

TO: El Dorado County Board of Supervisors
FROM: John Litwinovich, Director of Human Services
DATE: July 24, 2007
SUBJ: Measure HO-C Staff Report

The following is an update on General Plan Housing Element Measure HO-C implementation activities. The attached Options Report on Measure HO-C from Pacific Municipal Consultants (PMC) is the subject of a presentation to the Board of Supervisors on August 14, 2007. This report also contains recommendations from the Affordable Housing Task Force and comments from the Planning Commission meeting held May 10, 2007.

As with the development of any report where data is gathered from numerous sources, there is much room for discussion and interpretation. Persons who may have additional information or insights on this subject are encouraged to contact Human Services staff to discuss the content of this report and to convey any questions or concerns. An appointment may be made by contacting Joyce Aldrich at (530) 642-7276.

Human Services and Development Services staff wish to express appreciation to the many individuals who took the time to participate in the Affordable Housing Task Force and to develop the data which went into this report. In so doing, they have contributed to the discussion and to a well-informed decision making process.

Human Services Recommendations:

1. Board receive and file the Consultant's (PMC) Options Report and the Task Force Recommendations in preparation for the August 14, 2007 presentation.
2. Direct staff to establish an application process and format for the Housing Advisory Committee that would allow for appointments by the Board.
3. Direct staff to return to the Board with recommended composition of the Housing Advisory Committee based on completed applications within 5 weeks.
4. Human Services and Development Services continue with the development of an Affordable Housing Ordinance based on direction from the Board of Supervisors upon receiving options from the Consultant, Planning Commission, Task Force and public.
5. Direct Human Services and Development Services to address current barriers to the development of affordable housing through review and recommendations for modification of current County policies, procedures and ordinances including the Housing Element update scheduled for June 2008 and possible amendments to the 2004 General Plan.

Background

General Plan Policy HO-1F requires the County to encourage new or substantially rehabilitated discretionary residential developments to provide for housing that is affordable to low and moderate income households.

Measure HO-C of the General Plan Housing Element states: *“The County shall establish a task force to explore options that will encourage and assist in the development of affordable housing. One option to be considered is an inclusionary housing ordinance that encourages that a percentage of units in market-rate developments be affordable to very low, lower, and moderate income households. This ordinance may examine the following methods to provide affordable housing: 1) Construction of housing on-site; 2) construction of housing off-site; 3) dedication of land for housing; and 4) payment of an in-lieu fee. Development of this ordinance requires an analysis of the following variables:*

- A. Limiting the application of the ordinance to developments exceeding a certain size.*
- B. Percentage of housing units required to be set aside as affordable and their level of affordability.*
- C. Design and building requirements.*
- D. Timing of affordable unit construction.*
- E. Determination of a fee in lieu of developing affordable units.*
- F. Developer incentives, such as cost offsets.*
- G. Administration of affordability control.*

The Departments of Human Services and Development Services are the responsible parties for this measure. The expected outcome of this measure is the identification of new or additional means to encourage and assist in the development of affordable housing.

The Department of Human Services applied for and received a Community Development Block Grant Planning and Technical Assistance Grant in June 2005 for the purpose of providing an affordable housing development study to explore options that will encourage and assist in the development of affordable housing. Subsequently, PMC was hired through an RFP process to research and prepare an Affordable Housing Options Report for El Dorado County.

On January 17, 2007 the first Affordable Housing Task Force meeting was convened for persons interested in the process of developing options to encourage and assist in the development of affordable housing in our County.

The Development Services and Human Services Departments, along with PMC, attended the Board of Supervisors Workshop meeting on January 29, 2007 to present initial findings of this report and to obtain public and Board comment.

The Affordable Housing Task Force has met approximately two times per month since January to discuss options for achieving affordable housing in the unincorporated area of El Dorado County. Task Force comments are attachments to this report.

Analysis of Current Demand

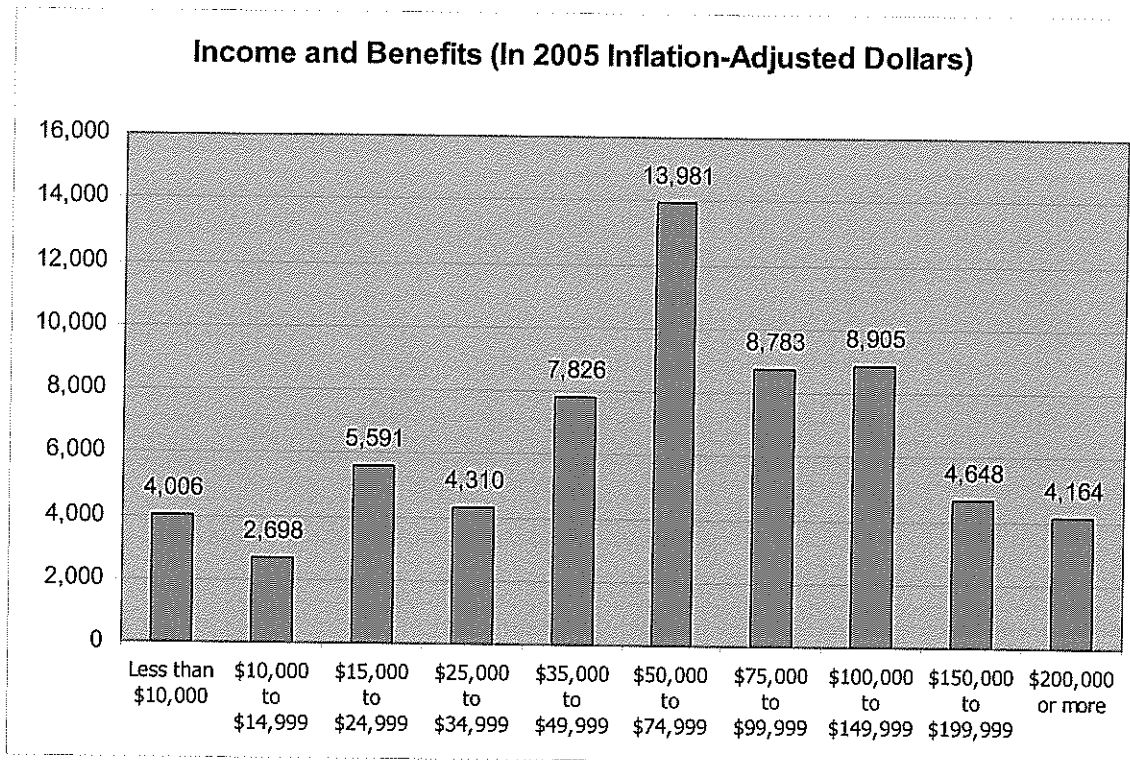
Currently, in El Dorado County the median income for a household of four is \$67,200 (*2007 State Income Limits effective 3/20/07*). A household of four that meets the low-income criteria can earn up to \$53,750 per year. For example, using County employee job classifications, of the 588 classifications, approximately 59% are in this low-income range. Additional similar positions throughout the County may include teachers, safety personnel, grocery clerks, medical and dental assistants, etc. On average a household has to have a minimum of \$6,000 in savings in addition to earning \$24.00+ per hour in order to qualify for their first home purchase in our County.

Although the County has a first-time homebuyers program, the waiting list has more than 150 families currently on it with more calling weekly to be placed on the list in hopes of owning their first home. The demand for this type of program far exceeds opportunities available.

Moderate-income households of four, also in need of 'affordable housing' in our County, earn from \$53,750 per year up to \$80,640 per year. At 35% of their income they can afford to borrow from \$205,000 up to \$305,000 for the purchase of their first home.

In considering rental housing needs, the income for a household of four at the 60% median level is \$40,320, or equivalent to \$19.38 per hour. Most apartment complexes that fall within the 'affordable range' are the 60% tax credit complexes meaning these families can earn up to \$19.00 per hour and qualify for 'affordable or low-income housing.'

Following is a chart that shows the income distribution of County households in 2005.



El Dorado County Median Household Income
Table Source: 2005 American Community Survey; El Dorado County

As the County proceeds with the required update to the Housing Element of the General Plan, a needs analysis will be completed. This will include an assessment of resident income levels as well as an inventory of vacant land within the unincorporated area of the County that may provide the opportunity for development of residential units as required by the State Housing and Community Development Department. Although further analysis is necessary, in an initial review of the County's current vacant land inventory there is concern that there may be an inadequate amount of land set aside to meet the projected need.

Providing for housing that meets the needs of existing and future residents in all income categories is necessary when building a strong economy that supports vibrant communities. As is demonstrated above, many households and families in El Dorado County meet the affordable housing criteria. In addition, housing prices have become a limiting factor in hiring of personnel for both the County and other local employers. An Affordable Housing Ordinance could ensure more opportunities for rentals and home ownership and for families to live and work in the same community.

Scope of Project

The PMC Draft Options Report included the following:

- A review of fifteen (15) Housing Elements with affordable housing measures;
- A review of jurisdictions' Housing Elements similar to El Dorado County, and their use of 'inclusionary housing' and other affordable housing measures including benefits and drawbacks of those methods;
- Consideration of alternatives to inclusionary housing, including but not limited to, in-lieu fees, density bonuses, and waivers/modifications of planning standards;
- Recommendations about which methods or combination of methods that could be most effective in assisting El Dorado County.

Following establishment of the Task Force in January 2007, semi-monthly meetings have been held to address options presented by PMC and further develop a list of recommendations to bring back to the Board. This effort demonstrates the commitment from regular attendees to the Task Force meeting to see affordable housing put on the ground in the unincorporated areas of El Dorado County.

Development Services and Human Services staff have facilitated those meetings in order to provide feedback to PMC during their development of the Options Report.

Development Services and Human Services staff, along with PMC, Task Force members and members of the community interested in seeing the development of affordable housing have reviewed PMC's Options Report and provided comments and recommendations.

Board of Supervisors and Planning Commissioners Comments

Suggestions and comments were received from the Board of Supervisors on January 29, 2007 and from the Planning Commission on May 10, 2007.

Board of Supervisors member comments included:

- Consider a program by geographic areas of the County; pairing of incomes to the programs;
- Include wide-spread public involvement;
- Receive recommendations through an Affordable Housing Task Force;
- Consultant should review other jurisdictions in the region to learn from their program experiences; and
- Provide many options other than a typical affordable housing percentage requirement.

Planning Commission member comments included:

- Review possible County contributions to solving the problem;
- Include a mix of rental units and for-sale units but avoid home owners loss of equity due to deeded restrictions on for-sale units;

- Increase incentives (i.e. modification in development standards, fee waivers, etc) for smaller homes;
- Streamline development review process, thereby reducing impacts;
- Formalize Housing Task Force;
- Limit concentration of affordable units within communities.

Results of Affordable Housing Options Study including summary of PMC Recommendations

The PMC Options Report is an attachment to this report (Exhibit A). During its presentation, PMC will make recommendations and address any comments or questions. Their principle recommendations involve providing alternatives for the development of affordable housing. The options discussed in detail in the report include:

1. Second Dwelling Units
2. Land Dedication
3. Fee Program - Affordable Housing Trust Fund
4. On/Offsite Construction

Task Force Recommendations

Although six months was a limited timeframe within which to research and address the range of issues and concerns of an affordable housing ordinance, it was adequate time for the Task Force to have an impact on the issues listed above and to develop, through a consensus process, the following list of recommendations to the El Dorado County Board of Supervisors. Importantly, the Task Force noted that the affordable housing shortage is a State, County and community problem, and that addressing the affordable housing shortage should not be the sole responsibility of developers.

Key recommendations from Task Force members include:

1. The County should contribute to meeting the County's housing needs through modification of policy, procedures and funding or a combination thereof to streamline the residential development review process and provide much needed incentives to build affordable housing. The County's responsibility in addressing affordable housing issues should require the review and possible adjustments to current policies, procedures, ordinances, and possible revisions to the 2004 General Plan that will aid in:
 - Identifying sites particularly suited for affordable housing as part of the land use process;
 - Implementing an express review and approval process for residential development projects with an affordable housing component;
 - Expediting the residential review process to reduce uncertainty and delays;
 - Allowing for more flexibility, creativity and innovation;
 - Creating incentives to build affordable units (may include creating affordable housing standards, reduced, deferred and/or waived fees, etc);

- Encouraging Mixed-Use Development where appropriate as a means to provide affordable units for workforce, moderate, low, and very low-income households;
2. The Chief Administrative Officer should designate at least one experienced staff member from each of the departments listed below to provide technical assistance and direction on affordable housing issues. In addition, the CAO should designate a team leader who assists in expediting the process and reports back to the CAO in all matters pertaining the development of affordable housing;
 - Economic Development
 - Planning/Development Services
 - Department of Transportation
 - Housing Authority
 - Environmental Management
 - County Counsel
 3. The Chief Administrative Officer should bring all pertinent agencies together including those outside of County departments including, but not limited to:
 - Transit
 - Water purveyors
 - Fire
 - Schools
 - Public utilities
 4. The County should continue to research and apply appropriate examples of policies, procedures and programs from other communities that may be adaptable to El Dorado County;
 5. The County should concentrate on jobs/housing affordability to build units that address specific needs in the community;
 6. The Board of Supervisors should formalize a Housing Advisory Committee representing a broad spectrum of interests with the following goals:
 - Work toward the development of an Affordable Housing Ordinance;
 - Educate County residents about the realities of “affordable housing” in an effort to:
 - Promote awareness that the lack of affordable housing affects families earning up to 120% of the median household income which includes teachers, nurses, public safety personnel, office/restaurant/grocery clerks and others for whom owning a house in El Dorado County is nearly impossible;
 - Eliminate the stigma attached to words like low-income, affordable, and workforce housing by providing factual numbers (income data) that pertain to the majority of El Dorado County citizens. Perhaps new terminology is needed to help ease concerns.
 7. The Housing Advisory Committee should perform the following functions:
 - Act in an advisory capacity to the Board of Supervisors and to the Development and Human Services directors in regard to the existing housing needs and problems of the residents of the County;

- Develop a set of criteria for evaluating affordable housing strategies identified by the Housing Advisory Committee;
 - Formulate and recommend to the Board of Supervisors general policies or standards related to the administration of County regulations that have an impact, direct or indirect, on the development of affordable housing;
 - Formulate and recommend to the Board of Supervisors new programs or procedures that will provide increased opportunities for affordable housing for the residents of the County;
 - Provide assistance to the planning staff, Planning Commission, and Board of Supervisors during all reviews and updates to the County Housing Element, and portions thereof;
 - Act in an advisory capacity to the Board of Supervisors and to the Development and Human Services directors in regard to implementing programs contained in the Housing Element, including the establishment of priorities.
8. The Housing Advisory Committee should serve in an advisory capacity for Housing Element updates.

In addition to these recommendations, individual Task Force members and community members have submitted their comments and recommendations. Comments received by the date of this report have been attached as Exhibit B.

El Dorado County Affordable Housing Task Force Roster

<u>Name</u>	<u>Organization</u>
John McCoy	League of Women Voters
Don Barnett	Lennar
John Costa	BIA
Rich Meagher	Affordable Housing Coalition
Ted Marfia	Association of Realtors
Andrea Brown	Parker Development Co.
Noah Briel	Bass Lake Landowners
Kathi Lishman	
Barbara Smiley	Affordable Housing Coalition
Kathy Waldie	
Bev Van Meurs	Affordable Housing Coalition/League of Women Voters
Rick Lawton	Countrywide Home Loans
Steve Ferry	Folsom Lake Realty/Association of Realtors
Norm Rowett	El Dorado County LAFCO
John Hidahl	
Art Marinaccio	CEMO Commercial
Danell Brewster	S.A.G.E.
Jeff Riley	Mercy Housing California
Eric Straatsma	Affordable Housing Coalition/Coldwell Banker
Stephan Daues	Mercy Housing California
Joel Sklar	J & J Vineyard
Kim Beal	Association of Realtors
Bonnie McLane	Foster Parent Association
John Mancano	Ethika Foundation
Dianna Hillyer	El Dorado Hills Community Services District
Zack Schmidt	Sun Equity Development
Mark Weiner	Village Concepts, Inc.
Richard Boyle	
Michelle Witt	Open Line Foster Family Agency
Christa Heflin/Campbell	Rainbow Orchards/Carson CAC/Apple Hill
Kathye Russell	Business Alliance
Ray Bonsall	Aspen Realty El Dorado
Michael McDougall	MJM Properties, LLC
MaryAnn Argyres	Apple Hill Growers
John Thomson, Ph.D.	Bass Lake Action Committee
Carolyn Doty	CP/SS Chamber of Commerce

Penny Ball

Kathy Prevost

Ray Myers

Laurel Brent-Bumb

Debbie Manning

Linda Mott

Janice Kennedy

Kaye Cover

Rick Cramer

Mike Roberts

Scott Bowman

Nancy Campbell

Jim Carney

David Storer

Dr.W. Boone Mora

Cindy Shaffer

League of Women

Voters/Affordable Housing Coalition

El Dorado County Chamber of
Commerce

El Dorado Hills Chamber of
Commerce

El Dorado Builder's Exchange

Groundworks Development Services

Village Life/Mountain Democrat

Bowman Commercial Properties

League of Women Voters

PMC

D.A.S.