

TO: Planning Commission
FROM: Ed Gallagher, Community Development Director
SUBJECT: Ad Hoc Committee – Housing Affordability Constraints
DATE: December 9, 2014

NEEDS: For the Planning Commission to form an Ad Hoc Committee to draft a letter from the Planning Commission to the City Council to address housing affordability constraints.

- FACTS:
1. At its meeting of November 25, 2014, the Planning Commission received a letter from Habitat for Humanity informing the Commission that they had to abandon their approved 9 unit development in the 2900 block of Vine Street as they were unable to assemble a portfolio of revenues to cover all development costs.
 2. Several commissioners share a concern that there were a range of factors that appear to be hindering development of new housing for all income levels. Commissioners in attendance at that meeting expressed a desire to form an ad hoc committee to draft a letter from the Planning Commission to the City Council suggesting areas in which the City might think creatively to find alternative solutions to removing/reducing constraints to housing affordability.
 3. The City Attorney has advised that the Planning Commission may form an ad hoc committee, subject to the following parameters:
 - a. Membership: An ad hoc committee may not include a quorum of members of the Planning Commission. Therefore, its membership would be limited to 3 commissioners.
 - b. Duration: Ad hoc committees, by definition, are of short duration. It has been the City's policy that, assuming that their task has not been completed within a year, ad hoc committees be dissolved or re-formed with new members within a year of formation.
 - c. Meetings: Meetings of ad hoc committees need not be public, nor are agendas required.

ANALYSIS &

CONCLUSION: Range of Constraints to be Discussed/Investigated

In drafting a letter to the City Council, the Planning Commission should limit the scope of its recommendations to those constraints listed in Chapter 6 of the Housing Element that are within the City's scope of control. Additionally, with regard to City fees and other conditions, the Commission needs to be aware that the City Council does not generally delegate details of financial matters to advisory bodies. The commission may, however, find that the amount of fees charged may be a factor that discourages residential

development to a point where the supply of housing and its role in economic development is hindered.

Besides fees, the Housing Element lists the following general items as constraints to housing affordability:

- Zoning regulations and development standards;
- Permitting process;
- Off-site Improvements.

The Commission should be aware that the City completed a 3 year process of updating its development impact fees in 2014. The list of public improvements to be funded was reduced. However, it needs to be noted that transportation items paid for by development impact fees represent those improvements identified by the 2011 Circulation Element and its Environmental Impact Report (EIR) as being necessary to mitigate significant environmental effects. Those improvements cannot be removed from the fee list without exposing the City to potential litigation based on conformance to the California Environmental Quality Act (CEQA).

The updated development impact fees for residential permits were reduced. Additionally, the City Council just authorized a contract with a consultant to update water and sewer connection and user fees. Further, the City is presently investigating improvements to the building permitting process.

It should be noted that the City strives to balance several competing needs for economic development. For example, the attraction of new industries that would provide head-of-household jobs is strongly influenced by the ability of the City to provide well-planned and attractive improvements, and a variety of services, all of which tend to have an effect of exerting a degree of upward pressure on the cost of housing.

POLICY

REFERENCE: General Plan (Housing Element)

FISCAL

IMPACT: Efforts to update fees, amend zoning and development standards, and adjust permit processes, will require staff time, which is funded with General Funds. Fee adjustments would have a direct effect on financing of public improvements.

OPTIONS:

- a. Form an Ad Hoc Committee of not more than three planning commissioners with the objecting of drafting of a letter from the Planning Commission to the City Council to address housing affordability constraints
- b. Amend, modify or reject the foregoing option.