



**City of Davis**  
**Social Services Commission Minutes**  
**Community Chambers, 23 Russell Boulevard, Davis, CA 95616**  
**Monday, November 19, 2018 at 7:00 P.M.**

**Commission Members:** Claire Goldstene, Vice Chair; Donald Kalman; Ann Privateer; Tracy Tomasky, Chair; Bernita Toney; Georgina Valencia; R. Matthew Wise; and Alternate (Vacant)

**Council Liaison:** Brett Lee, Regular; Dan Carson, Alternate

**Staff:** Ginger Hashimoto, Management Analyst, City Manager's Office

**1. Call to Order & Roll Call**

*Members Present: Tracy Tomasky, Claire Goldstene, Georgina Valencia, and Donald Kalman*

*Members Absent: Ann Privateer, Bernita Toney, and R. Matthew Wise*

*Also Present: Lisa Baker, CEO, Yolo County Housing; Ginger Hashimoto, Management Analyst, City Manager's Office; Katherine Hess, Administrator, Community Development and Sustainability Department; Eric Lee, Planner, Community Development and Sustainability Department; Kelly Stachowicz, Assistant City Manager, City Manager's Office*

*Tomasky called the meeting to order at 7 p.m.*

**2. Approval of Agenda**

*Valencia moved to approve the agenda with a second by Goldstene.*

*The motion passed by the following vote:*

*AYES: Goldstene, Kalman, Tomasky, and Valencia*

*NOES: None*

*ABSTAIN: None*

**3. Brief Announcements from Staff, Commissioners, and Liaisons**

*Valencia shared that she and Wise attended the Planning Commission meeting and listened to the consultant presentation about the inclusionary housing economic analysis.*

**4. Public Comment**

*None.*

**5. Consent Items**

**A. Approval of Minutes – October 15, 2018**

Valencia requested that staff make the following three changes to the 1770 Research Park Drive affordable housing plan discussion:

- Identify which Commissioner asked what questions
- Clarify that the in-lieu fee payment should the applicant not find a qualified renter would serve as a contribution to the Housing Trust Fund
- Clarify that while the applicant may not be concerned about finding qualified candidates for the affordable units, the City should be concerned

Goldstene requested that staff add more detail to the UC Davis item.

Staff agreed to make the changes and the Commission agreed to hold approval of the October minutes until the December meeting.

## 6. Regular Items

### A. 2019-20 Critical Needs List for the Community Development Block Grant and Home Investment Partnerships Programs

Lisa Baker, CEO, Yolo County Housing: Baker introduced the item and explained that the proposed 2019-20 critical needs list remains largely unchanged from last year because the City is waiting to time the critical needs list update with the update for the entire consolidated plan. Baker further explained that upon receiving City Council approval, the City will proceed with issuing a request for proposals for 2019-20 CDBG and HOME applications.

#### Public Comment:

None.

#### Commission Discussion:

Valencia asked how many entities attended the workshop last year and how the City advertised the grant opportunity.

Baker answered that the workshop had good participation with nearly all of the previous year's grantees in attendance. She explained outreach efforts included issuing a press release and publicizing the opportunity on the City's website among other methods.

Goldstene asked for clarification regarding a sentence on page two of the staff report referring to last month's discussion.

Baker confirmed the sentence was an error, copied from the previous year's staff report.

Valencia moved to approve the 2019-20 critical needs list and recommend City Council adoption with a second by Kalman.

The motion passed by the following vote:

*AYES: Goldstene, Kalman, Tomasky, and Valencia*

*NOES: None*

*ABSTAIN: None*

**B. Affordable Housing Ordinance—Inclusionary Requirements for Rental Development Projects**

*Katherine Hess, Administrator, Community Development and Sustainability Department: Hess reiterated that staff is seeking the Commission's input on the City's affordable housing requirements for rental development projects given that the interim 15% requirement is set to sunset on December 31, 2018. Hess structured the discussion by posing four key policy questions:*

**1. What is the appropriate percentage of affordable units for multifamily development?**

**Public Comment:**

*Eileen Samitz: Samitz questioned why staff did not route the economic analysis through the Finance and Budget Commission. She also questioned the objectivity of BAE, who completed a peer review of the economic analysis.*

*Larry Gunther: Gunther reminded the Commission that the City recently added 7.5% of its population in approved projects and those projects included affordable housing contributions, so some level of affordability is feasible.*

*Connor Gorman: Gorman cautioned that various minor reforms to the system can actually hurt the system and therefore he underscored the need for a more comprehensive reform. He stressed that a major factor left out of the report is density.*

*Chuck Cunningham: Cunningham asked the Commission to consider recommending the extension of the interim ordinance without any changes. He also reiterated that a one-size-fits-all approach will not work. He concluded by stating that student projects have the economic proforma to allow for affordability, while other projects may not.*

*Greg Rowe: Rowe stressed that according to the analysis, 35% affordability is not feasible with the loss of redevelopment. He elaborated that 15% affordability may even be difficult to achieve because of Davis' high impact fees, high construction costs, and high land value.*

**Commission Discussion:**

*The Commission acknowledged that 35% seems infeasible, but discussed how difficult recommending a percentage is given what little information and context was provided. The Commission expressed the*

*need to know what the community values. The Commissioners, however, generally agreed that the Housing Element update may provide the information and context that is necessary to make a more informed recommendation on an appropriate percentage.*

**2. Should the City allow by-the-bed or by-the-bedroom affordability?**

**Public Comment:**

*Connor Gorman: Gorman expressed his support for by-the-bedroom leases, but not by-the-bed leases.*

*Larry Gunther: Gunther questioned the assertion that the by-the-bedroom/bed affordability allowance is the only reason why recent projects could be built.*

*Eileen Samitz: Samitz stated bed and bedroom leases should not be allowed as it is counterproductive to workforce and family housing. She explained it is now the City's responsibility to build for non-student populations and the allowance for bed and bedroom leases only perpetuates the problem of mega-dorm designs. Samitz concluded by strongly encouraging the Commission to eliminate the bed and bedrooms leases and warned that SACOG is likely not going to approve such leases for RNHA credit.*

*Greg Rowe: Rowe expressed his desire to turn attention toward housing families, which means limiting bed and bedroom leases.*

*Mary Jo Bryan: Bryan suggested optimizing in-lieu fees to encourage different kinds of affordable housing and affordable housing renovation. She also suggested developing a local Housing Choice Voucher system.*

**Commission Discussion:**

*The Commissioners possessed differing views on this topic. While Valencia was in favor of continuing to allow by-the-bed and by-the-bedroom affordability to retain flexibility, the other three Commissioners expressed concerns that this provision facilitates development of student-oriented housing instead of encouraging apartments more suitable for families. The majority of the Commission also agreed that there is now a plethora of approved bed and bedroom rentals and the City may not need any more.*

**3. Is there a preferred income target for affordable rental housing?**

**Public Comment:**

*Greg Rowe: Rowe underscored that the City is not going to get everything it wants—for example the report estimates that LEED Gold certification adds somewhere between 15%-20% to a project cost. He*

*questioned what is more important and asserted that affordable housing should be the City's highest priority.*

*Connor Gorman: Gorman stated moderate income should be part of the discussion, although he supports having requirements for all levels, especially the lower levels. Gorman also expressed his support for in-lieu fees at the extremely low levels.*

*Eileen Samitz: Samitz urged the Commission to ask staff if students are included in the HUD numbers referenced in the staff report. She also reiterated that the Finance and Budget Commission should review the economic analysis.*

*Lawrence Shepard: Shepard highlighted the notion that different housing types have different costs. He urged the Commission to consider rewarding creativity.*

*Mary Jo Bryan: Bryan underscored the need for a more broad community discussion about its commitment to affordable housing and how it can meet the range of resident needs.*

**Commission Discussion:**

*Similar to the appropriate percentage question, the Commission expressed the difficulty in answering this question given the lack of data and context. The Commission did generally agree that a target mix is appropriate because it provides a suggested parameter, but still allows for flexibility. One Commissioner underscored the need to serve the middle income category and shared examples from two California cities where the middle income category was incorporated into their inclusionary housing ordinances.*

**4. Should the City accept land dedication or fees in lieu of on-site affordable housing?**

**Public Comment:**

*Connor Gorman: Gorman suggested the concept ties into the question of density. He expressed his general support for land dedication and in-lieu fees—in particular when services are needed, but stated \$75,000 is too low.*

*Larry Gunther: Gunther acknowledged that there are reasons to allow these options, but the options should not be a means to get out of the inclusionary requirement. He also expressed that the City needs to increase the in-lieu fee.*

*Greg Rowe: Rowe expressed his support for leaving in the options because they allow flexibility. He encouraged the need to consider*

*project specific details such as what the land preparation costs are when estimating an in-lieu fee.*

*Eileen Samitz: Samitz applauded the Commission's desire to abolish the vertical mixed-use exemption. She also disagreed with staff on whether the Finance and Budget Commission should review the economic analysis. Samitz explained that land use dedication is the best way to go because you get matching funds and increased density. She further elaborated that in-lieu fees should be the last option and the \$75,000 is too low, but ultimately the tools depend on the size of the project and what works best for each project.*

***Commission Discussion:***

*The Commission acknowledged that the allowance of land dedication and in-lieu fees are important tools, but they emphasized the need to better define when the options are appropriate. The Commission discussed the benefits of building up the balance in the City's Housing Trust Fund and the creative ways the City could utilize that money, but cautioned that in-lieu fees cannot be a loophole for developers to avoid building more affordable units. In addition, the Commission encouraged the City to reexamine the in-lieu fee amount, as the current \$75,000 standard seems too low.*

*The Commission also reached consensus that the City should remove the vertical mixed-use and stacked flat condominium exemptions immediately and that the City should explore creative ways to build affordable housing where the onus is not solely placed on private developers.*

*The Commission ultimately made two motions:*

*Valencia moved to issue the following recommendation for City Council consideration with a second by Goldstene:*

- *Extend the interim ordinance by keeping the recommended 15% target affordability and the 5% extremely low/5% very low/5% low income target until the Housing Element update is complete, but consider the following provisos:*
  - *Remove the vertical mixed-use and stacked flat condominium exemptions*
  - *Continue accepting land dedication and in-lieu fees, but develop parameters for when these options are appropriate*
  - *Reexamine the current in-lieu fee amount as it seems too low*

*The motion passed by the following vote:*

*AYES: Goldstene, Kalman, Tomasky, and Valencia*  
*NOES: None*  
*ABSTAIN: None*

*Goldstene moved to further issue the following additional recommendation for City Council consideration with a second by Kalman:*

- *Remove the by-the-bed and by-the-bedroom affordability option*

*The motion passed by the following vote:*

*AYES: Goldstene, Kalman, and Tomasky*  
*NOES: Valencia*  
*ABSTAIN: None*

**C. 3820 Chiles Road Affordable Housing Plan**

*Eric Lee, Planner, Community Development and Sustainability Department: Lee provided an overview of the proposed project as a large traditional project comprised of 225 units or 361 bedrooms targeted toward the workforce. Lee elaborated the affordable housing proposal consists of two options:*

1. *34 on-site units consisting of 5% median income units (11 units) and 10% for moderate income units (23 units)*
2. *Annual contribution to the Housing Trust Fund in perpetuity of at least \$100,000, but based upon difference between market rates and affordable rates*

*Chuck Cunningham, Applicant: Cunningham further elaborated on the project and on the affordable housing plan.*

**Public Comment:**

*Eileen Samitz: Samitz expressed her appreciation for the project design. She reasoned that while the second option is a long-term in lieu fee, the first option one will provide units. Samitz also suggested that the Commission clarify whether the potential renters would be subject to the same income qualification process as other deed restricted affordable units.*

*Connor Gorman: Gorman stated that he likes that the project is catering to a different demographic and he believes there is a need for mid-range affordable housing. He expressed a concern that 15% for a mid-range income is a problem and that it should be higher.*

*Greg Rowe: Rowe expressed his preference for the second option because it allows the City the flexibility to utilize the money as needed.*

**Commission Discussion:**

*Goldstene asked the applicant to clarify the sentence in the affordable housing plan regarding full occupancy and the timing of when the units would become*

*online or when the in-lieu fee payment would kick in. The applicant clarified that in order to maintain the construction loan and sound project economics, the applicant is proposing to not start converting market rate units to the moderate/median income units or paying the in-lieu fee until one full year following the point at which the project reaches full occupancy. The applicant also assured that the potential renters would be qualified the same as other deed restricted affordable housing units within the City.*

*Kalman asked staff to elaborate on how the City allocates Housing Trust Fund dollars and who has discretion over how the funds are spent. Staff answered the Housing Trust Fund is treated like any other fund within the City's overall budget, which means the City Council has approving authority.*

*Kalman asked the applicant to describe how the project is feasible because according to the economic analysis this prototype is not feasible. The applicant responded that the report applies certain assumptions on returns, but the applicant is willing to accept less returns than the assumptions in the report.*

*Valencia asked the applicant to clarify the projections on the potential contribution to the Housing Trust Fund. The applicant answered that at a minimum, the applicant would commit to making an annual \$100,000 contribution, but it will be dependent on market rate rents and changes in area median income over time.*

*Valencia praised the applicant for being creative and trying to offer alternatives. Valencia underscored that if the second option is pursued, the City needs to develop a set of priorities for how to use Housing Trust Fund monies such as affordable housing rehabilitation or down payment assistance.*

*Goldstene expressed that while she likes that the project is workforce oriented and finds the ongoing Housing Trust Fund contribution intriguing, she is concerned about the project's proximity to the freeway.*

*Tomasky expressed her appreciation for the diverse community members this type of housing would attract and the by-the-unit leases. She also liked the plan's creativity and ultimately concluded she has no preference on which option the City should pursue.*

*Kalman explained his preference would be to build units, although he will keep this idea in mind for future projects.*

## **7. Commission and Staff Communications**

### **A. Development Project Update.**

*None.*

### **B. Social Services Commission Work Plan.**

*Staff reviewed the tentative agenda items for December including a follow up*



*discussion on affordable ownership and the potential review of the County application for a proposed new use of Pacifico.*

**8. Adjourn**

*Tomasky adjourned the meeting at 10:10 p.m.*