

WHITE PAPER ON HOUSING
by Steve Goldfarb

I. INTRODUCTION

The current St. Helena Housing Element planning period ends on June 30, 2014. The Housing Element itself consists of two parts: a housing needs assessment and the housing policy document. This White Paper undertakes to evaluate the City's performance against various measures as set forth the Housing Policy Document portion of the Housing Element in the current planning period (July 1, 2009 through June 30, 2014). It also comments on lessons learned to provide suggestions for preparing the Housing Element for the next five-year planning period (starting July 1, 2104).

II. THE 2009–14 HOUSING ELEMENT

A. The Housing Policy Document

A housing policy document states goals, policies, quantified objectives, and implementing actions. The current St. Helena Housing Policy Document included the following:

1. **Goal HE1.J:** "Fast-track housing development that meet lower income and special housing needs."
2. **Goal HE1.N:** "Implement a program to provide financial assistance for the development of second units in exchange for affordability restrictions that will provide workforce housing."
3. **Goal HE2.Q:** "Develop a program to encourage affordable housing in clusters of 4–6 units on Infill parcels on the west side of town. The City will post an inventory of potential sites on the City's web site. In addition the City will explore incentives to encourage affordable housing clusters, including, but not limited to priority permit processing, reduced or waived development fees, reduced parking and/or other City standards, and an additional density bonus."
4. **Goal HE4.M:** "Explore the potential of using Housing Trust Fund money to purchase existing housing for conversion to restricted affordable housing. Priority for use of Housing Trust Fund

monies will be given to the creation of housing affordable to extremely-low-income households.”

5. **Policy HE1.3:** “Ensure that affordable housing gets built.”

6. **Quantified Objective [1]:** “Construct 15 units of housing affordable to Extremely Low-Income households; 15 units of housing affordable to Very Low-Income households; 21 units for Low-Income households; 25 units for Moderate-Income households, and 45 unit for Above Moderate-Income households, and 45 units by June 30,, 2014, or the end of the current Housing Element planning period, as may be amended by state law. Provide financial assistance for 5 units with affordability restrictions for workforce households by June 30, 2014, or the end of the current planning period, as may be amended by state law.”

7. **Quantified Objective [2]:** “Assist in the acquisition of low-interest loans for rehabilitation, including energy conservation of 10 lower-income households by June 30, 2014 or the end of the current Housing Element planning period, as may be amended by state law.”

8. **Implementing Action HE3.E:** “Review housing needs, conditions, achievements and challenges as part of the City’s regular General Plan review.”

9. **Implementing Action HE4.C:** “Reduce, defer, or waive fees for affordable housing developments. The City will establish a set of criteria for project eligibility to have fees reduced, deferred, or waived. The City will explore higher incentives for affordable housing developments with units affordable to extremely low- and very low-income households.”

10. **Implementing Action HE4.D:** “Prioritize the use of Housing Trust Funds in support of the development and preservation of regulated affordable units for extremely low-income households.”

B. Housing Needs Assessment

The Housing Needs Assessment, a part of the 2009–14 Housing Element, contains, as a required component, an inventory of housing opportunity sites. The sites, along with their unit ranges, were as follows: Site 1 – Hunter Property (87–274); Romero Property (51–160); Particelli Property (40–127); Dickson Property (8–24); Paladini Property (27–85); Quaglia Property (22–70); Aves Property (24–74); Jatsek Property

(9–15); two Asianian Properties (38–67); Montelli Property (19–28); Adams Street Property (30+/-). The Housing Needs Assessment provided a brief description of each property. The Housing Needs Assessment stated: “BAE [Bay Area Economics (the City’s consultant)] then conducted an analysis of the constraints to housing development, infrastructure availability, likely housing unit carrying capacity, and suitability of the various sites to accommodate housing that could be affordable to the different income categories. This analysis also identified recommended Housing Element policies and/or programs that would ensure that the City can fully accommodate its RHNA [Regional Needs Housing Allocation], either through existing sites that are zoned and available for housing development, or through Housing Element implementation actions that can make additional sites available for housing development to accommodate the RHNA needs by June 30, 2014.”

III. PERFORMANCE VERSUS GOALS, POLICIES, QUANTIFIED OBJECTIVES, AND IMPLEMENTING ACTIONS

This section measures the City’s performance against the specific goals, policies, quantified objectives, and implementing actions stated in section I above.

1. **Goal HE1.J:** The City has not fast-tracked development that meet lower income and special housing needs. The singular example is the City’s rejection of the responses (six in total) to the RFPs on the City-owned Adams Street property. The City issued the RFP, received responses (early September 2011) from six qualified housing developers, obtained Planning Commission evaluation of them, and then rejected all of them in early 2012.

2. **Goal HE1.N:** The City has not developed a program to provide financial assistance for second unit development in exchange for affordability restrictions. The inference from failure to develop such a program in four years is that such a program is not feasible in St. Helena.

3. **Goal HE2.Q:** The City has not developed a program to encourage affordable housing in clusters of 4–6 units. The inference from failure to develop such a program in four years is that such a

program is not feasible in St. Helena. This was the conclusion of the City's Affordable Housing Committee in 2011.

4. **Goal HE4.M:** The City in the past four years has not "explored" the use of Housing Trust Fund monies to purchase existing housing for conversion to restricted affordable housing. Further, there is no money remaining in the Housing Trust Fund due to its use in the City's purchase of 684 McCorkle Avenue in the spring of 2013. (The proposed use here is not the conversion of existing housing to restricted affordable housing but the construction of new housing. The City has not announced whether the units will be restricted affordable units.)

5. **Policy HE1.3:** The City has not "ensured" that affordable housing gets built, as next discussed.

6. **Quantified Objective [1]:** The City has not met its quantified housing objective. The most recent quantified information is contained in a memorandum dated January 10, 2012 from the Interim Planning Director to the City Council. According to its Table I ("City of St. Helena RHNA Performance"), the City in the current housing planning period has remaining not built or not approved housing units as follows: 23 very low income units, 16 low income units, 5 moderate income units, and 5 above moderate income units. By percentage, 77% of the very low income units in the current housing planning period remain to be built or approved, 76% of low income units, 20% of moderate units, and 11% of above moderate units.

In summary, the City in the current planning period, with nine months remaining, is especially short of its quantified objective in the very low and low income categories.

7. **Quantified Objective [2]:** The City has not assisted in the acquisition of low-interest loans for rehabilitation of 10 lower income households. The inference from failure to do so in four years is that it is not feasible for the City to provide such assistance.

8. **Implementing Action HE3.E:** The City has not reviewed housing needs in connection with regular General Plan Review. It has undertaken regular general plan review. The only general plan review of the Housing Element that was undertaken was by the Planning Commission in early 2011. The Planning Commission found at that time

that the City was not likely to meet its quantified objective for very low and low income housing units in the current housing cycle.

9. **Implementing Action HE4.C:** The City has not established “a set of criteria” for project eligibility for reduction, deferral, or waiver of fees. The City in four years has not “explored higher incentives for affordable housing developments with units affordable to extremely low- and very low-income households.”

10. **Implementing Action HE4.D:** The only use of Housing Trust Funds has been as a source of funds for the purchase of 684 McCorkle Avenue. Such use fully depleted the fund. The City has stated that the property will be developed for affordable or workforce housing. The City has provided no information that the property will be developed for extremely low-income households.

IV. REVIEW OF IDENTIFIED OPPORTUNITY SITES FOR YEARS LATER

The three sites identified in the 2009 Housing Needs Assessment that during the planning period, with nine months remaining, that have shown property owner interest in development are the City-owned Adams Street property, the Romero property, and the Hunter property. These are first discussed.

1. The City-owned Adams Street property. The City removed this site as an opportunity site during the 2009–2014 Housing Element planning period when it rejected the responses to its RFP in early 2012.

2. The Romero property. The property owner has withdrawn the property from consideration for additional residential development.

3. The Hunter property. The City determined that the application was complete in March 2011. It issued the Final EIR in September 4, 2013. The City found that there are three significant and unavoidable environmental impacts. The City Council has not determined as of this time whether to certify the EIR or order its recirculation. Assuming that the City Council certifies the Final EIR, it would appear that the project cannot proceed unless and until, the City Council overrides the Final EIR (with its findings of significant and unavoidable environmental impacts). As of this White Paper (late September 2013), the developer, while advising that 25 affordable units

will be included in the project, has not broken them down by income category. The developer has submitted a tentative subdivision map for City consideration; it has not submitted a specific development plan. The Hunter project will not result in additional housing in the present Housing Element Planning period.

4. The remaining opportunity sites. The City's Affordable Housing Committee established that there was no owner interest in developing additional housing on the remaining opportunity sites.

5. The special case of 684 McCorkle Avenue (the Jatsek property). The 2009 Housing Needs Assessment stated that "[t]he owner and his architect have met with Planning Department staff and will be proposing a 9 unit project in the near future."). No project developed. The owner sold the property at the end of 2012, and the City then purchased the property from the new owner in the spring of 2013.

V. EVALUATION OF POLICY DOCUMENT, 2009 HOUSING ELEMENT

The objective conclusion is that the City did not meet, or substantially meet, the goals, policies, quantified objectives, or implementing actions as set forth in the Policy Document part of the 2009–2014 Housing Element. At its simplest, Policy HE1.3 states: "Ensure that affordable housing gets built." Yet, the City remains far short of its stated quantified goals, especially with respect to restricted housing for very low and low-income residents. Further, the City failed in most years to engage in a review, as specifically required by Implementing Action HE3.E, of its "housing needs, conditions, achievements and challenges."

At times (though not in the last year), the City leadership repeatedly assured the community that the quantified objectives as stated in Quantified Objective [1], would be met by June 30, 2014. There was no factual basis for these assurances. To the contrary, the City failed to develop a strategy that would result in it meeting, or substantially meeting, the quantified objective that it set for itself in the 2009 Policy Document.

VI. EVALUATION OF HOUSING NEEDS ASSESSMENT, 2009 HOUSING ELEMENT

This review supports the following two conclusions: (1) the City has not encouraged development of sites clearly capable of

supporting affordable housing; (2) the City listed numerous sites without evidence that the property owner had an interest in additional housing on the site.

The three sites clearly capable of supporting affordable housing, as listed in the 2009 Housing Needs Assessment, were the City-owned Adams Street property, the Romero property, and the Hunter property.

As previously noted, the City removed the Adams Street property from consideration in early 2012. The Romero property drew the attention of two not-for-profit developers during the planning period. However, the property owner has withdrawn it from consideration for additional housing development. The Hunter project, if it proceeds, will not result in housing in the current planning period.

As to the remaining nine sites listed as housing opportunity sites in the 2009 Housing Needs Assessment, only one (Jatsek) appears to have had the support of the property owner for consideration of additional housing (and the proposed project did not proceed).

Indeed, the City came to the position that the land inventory in the 2009 Housing Needs Assessment was not satisfactory, either because the listed parcels were not available for development or that it should seek alternatives to those that were available for development (Adams Street, Romero, Hunter). Thus, it undertook to cause evaluation of sites not on the 2009 land inventory, including at Lower Reservoir, at the City-owner pumping station in the Crinella subdivision, and properties on College Avnue and Fulton Lane. The search for new sites was a result of the fact that the 2009 inventory did not contain feasible developable parcels satisfactory to the City leadership. See Gov't Code section 65584.09 (in new planning period City may be required to identify sites sufficient for units not accommodated in prior period). Nothing came of the additionally considered sites during the 2009-14 planning period.

The lesson is that the City will not meet its quantified housing objectives unless it lists sites that have owner support for additional housing and that can be realistically developed within the planning period.

VII. LESSONS FOR THE FUTURE

The City cannot rely on policies, goals, and implementing actions to meet its quantified objectives when it lacks the resources, capability, and will to pursue those policies, goals, and implanting actions. Goal HEI.N is a good example: it seeks a program to provide financial assistance for second unit development in exchange for affordability restrictions. Reality: the City lacks the resources to support such a program. Further, there is no factual basis for believing such a program would result in meaningful numbers of restricted units. To the contrary, experience in St. Helena shows that second units are mostly used as guest cottages for weekend and seasonal use by the property owner.

The crux of the Housing Element is the listing of identified housing opportunity sites in the Housing Needs Assessment. The sites that are identified need to be ones where (1) the property owner has expressed an interest in additional housing development and (2) sites that are not going to be subsequently removed from consideration by the City during the planning period (as in the case of the Adams Street property).

VIII. FUTURE ACTION

The next housing planning period starts July 1, 2014. The preparation of an updated Housing Element is no small task. In particular, the identification of sites within the Urban Limit Line that a property owner supports for additional housing development will be a daunting task. If meaningful sites are not identified, great pressure could be placed on keeping the City's internal Urban Limit Line. This will be hugely controversial in our community.

The City needs to be responsive to the following questions:

1. What is its timeline for preparing the updated Housing Element, including the date by which it plans to submit (as required by law) a draft Housing Element to the State Department of Housing & Community Development for its review?
2. What does the City propose to budget for preparing the updated Housing Element?
3. Does the City propose to prepare the updated Housing Policy Document and/or Housing Needs Assessment through internal staff or a consulting firm?

4. What are the criteria that the City will use in selecting opportunity sites for land inventory in the Housing Needs Assessment?

i. Will it include whether the property owner is willing to consider additional housing development on his property? See Gov't Code section 65583.2(b).

ii. Will it contain information regarding any environmental constraints? See Gov't Code section 65583.2(b).

iii. Will it discuss the availability of utilities at the site? See Gov't Code section 65583.2(b).

iv. Will it contain other relevant site-specific information? See Gov't Code section 65583.2(b).

5. Does the City propose listing the Hunter project as a housing opportunity site in the next housing cycle? (The Hunter project will be a material factor in evaluating the City's affordable housing situation whether it proceeds or does not proceed.) Can the City fairly list the Hunter project as a housing opportunity site without first deciding that the significant and unavoidable environmental impacts in the Final EIR should be overridden?

6. Does the City propose listing the City-owned Adams Street property as an opportunity site in the next housing cycle? If so, does the City propose a feasibility study to determine the quantity and type of housing that is feasible on the site, including whether a responsible developer could be found who is interested in developing housing on the site in light of the City's prior rejection of housing at the site?

7. Given that the City searched for additional sites in the current planning period due to unavailability or unacceptability of sites listed on the 2009 land inventory, will the City identify in the new planning period sites sufficient to accommodate the units not constructed in the current planning period? See Gov't Code section 65584.09.

8. What will be the process for citizen input, Planning Commission consideration, and City Council consideration with respect to the 2014-19 Housing Element?