedication, in-lieu fee, second units etc.) in developing housing? In addition, which options and aspects of the requirement have been more challenging to accommodate?**

Vanessa: The inclusionary housing program has been essential to the development of affordable housing in Davis. Land dedication was critical to the New Harmony project - the size of the lot was an issue, but there was an opportunity to purchase adjacent land (2 or more acres ideal). Second units don't ensure affordable housing without being regulated, does not fall under requirements for fair marketing (equal opportunity to prospective tenants), so no way of knowing if the unit is being rented to the people who need housing most.

Luke: the inclusionary housing and land dedication policies have been necessary for any projects to be done. The affordable ownership program is problematic, as owners are resentful of the limited equity and the availability of homes to the populations that need them can be uncertain and/or unfair. With the smaller projects, the in-lieu fee makes the most sense, as long as the amount being asked for is enough money.

Lisa: The density bonus, and other bonuses (constraints relief etc.) offered are important to attract development. Affordable ownership is an important program; multifamily housing is meeting the greatest need but families need something to move up/on to. Education on the affordable housing program and what it means can help alleviate frustrations about appreciation caps (i.e. need to ensure the equity share to "pay it forward").

Jason: In-lieu fees have been positive for small developers, haven't seen the effect of them on the large scale. The accessory dwelling units appear to have been created for the new, large developments coming in; Cannery, Chiles Ranch, and council needs to review if they are a good long-term solution to affordable housing needs. The current batch of second units, attached to Cannery and Paso Fino, will most likely not be used for special needs housing or very-low income affordable housing purposes. Instead of investing in affordable units developed by a for- or non-profit group, the city should purchase apartment buildings, units and homes, and scatter those units across the city, to mixed developments as opposed to one specific block of affordable units.

*NOTE: From Lisa: The city should not be in the multifamily housing business. Perhaps if the city were to purchase an apartment complex, an outside entity could come in and take over the operation and management for the city.*

**What methodology makes the most sense to you in determining an adopted in-lieu fee amount?**

Luke: The in-lieu fee should consider the cost to build the unit versus how much to price it.

Lisa: Legally, the city is on the hook so to speak for the in-lieu fee being high enough to replace the cost of the unit, as the unit “created” by those funds is required to be built. The burden of the unit requirement is transferred from the developer to the city when the in-lieu fees are offered as a way to satisfy the affordable requirement.

Jason: The availability of an in-lieu fee can create a great sense of uncertainty for the developer. There are far greater costs associated with building when government funding is involved, the in-lieu fee would have to be prohibitively high to cover the 1:1 cost of building a unit. It would be far cheaper for the city to go out and find an existing complex to purchase and convert to affordable housing.

*NOTE: Lisa: But a complex is occupied and needs repairs. Public funding costs more because of the need for equity shares when developing projects with multiple funding sources. Tax credits are rapidly becoming the only option for funding affordable developments and with investors come those associated costs.*

Luke: Leveraging subsidies and using federal funds might create more of a burden on the front end of the project, but the interest rates are lower, and the benefits over the life of the project are much greater. Leveraging would not work with individual houses or small sites. Ideally 50-60 units within a single project.

A note about the city purchasing affordable units: Purchasing individual apartment units requires more supportive services; you would need a property management company that would have the expertise and staff to keep up with those services.

HOW IS THE IN-LIEU FEE CALCULATED? Currently, by the average per unit cost of city subsidy into land dedication sites.

Luke (cont'd): Changes in availability of financing due to the dissolution of the RDA was a big hit, but there are always ebbs and flows in the market. State funding is a possibility, especially with new programs coming down the pipe, but most importantly the city needs the sites to build on.

Lisa: The veteran’s bond act is a good demonstration of where demand for housing is, as a huge split exists between people doing ok and people not doing so great.

In-lieu fees should be calculated on a per-project basis. All land is not created equal, some could come with large infrastructure costs.

QUESTION: (DON KALMAN REQUESTED EACH PANELIST SPEAK ON SECOND UNITS)

Jason: Second units are a new way to meet the affordable housing requirement, but hesitant to say they will be a good solution. Especially for smaller developments, it could be that ADUs are not effective.

Lisa: Second units are most likely to be used for offices, in-laws, guest rooms etc. not for affordable rental housing. To ensure affordability with some units, try an amnesty program for illegal second units, with the understanding that the unit (once legal) would be bound to affordable rental requirements.

Luke: A second unit is not affordable housing. Special needs housing (the highest demand) is not served by second units.

Vanessa: In reality, second units are not guaranteed affordable housing. Consider Aggie Village, with second units created for faculty with the intention of providing housing for grad students. In practice those units are rented out at a high rate to folks who are not in need of affordable housing.

*NOTE: Danielle: There is a survey on ADUs that shows the Aggie Village units being rented at affordable rental rates. However, there is no information as to whether or not those who are RENTING need the subsidy (not income qualification). Restrictions and regulations would be helpful, however, those require staff and resources that the current housing program does not have.*

**Which options in the city's affordable housing requirements are most valuable in producing affordable housing and serving local housing needs? Are there other options that you would suggest the city consider going forward?**

Luke: When looking at restrictions and areas to assist developers build your restrictions to meet the need of the population in the area (for example, you don't necessarily need a two car per unit requirement in a parking lot of a housing complex for seniors). Impact fees also need to be reflective of who is living in the units, and how they will impact the environment around them.

Lisa: The fees, developments and land use laws are going to change because of the current and future issues with water in California. Energy efficiency in multi-family housing will also become more and more important.

*NOTE: Vanessa: There are limits to the amount of space that can be used on affordable housing projects for energy efficiency upgrades. For example, fire code limits the roof space available for PV panels.*