

Joint City Council/Planning Commission Minutes

Adjourned Regular City Council Study Session and Adjourned Regular Planning Commission Study Session – December 16, 2020

City Council Members

Present: Chris Duncan, Steve Knoblock, Mayor pro tem Gene James, Mayor Kathy Ward

City Council Members

Absent: Laura Ferguson

Planning

Commissioners Present: Donald Brown, Barton Crandell, Chris Kuczynski, Chair pro tem Zhen Wu, Vice Chair Michael Blackwell, Chair Jim Ruehlin

Planning Commissioners

Absent: None

Staff Present:

Cecilia Gallardo-Daly, Community Development Director; Erik Sund, Interim City Manager; Scott Smith, City Attorney; Gabriel J. Perez, City Planner; Jennifer Savage, Senior Planner; Laura Campagnolo, Deputy City Clerk; Eileen White, Recording Secretary

The Joint City Council/Planning Commission Adjourned Regular Study Session was called to order at 5:30 p.m. by Mayor Ward. The meeting was conducted via teleconference.

1. Oral Communications (Part 1)

None

2. Inclusionary Housing Program and In-Lieu Fee Update (2nd Session)

Jennifer Savage, Senior Planner, narrated a PowerPoint Presentation entitled, "Inclusionary Housing Program, 16 December 2020, Joint Study Session." A copy of the presentation is on file with the City Clerk's office.

Laura Archuleta, President and CEO of Jamboree Housing, summarized the City's past experience building affordable housing with Jamboree Housing; responded to Councilmembers/Commissioners questions.

Sharon Ellis, CEO of Habitat OC, narrated a PowerPoint Presentation entitled, "Habitat OC Overview" dated December 16, 2020. A copy of the presentation is

on file with the City Clerk's office. Additional comments/responses to questions were provided by Troy Hendrickson, Vice President of Development, Habitat OC; Chris Baiocchi, Vice President of Fund Development, Habitat OC; James Gerrard, Government Relations Coordinator, Habitat OC.

Darin Smith and Julie Cooper, of Economic and Planning Systems, responded to Council/Commission inquiries; requested direction for moving forward to update the ordinance and improve strategies to meet inclusionary housing goals.

During the ensuing discussion, Council Members and Planning Commission Members, either individually or in agreement, provided the following commentary:

- Established that smaller projects could be economically feasible if they shared the same management personnel and were able to utilize the same amenities/programs/support system as larger projects.
- The cost of land must be zero or very small in order to build very low or low-income units.
- The City has sent correspondence to SCAG to clarify the RHNA numbers calculations.
- The City is currently built out and what little land left is very high cost; commented that the higher percentage/increased in-lieu fees are a large financial burden on small developers.
- Established from staff that the City will be looking for opportunities to expand or create new affordable overlays in order to meet its RHNA allocations.
- Established that the City is interested in exploring ways to use its ADU units to meet RHNA numbers.
- Requested staff research actions/regulations undertaken by the City of Encinitas with its ADU units and report back.
- With the dramatic changes in the work from home dynamic due to the COVID-19 pandemic, it's possible the need for affordable housing within distance of work location may change as well, and there may be significant changes to State regulations as a result.
- Established that although the City had a 15% inclusionary housing requirement in the 1980's, the percentage was reduced to 4% because the City was meeting the needs of moderate- and low-income housing demands.
- If there is a shortage of housing, the City needs to make it easier for developers to add housing, not more difficult by increasing the percentage of inclusionary housing required and increasing the in-lieu fees.
- Established from staff that if the City is unable to meet its inclusionary housing goals/mandates, the City may have less control/discretionary approval over projects going forward.
- There is not enough developable land in the City to develop the remaining 212 units needed to satisfy the last RHNA allocations.

- If the City's parking requirements were revised to reflect less demand for parking due to changing shopping habits, there's potential that areas of land currently used for parking could be rezoned for affordable housing; Developers need to pay higher in-lieu fees and have higher percentages in order to support the City's affordable housing demands; the City has to show it's making realistic efforts to meet its housing goals.
- Efforts to use ADU housing to satisfy the City's RHNA goals involves partnerships between the City and private residents which would be inappropriate and potentially lead to rent control; developing an easier way to calculate in-lieu fees should help subsidize land purchase for affordable housing; speculated the largest affordable housing development that could be developed on existing vacant land would house 10-20 units at best; suggested 10% inclusionary fee for a start.
- The in-lieu fee should be a simple formula that is easily calculated.
- Established from the consultants that one way to encourage actual construction of inclusionary units is to increase the fee to an amount closer to actual construction costs; rather than a percentage, the fee could be based on the number of units, such as \$10K per unit.
- When the pandemic is over, studies should be conducted to consider land use changes and adaptive reuse, which could lead to rezoning of individual areas; infrastructure impacts also have to be considered, such as potential impacts on available resources, parking, traffic, etc.; at this time, not enough information is available to plan or make commitments.
- Determining a percentage-based fee is preferable to a fixed fee as it will be tied to the market rather than establishing an amount based on today's construction costs.
- The City should focus on how to help people build projects rather than focus on getting more money from developers; many cities do not charge in-lieu fees; the City may want to consider eliminating the fees.
- Fees and amenities are required from developers building anywhere; past practices have resulted in the inclusionary housing units the City has available today.
- If the City does not charge fees from builders, the City may be required to build its own inclusionary housing.
- Intensive management, monitoring, and oversight are important factors when developing or designating inclusionary housing.
- Requested the consultants come back with the additional information requested, alternatives, and paths to move forward.
- Underutilized commercial space may be a viable option for increasing available land for inclusionary housing; additional information on this concept is needed.
- The City should be incentivizing developers to provide more housing, not penalizing them with high inclusionary housing percentages and high in-lieu fees.

Deputy City Clerk Campagnolo read the following public comments:

Bill Kreutinger, email dated December 16, 2020
Cesar Covarrubias, Executive Director, The Kennedy Commission, email dated December 15, 2020
Steven LaMotte, Building Industry Association of Southern California (BIASC) Orange County Chapter Executive Officer, email dated December 16, 2020
Kathy Esfahani, email dated December 16, 2020
Elizabeth Hinds, email dated December 13, 2020
Denise Fleury, Rick Dibello, email dated December 13, 2020
Rev Kent Doss and Rona Henry, Tapestry Unitarian Universalist Congregation, email dated December 14, 2020
Ryan Lenney, email dated December 12, 2020
Deana Gullo, email dated December 11, 2020
Bill Hart, email dated December 16, 2020
Irene McKeown, email dated December 15, 2020

Bill Kreutinger, Cesar Covarrubias, Kathy Esfahani, Elizabeth Hinds, Denise Fleury, Rick Dibello, Rev Kent Doss, Rona Henry, Ryan Lenney, Deana Gullo and Irene McKeown supported a 15% inclusionary housing percentage and an increased in-lieu fee to between 3-5% in order to increase the number of affordable housing units built as well as increase the gap subsidy needed to create affordable housing that is not built as part of the development.

Bill Hart commented that mandated inclusionary housing is government confiscation of private property and/or wealth transfers; urged a suitable but not overboard response to State requirements.

Steven LaMotte, opposed Inclusionary Zoning and encouraged the City to reduce or eliminate the Inclusionary Zoning requirement.

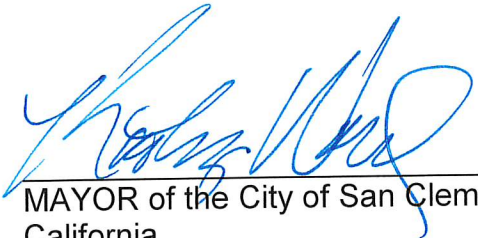
3. Oral Communications (Part 2)

None

3. Adjournment

IT WAS MOVED BY MAYOR WARD, SECONDED BY COUNCILMEMBER JAMES AND UNANIMOUSLY CARRIED to adjourn at 8:42 to the next City Council Meeting to be held on January 19, 2021, with Closed Session items considered at 5:00 p.m. and Regular Business Meeting commencing at 6:00 p.m. via teleconference.

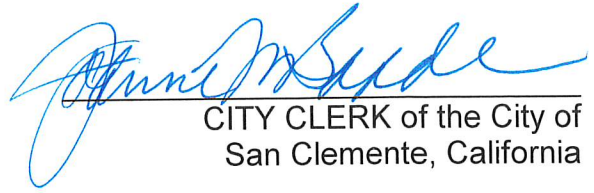
IT WAS MOVED BY CHAIR RUEHLIN, SECONDED BY COMMISSIONER BROWN AND UNANIMOUSLY CARRIED to adjourn at 8:42 p.m. to the next Planning Commission Meeting to be held on January 20, 2021, starting at 6:00 p.m. via teleconference.



MAYOR of the City of San Clemente,
California



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



CITY CLERK of the City of
San Clemente, California