

INTRODUCTION

On Monday, June 1, 2009, the following members of the Inclusionary Housing Stakeholder Committee Meeting met for the first time:

Panama Bartholomy	Sacramento Planning Commission
Joan Burke	Loaves and Fishes
Pastor Frank Espegren	ACT (Sacramento Area Congregations Together)
Kevin Greene	Downtown Partnership
Brandy Kollenborn	District 1
Paul Noble	District 3
Jessie Reese	District 8
Shamus Roller	SHA (Sacramento Housing Alliance)
Richard Sickert	District 2
Mark Stivers	SHRC (Sacramento Housing and Redevelopment Commission)
Eric Sunderland	District 6
Joany Thitherington	District 5

Absent were Committee Members Don Bunn, District 7; Bob Lawler, St. Anton; Will Leighton, Centex Homes; David Nybo, Infill Developer; Dennis Rogers, BIA (Building Industry Assn.); Dan Weitzman, District 4

Also present were:

Cindy Cavanaugh, SHRA Assistant Director
Emily Halcon, SHRA Management Analyst
Greg Bitter, City of Sacramento Community Development Department
Tom Pace, City of Sacramento Community Development Department
Greg Sandlund, City of Sacramento Community Development Department
Sabina Gilbert, City Attorney's Office

The meeting was facilitated by Laura Mason-Smith, of Mason-*Smith* SUCCESS STRATEGIES. Outlined on the following pages is a summary of meeting results.

**INCLUSIONARY HOUSING STAKEHOLDER COMMITTEE
MEETING #3 SUMMARY, Monday, June 1, 2009**

MEETING PURPOSE

Greg Bitter, City of Sacramento Community Development Department, and Emily Halcon, SHRA, welcomed the Committee members and Laura Mason-Smith, the facilitator, reviewed the agenda and clarified the purpose of the evening's meeting as:

- Understand the role of Inclusionary as one of the tools for Affordable Housing
- Understand the purpose, value, and challenges of density and affordability in Infill Development
- Provide Committee member input on initial staff thoughts related to the topics of Density and Ordinance Geography

GROUND RULES FOR WORKING TOGETHER

The Committee reviewed the ground rules for working together effectively that were adopted at the first meeting:

- *Start and end on time*
- *All ideas are valid*
- *Listen for understanding and show respect for all*
- *Clarify issues*
- *Differences are to be understood and acknowledged rather than argued*
- *One speaker at a time – no side conversations*
- *Hear from everyone – no one person dominating*
- *Use the "Hand Signal" if the discussion appears to be off track*
- *Turn phones to off or silent until breaks*

THE ROLE OF INCLUSIONARY IN AFFORDABLE HOUSING

Emily Halcon explained the role of Inclusionary Housing as only one of 93 programs to support affordable housing. The Inclusionary Housing Ordinance and program links the market rate to affordable units. This program is reliant on and compliments the market; typically, it is not for special needs or rehabilitation. The Inclusionary Housing program is very important and productive, especially in a boom economy. Over 12,000 Inclusionary Housing units (over 200 apartment complexes plus single family units) have been built since the Ordinance was adopted.

A Q&A with the Committee followed (*answers shown in italics*):

1. Are SRO's reflected in these numbers? *Most SRO units are not regulated and, therefore, are not included.*

INCLUSIONARY HOUSING STAKEHOLDER COMMITTEE

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2. Why do we have less than the 15% Inclusionary Housing units specified in the Ordinance? *Many projects were exempted when the Ordinance was adopted because they were already in progress.*
3. Where does all the infill lie? *The majority of units are in the downtown.*
4. What is "public housing?" *There are approximately 3,000 units of public housing owned and operated by the Housing Authority. Rent is tailored to the resident (they pay 30% of income). The average resident makes 7% of the median income. No new public housing is being developed.*
5. If it there is unlikely to be more public housing developed because the Federal government no longer funds public housing, how do we serve extremely low income? *State Multi-Family Housing Program (MHP), 9% Low Income Housing Credits, vouchers (both tenant based and project based), permanent supportive housing, SHRA developed projects such as SRO replacements, and units through the Ten-Year Plan to End Chronic Homelessness.*
6. What is Section 8 (Housing Choice Vouchers)? *Approximately 11,000 individuals and families have housing vouchers in the City and County. The vouchers pay the difference between the market rate and what they can afford (30% of income). Typically, vouchers move with the renter rather than stay with the property.*
7. What is HUD's focus now? *In the 1980's it was Section 8 housing; now it is Community Development Block Grants, Home Investment Projects, and homeless funds.*
8. What does SHRA have on the horizon, and what is planned? *This will be discussed in the Rental Housing Workshop.*
9. Other questions not related to the Inclusionary Housing Ordinance topic:
 - a. Can we quantify the unmet need regarding ELI now and projected and then look at special needs housing? What's the total need as a % of projected growth?
 - b. How can we quantify need without a residency requirement; we shouldn't encourage growth to attract people to our community.
 - c. What is Section 42?

INFILL DEVELOPMENT -- PURPOSE, VALUE, AND CHALLENGES OF DENSITY AND AFFORDABILITY

Tom Pace reviewed with the committee the purpose, value, and challenges of density and affordability in Infill Development. The purposes of infill development are to:

- Preserve farmland;
- Revitalize developed areas with small parcels of undeveloped land; and
- Make better use of investments in infrastructure.

The highest density projects are most encouraged for downtown, around light-rail stations, and in commercial corridors with vacant land (for mixed-use and/or residential projects).

Some challenges related to dense infill development as opposed to greenfield development are:

- It is much more expensive to build; it has very expensive construction methods and materials (many times more expensive than greenfield development).
- It is more complicated, because it is in tight, constricted areas.
- Infrastructure issues, such as water pressure, sewage capacity, elevators, drainage, parks, more scrutiny from neighbors, and more time required for outreach prior to building.
- Different requirements.

A Q&A with the Committee followed (*answers shown in italics*):

1. Will development in the stronger areas spread out to the weaker areas?
Yes, hopefully
2. What does the term "poverty" equate to? *The Census definition is based on national thresholds close to ELI. Poverty is defined in many ways, but generally the definition is "really, really poor."*

COMMITTEE INPUT

Emily Halcon reviewed with the Committee the "white papers" on Citywide Application and Density/Affordability as well as the Initial Staff Thoughts (see attached).

The Committee then split into two groups to provide input on the Initial Staff Thoughts (see next page):

Questions	Green Group	Black Group
CITYWIDE		
1. Should an Inclusionary obligation apply outside of the New Growth areas?	Yes	Yes, support Citywide expansion in some form (transportation, growth trends, shared burdens)
2. If so, where should an obligation apply or where shouldn't an obligation apply and why?	Redevelopment will see growth. Project Inclusionary vs. Affordable in the redevelopment area. What units downtown don't have affordable?	We're suspicious of omitting high-poverty areas: *seems to make some areas better than others; *should contribute as all developers contribute; and *bring more housing options.
3. Should there be different options based on geography?	Should be Citywide with exemptions and in-lieu fees.	As opposed to geography, development types are a good way to distinguish application of policy; in-lieu fee to apply Citywide.
DENSE PROJECT IMPLICATIONS		
Given the difficulty of providing affordable units in dense projects, especially dense homeownership projects, what are some alternative ways to comply with an inclusionary obligation for dense developments?		
1. Apply inclusionary when the market recovers.	No, don't wait for a trigger date.	We may have to trigger all inclusionary housing policies to economic recovery (not just dense projects).
2. Require dense projects to allow a "buy in" for affordability.	No; use an in-lieu fee.	Dense projects are too difficult (homeownership, high-rise condo); dissenting opinion as to whether there should any buy-in as an option to purchase affordable units.
3. Allow dense projects to pay an in-lieu fee.	Yes, but there should be different in-lieu fees for different sized projects (different densities).	In-lieu fees are good (tied to appropriate economic indicators).
4. Allow dense projects to comply off-site.		
5. Allow dense projects to rehabilitate affordable units.		

INCLUSIONARY HOUSING STAKEHOLDER COMMITTEE

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NEXT STEPS AND CLOSE

Emily Halcon highlighted that the Bus Tour of Affordable Housing in Sacramento will be held on June 20, 2009. Details of the Tour will be sent to all participants.

The next Committee meeting will be in the SHRA office at 600 I Street, 1st Floor Commission Room, on Monday, June 22, 2009, from 5:30-8:30 pm (food available at 5:00 pm). A white paper on the meeting topic – Homeownership Outcomes and “Natural” Affordability -- will be distributed with the agenda prior to the next meeting. The SHRA and City staff thanked the participants, and the meeting concluded at 8:30 pm.