

# CITY OF SAN CLEMENTE

## Joint City Council/Planning Commission Minutes

### Adjourned Regular City Council Study Session and Regular Planning Commission Study Session – September 2, 2020

*These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.*

The Planning Commission Study Session of September 2, 2020 was called to order at 6:03 p.m. by Planning Commission Chair Ruehlin. The City Council Study Session was called to order at 6:33 p.m., after a quorum was present. The meeting was conducted via teleconference.

**CITY COUNCIL  
MEMBERS PRESENT**

JAMES, WARD, MAYOR PRO TEM FERGUSON\*

\*Joined Meeting at 6:33 p.m.

**CITY COUNCIL  
MEMBERS ABSENT**

HAMM

**PLANNING COMMIS-  
SION MEMBERS  
PRESENT**

BROWN, BLACKWELL, CRANDELL, KUCZYNSKI, WU,  
CHAIR RUEHLIN

**PLANNING COMMIS-  
SION MEMBERS  
ABSENT**

NONE

**STAFF PRESENT**

Erik Sund, Interim City Manager; Mal Richardson, Assistant City Attorney; Cecilia Gallardo-Daly, Community Development Director; Gabriel Perez, City Planner; Jennifer Savage, Senior Planner; Joanne Baade, City Clerk; Laura Campagnolo, Deputy City Clerk

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**1. Inclusionary Housing Program In-Lieu Fee**

Senior Planner Savage reviewed the contents of the Administrative Report, which is on file with the City Clerk.

Darin Smith and Julie Cooper, of Economic & Planning Systems, narrated a PowerPoint presentation entitled "City of San Clemente Inclusionary Housing

Program Update”, and responded to Council/Commission inquiries. A hard copy of this PowerPoint is on file with the City Clerk.

City Clerk staff read the following public comments:

John Martinez, email dated August 28, 2020  
Rona Henry, email dated September 1, 2020  
Leslie Davis, email dated September 2, 2020  
Barbara J. Thomas, South Orange County Economic Coalition, email dated September 2, 2020  
Michelle Murphy, United Way Orange County, email dated August 31, 2020  
Donna and Warren Vidrine, email dated September 2, 2020  
Stuart T. Anderson, email dated September 2, 2020  
Cesar Covarrubias, Kennedy Commission, email dated September 2, 2020  
Steven C. LaMotte, Building Industry Association of Southern California, Inc.

\*Note: Two comments received from Mark McGuire were previously distributed to Council and the Planning Commission. These comments are part of the public record, but were not read because Mr. McGuire expressly stated that they need not be read at the meeting.

During the course of the Study Session, individual Council and Planning Commission members voiced opinions, raised points, and posed questions. The below notations were raised by at least one Council or Planning Commission member but do not necessarily represent Council and/or Planning Commission majority support:

- The City is not required to have an Inclusionary Housing Program and not all cities have an inclusionary housing ordinance.
- San Clemente is built out; consequently, the City's opportunities for affordable housing development are limited.
- Consideration should be given to the potential impact on mixed-use development if the City were to require each development to build affordable housing within their development.
- The City needs to be careful that efforts to create affordable housing do not significantly impact the scale, aesthetics, density and/or character of the City or burden the City's infrastructure.
- Questioned and received clarification that affordable Accessory Dwelling Units (ADUs) count towards the City's affordable housing inventory.
- The in-lieu fee program should be retained, but the fee raised (possibly from the current rate of 1% of construction cost to 10% or 15% of construction cost) to bring the cost more in line with the cost to actually construct low-income units. Currently, developers yield a higher profit by paying in-lieu fees instead of developing affordable units on site or off site.

- The City currently requires developments of six units or more to pay in-lieu fees of 1% of construction cost or dedicate 4% of its units to Very Low income housing, or 15% of its units to a combination of Very Low, Low, and Moderate Income housing. Consequently, it would not make sense for a developer to actually build an affordable unit unless it is constructing at least 25 units, because a smaller development is only required to contribute a fraction of one unit. High-density developments of 25 units or more are unlikely in San Clemente because it is built-out.
- The City should consider working with Rancho Mission Viejo with regard to possibly using City in-lieu payments to develop affordable housing in Planning Area 8, thereby helping the City reach its affordable housing goals. It was noted that cooperation by Rancho Mission Viejo would be bolstered if the City were to add Planning Area 8 to its sphere of influence.
- The City should consider revamping its development standards to encourage affordable housing development, especially in underutilized areas such as the S. El Camino Real mixed use area.
- The in-lieu fee should equal the affordability gap, not 1% of construction value.
- Questioned why the City would want to have an Inclusionary Housing Program since the program is optional. Staff clarified that the Inclusionary Housing Program is a tool in the City's toolbox to facilitate affordable housing development. It was noted that HCD may view the lack of an Inclusionary Housing Program as a hindrance to meeting affordable housing goals. Additionally, recent State legislation imposes penalties on cities that don't meet their RHNA (Regional Housing Needs Assessment) allocations.
- Consider retaining and revamping the program, and leveraging other funding sources.
- The in-lieu fee calculation should be simple.
- Consideration should be given to expanding the base for the Inclusionary Housing Program. For example, consideration could be given to subjecting condominium conversion projects involving four or more units to the program.
- The consultant should provide information as to how it arrived at its numbers to allow an apples-to-apples comparison with the City's Housing Element.
- Questioned and received clarification that Staff administrative costs associated with in-lieu fees versus actual affordable housing construction are comparable.
- Consideration should be given to whether inclusionary housing can negatively affect the property values of market-rate housing.
- Incorporation of an Inclusionary Housing Program in the City's Housing Element helps the City to achieve a complete General Plan.
- ADUs help to provide Moderate-Income housing, but not Very Low and Low Income housing.

- Affordable housing helps businesses by providing housing opportunities for their work force. Moreover, moderate-income individuals, such as teachers and first-responders, benefit from affordable housing opportunities.
- El Camino Real could be difficult to redevelop due to parking requirements, sensitivity, and other constraints.
- The Inclusionary Housing Program should be tailored specifically for San Clemente as opposed to using Orange County standards. (It was noted that RHNA goals are based on County standards.)
- It would be helpful to invite the Jamboree Housing Corporation to report to Council and the Planning Commission at a joint Study Session relative to factors that work, and do not work, in terms of affordable housing development.
- Consideration should be given to incentives that could be offered to encourage developers to build units instead of contributing in-lieu fees.

**2. ORAL COMMUNICATIONS**

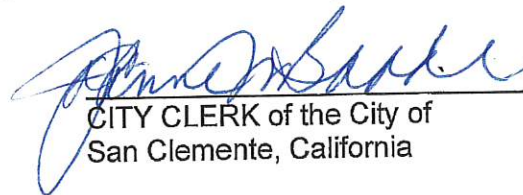
None.


**3. RECESS OF PLANNING COMMISSION/ADJOURNMENT OF CITY COUNCIL**

MOTION BY MAYOR PRO TEM FERGUSON, SECOND BY COUNCILMEMBER JAMES, CARRIED 3-0, to adjourn at 8:09 p.m. The next Regular Council Meeting is scheduled to take place on September 15, 2020. Closed Session items will be considered at 5:00 p.m., and the Regular Business Meeting will commence at 6:00 p.m.

The Planning Commission recessed to its Regular Meeting of September 2, 2020, which will commence immediately upon the conclusion of this Study Session.

  
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MAYOR PRO TEM of the City  
of San Clemente, California

  
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CITY CLERK of the City of  
San Clemente, California

  
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CHAIR of the Planning Commission  
of the City of San Clemente,  
California