

CITY COUNCIL COMMITTEE

SPECIAL MEETING

HOUSING & ECONOMIC DEVELOPMENT

Dan Helix, Chair

Ron Leone, Committee Member

5:30 p.m., Monday, November 30, 2015

**Building D, Permit Center Conference Room
1950 Parkside Drive, Concord**

- ANNOTATED AGENDA -

ROLL CALL: All present

STAFF PRESENT: Jovan Grogan, Deputy City Manager; Victoria Walker, Director of Community and Economic Development; Laura Simpson, Planning Manager; Joan Ryan, Senior Planner and John Montagh, Economic Development & Housing Manager

MEMBERS OF THE PUBLIC WHO ADDRESSED THE COMMITTEE: Jessica Sheldon, RCD (Agenda Item #1); Kevin Leichner, Eden Housing (Agenda Item #1); Matt Leber, EBHO (Agenda Item #1); Jackie Seeno, Seeno Construction/Cyrus Land (Agenda Item #1); David Jones, Argent Concord; LLC (Agenda Item #1), Scott Bohrer, Browman Development Company (Agenda Item #1);and George Fulmore, Concord Resident (Agenda Item #2).

PUBLIC COMMENT PERIOD: None.

1. **REVIEW** –the Inclusionary In-lieu Fee Residential Nexus Analysis. Report by Joan Ryan, Senior Planner.

ACTION: Joan Ryan presented a report sharing the background of the Inclusionary Housing Ordinance and In-Lieu Fee, as it relates to the City’s Housing Element Update, adopted at the beginning of the year. Joan also reviewed the history of the ordinance and the initial in-lieu fee and reduction of fees in 2010, due to the housing recession. She then introduced Kate Funk and Harriet Ragozin with Keyser Marston to present their conclusions from the Nexus Analysis and Financial Feasibility study with respect to increasing the City’s In-Lieu fee.

The Committee discussed the proposal. The Committee voiced that they were concerned with prices increasing due to fees. Although they indicated they are committed to affordability

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of units, they had concern that those fees will just get passed onto the buyer and thus raise prices and rents within the City. The Committee encouraged staff to keep the fees as low as possible with incremental steps to ease into the fees. The Committee also urged staff to provide more flexibility and suggested the possibility of a commercial linkage fee. The Committee suggested bringing some alternatives that reflect sensitivity to the margins on large vs. small projects, and also sensitivity to infill projects (typically small). The Committee was concerned with projects that may already be within the planning process, particularly rental projects where feasibility is just on the cusp. The Committee voiced concern with the weak recovery from the recession and noted that additional time may be required with respect to rental projects.

Affordable housing developer representatives (Eden Housing, RCD and EBHO) were present and urged the Committee to support the increases noting that there are very few other tools remaining available to generate funds toward affordable housing. Market rate developers of single family (Seeno) and multi-family projects (Argent Concord LLC, Brownan Development) were also present and stated concern noting that infill sites are typically difficult sites operating on thin margins where additional costs can make or break a project. The developers noted that labor costs and building costs have already been rising recently which makes profitability of multi-family projects in particular within Concord difficult, though this is starting to change. The Committee indicated the next step would be to return to the H&ED Committee with some revisions and alternatives, based on the discussion and comments of the Committee.

2. **CONSIDERATION** – of the Request by Eden Housing to Refinance an Existing Affordable Housing Loan of \$3,431,816 and Obtain a New Loan in the amount of \$1,286,312 to Repair and Renovate Two Apartment Complexes at 1121 Virginia Lane and 1140 Virginia Lane to preserve 91 existing Affordable Housing Units (Affordable Housing Fund). Report by John Montagh, Housing and Economic Development Manager.

ACTION: John Montagh presented the report concerning Eden Housing's request to refinance existing City affordable housing loans and for new funds in the amount of \$1,286,312 to undertake needed rehabilitation and repairs associated with two apartment building located at 1121 and 1140 Virginia Lane owned by Eden Housing. These two apartment buildings provide 91 units of affordable housing to the Concord community. The buildings are more than 50 years old and are in need of a variety of major repairs to preserve the units as affordable into the future. These repairs cost approximately \$16 million. Eden Housing has put together a financial plan that would leverage the City's contribution to obtain an additional \$14 million from outside sources to pay for the repairs.

The Committee discussed the proposal and were supportive of the project, the requested funding, requested refinancing of existing loans and staff's recommendation to take the item to the December 8 City Council meeting for consideration.

3. **ADJOURNMENT** at 7:25 p.m.

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Reviewed by:



Jovan Grogan, Deputy City Manager

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