A regular meeting of the Pittsburg Planning Commission was called to order by Chairperson Mark Leonard at 7:00 P.M. on Wednesday, November 12, 2003, in the City Council Chambers of City Hall at 65 Civic Avenue, Pittsburg, CA.

ROLL CALL:

Present: Commissioners Dolojan, Garcia, Harris, Kelley, Ramirez, Tumbaga, Chairperson Leonard

Absent: None

Staff: Director of Planning and Building Randy Jerome; Planning Manager Melissa Ayres; and Associate Planner Noel Ibalio.

POSTING OF AGENDA:

Chairperson Leonard advised that the agenda had been posted at City Hall on November 7, 2003.

PLEDGE OF ALLEGIANCE:

Commissioner Tumbaga Led the Pledge of Allegiance.

DELETIONS/WITHDRAWALS/CONTINUANCES:

There were no deletions, withdrawals or continuances.

COMMENTS FROM THE AUDIENCE:

There were no comments from the audience.

PRESENTATIONS:
Ms. Ayres advised that Marie Simons, the City’s Finance Director, was present to offer a brief presentation during the discussion of the Housing Element.

**CONSENT:**

A. PC Minutes October 28, 2003

**MOTION:**

Motion by Commissioner Garcia to adopt the Consent Calendar, as shown. The motion was seconded by Commissioner Kelley and carried by the following vote:

- **Ayes:** Commissioners Dolojan, Garcia, Harris, Kelley, Ramirez, Tumbaga
- **Noes:** None
- **Abstain:** Chairperson Leonard
- **Absent:** None

**Item 1: Housing Element Update**

Continued public hearing on a City-initiated amendment to the General Plan to update the Housing Element.

Planning Manager Melissa Ayres advised that the Planning Commission had held public hearings on October 14 and 28, 2003 on the Draft Housing Element. At the close of the October 28 meeting, the Commission had continued the discussion to this date to allow an opportunity to review the goals, policies and actions sections of the Housing Element. At that time and based on Commission comments, staff had asked that Commissioners provide staff with any written comments on the document. Staff had received written comments from Commissioners Garcia and Tumbaga. Commission proposed revisions to the Draft Housing Element had been included and attached to the staff report as Exhibit A.

Ms. Ayres recommended that the Planning Commission adopt Resolution No. 9455, recommending that the City Council approve the Draft Housing Element update with any Planning Commission approved modifications to be listed as Exhibit A to the resolution.

Finance Director Marie Simons understood that in the course of the Commission’s review of the Housing Element questions related to the 20 percent setaside had arisen. She reported that State law required that redevelopment agencies throughout the State set aside 20 percent of the tax increment for housing.

Ms. Simons explained that the Pittsburg Redevelopment Agency consisted of three major project areas, including Los Medanos I, which was exempt from the 20 percent setaside...
requirement. In 1980 the State had allowed that exemption to redevelopment agencies that had been formed prior to that time. The exemption from the 20 percent setaside fund requirement was allowed if an agency could prove that four percent of the housing units within the project area received subsidies. The Pittsburg Redevelopment Agency was able to make that finding. As a result, Los Medanos I was exempt from the 20 percent setaside requirement.

Stating that Los Medanos II and III project areas were not exempt from the State requirement, Ms. Simons reported that the Agency was currently setting aside the 20 percent setaside funds for those two project areas. For Fiscal Year 2002-2003, that represented $1.3 to $1.4 million. For the current fiscal year that would increase to approximately $1.8 million.

Ms. Simons reported that the Pittsburg Redevelopment Agency had advanced monies to the Low Income Housing Fund in prior years, for the creation of affordable housing. As of two years ago, that fund had received approximately $8.9 million in advances. As a result the housing fund utilizing its set-aside funds from Los Medanos 2 and 3 to repay that advance, that advance balance had decreased to approximately $8 million. The balance is anticipated to be reduced this year to approximately $7 million.

Ms. Simons understood that the Commission was discussing how to set policy for affordable housing given its importance in the community. Noting that the prior budget process had been very challenging given the implementation of the zero based budget and the fact that the General Fund was experiencing fiscal pressures, she explained that the General Fund was experiencing a 10 percent deficit with revenues not keeping pace with expenditures. That trend was expected to continue and worsen next year.

Mr. Simons explained that the City Council had taken action during its last meeting to adopt a Citywide Finance Strategic Plan to allow a comprehensive overview of existing community needs and to evaluate all of the financial needs of the community.

Ms. Simons added that housing was usually a net cost to the General Fund since it did not generate revenues and that housing coming on line within the Agency's project areas did not generate property taxes accruing to the City’s General Fund. She emphasized the staff concerns with the City’s General Fund, particularly related to the State’s budget crisis, which continued to loom over local agencies throughout the State. She noted that the State had taken funds from the Agency for the past two years as a result of its own budget crisis. With that and the City’s own General Fund crisis, the staff recommendation to the City Council would be to not tie its hands until the financial needs of both the City and the Redevelopment Agency had been evaluated in a comprehensive way.

Commissioner Harris inquired whether or not the requirement for the 20 percent aside was applicable to all cities given his understanding that the City of Brentwood was only setting aside 10 percent.
Ms. Simons affirmed that current Redevelopment State law required a 20 percent setaside for all redevelopment agencies. She reiterated that Los Medanos I, which had been formed prior to 1980, had been allowed an exemption from that law. She was unaware of the particular situation in the City of Brentwood.

Commissioner Garcia suggested that the Commission insert a number in the Housing Element or leave that open for the Council to make that decision in terms of the percentage of set aside funds.

Ms. Ayres explained that the original policy that staff had in the document had been to “consider” setting aside a certain percentage each year. The proposal submitted by Commissioners Garcia and Tumbaga had recommended the use of the term “require,” which was a concern to staff. In speaking with the Director of the Redevelopment Agency, he had indicated that when the money from Los Medanos I was bonded it had been publicized that the Agency had the 20 percent available for bonding purposes and collateral for those bonds. If the Agency were to require a 20 percent setaside for Los Medanos I the bonds could be jeopardized and potentially be called up since.

Ms. Ayres reiterated that the City was setting aside the 20 percent funds for Los Medanos II and III now. If the Commission would like to mandate that the funds be required to be set aside for those two project areas that would be less of a hardship since those monies were set aside now. The monies were made available to non-profits for housing projects each year. If there were no applications for the use of those funds by the end of the year, the funds would be used to offset the advance the 80% fund had already made to the affordable housing fund.

Mr. Garcia suggested that policies 13-P-2.1, A. and 13-P-4.2, B. be rewritten to require that 20% be set-aside each year from Los Medanos I and II Project Areas.

Ms. Simons inquired whether or not a number had to be inserted.

Ms. Ayres clarified that the Commission was looking for a way to show more of a commitment to funding affordable housing than the way that staff had worded that section. Ms. Ayres noted that by allowing the Council to “consider” funding, instead of require a certain percentage of funding, there could be a lesser or greater percentage offered in a given year dependent upon whatever projects had been submitted during that time period. It also would allow more flexibility when dealing with any State crisis and budgeting issues.

Commissioner Garcia commented that the Council could change that section if it was not satisfied with the language recommended by the Commission. He also understood that with the bonds the Agency had just sold there were now enough redevelopment monies to pay the bonds that had already been committed.
Ms. Simons affirmed that the bonds were being paid off, although the most current bonds had been structured in a way that there was interest put aside so that the interest from the bonds could pay the debt service for the first two years which had forecast that the future revenues to the Agency would be higher. That did not necessarily mean that the revenues would be realized. She commented that there were some bonds that had been issued in previous years where payments had jumped from $4 to $5 million a year, which was the reason for the staff recommendation for a level of flexibility.

Commissioner Garcia suggested that what the Council had done was commit all of the future monies to pay off the bonds with none of the monies going into the General Fund. He suggested that it was time to eliminate some of the redevelopment project areas in the community so that more revenues could accrue to the General Fund. He added that the City should build commercial development that would create job and increased taxes because the homes in those redevelopment areas would never pay for required City utilities or services. In his opinion, the bonds should never have been sold.

Ms. Simons noted that if the Agency were to de-annex land from the redevelopment project area, the City would receive only 15% of that tax increment; the rest would flow to other taxing agencies again. She expressed her hope that the Strategic Plan would point out all of the issues involved. She emphasized that there was no desire to remove more land from the project area, since the tax increment funds could be used to promote economic development, which could generate sales, or hotel taxes that could assist the General Fund.

In response to a comment by Commissioner Harris, Ms. Simons explained that the required 20 percent setaside fund was used to reduce the advance given by the 80% RDA fund and that the unspent funds each year were paid back to the 80% RDA Capital Fund, not the City’s General Fund.

Commissioner Tumbaga understood that there were $1.3 to $1.4 million in set-aside funds each collected for the year 2002-2003. She commented that there were two senior projects in the City that had been funded by the Agency. She inquired how much of the Agency’s funds had been utilized and from which fund the monies had originated.

Ms. Simons clarified that the funds for the senior projects assisted by the Agency came from the 80% Capital Fund of the Redevelopment Agency. The advance was then increased to the Affordable Housing Fund by an equal amount.

Chairperson Leonard spoke to Policy 13-P-4.3, and commented that someone was working to move a blighted home off of Railroad Avenue to a vacant lot on Locust Street. He was uncertain whether or not that individual was going to go through with the project since the City was imposing a number of expensive fees to move the home. He asked whether or not the same City fees would be imposed on a new home as opposed to an
existing home moved to a vacant lot. He sought some policy in the Housing Element to address that and similar issues.

Director of Building and Planning Randy Jerome explained that the City did not have a policy to exempt such projects from paying the adopted fees. He also explained that even though the home existed, it required new plan checking and inspections during construction, the same as a home built from the ground up.

Commissioner Harris noted that the vacant lot that had been referenced was an infill lot and the fees should not be imposed. He understood that a policy to address such a situation had been included in the Housing Element in the past.

Chairperson Leonard expressed concern with the imposition of the fees in that efforts were being made to clean up blighted areas in the community, particularly those along Railroad Road Avenue. He suggested that there should be a policy in the Housing Element to reflect those efforts to accomplish the City’s goals. He emphasized that if the fees were applicable, the cost of the home would increase, which would be contrary to some of the goals in the Housing Element.

Ms. Ayres suggested that the Commission recommend a policy that could be inserted into the General Plan, which would allow such changes to be made.

Associate Planner Noel Ibalio clarified that the project being discussed had been brought to the Planning Commission approximately six months ago and that staff had believed at that time that a home had not been developed on the vacant lot because of the mature trees on that lot.

Chairperson Leonard pointed out that there had been a home on the vacant lot at one time and the mature trees that had been referenced were located off to the side of the property, not in the building area. He reiterated his concerns and expressed his hope that something could be done to rectify the situation. It was possible that even more homes on Railroad Avenue could be relocated including those on East Eighth Street, where it was like the same issue would again be raised.

Commissioner Tumbaga suggested that a title search could be conducted to clarify whether or not a home had ever been sited on the Locust Street lot. A title search could also be done for all vacant lots that could involve similar house relocations.

Chairperson Leonard understood that the title search should show when building permits had been issued and fees paid. He noted that the vacant lot on Locust Street was in an existing neighborhood and there had been a housing structure on the property at one time, although he was uncertain what had become of that structure. He also pointed out that every home along the east side of Railroad Avenue between Power and California Avenues would likely be demolished or moved. He sought a policy to address that fact.
Ms. Ayres suggested that Policy 13-P-4.3 could be amended to read:

Support the relocation of structurally sound housing units scheduled for demolition to compatible neighborhoods, when appropriate land can be found. Waive City fees when appropriate, if unit becomes affordable.

Chairperson Leonard had no problem with a statement that a property maintains its affordability. He also spoke to property on A Street where the former American Legion was located and where there were four homes that could be relocated if someone desired to do so. He suggested that the City recognize that would fall under the criteria of affordable housing and that such infill lots should be included to encourage some type of development.

Commissioner Ramirez spoke to Policy 13-P-2.4 G. and noted that policy did not make sense and appeared to be incomplete.

Ms. Ayres attempted to clarify. [Only amended portion of policy was reprinted in Exhibit A; full policy text was provided in draft housing element.]

Commissioner Kelley spoke to the first paragraph of Policy 13-P-2.1 and noted that the word housing was misspelled. She questioned the date in Policy 13-P-1.1. Ms. Ayres clarified it should read 2020.

Commissioner Garcia referenced Policy 13-P-2.4 in Exhibit A and stated that while he agreed with most of the proposed modifications to that section, he was concerned with the language in sections, C, H, I, and J. Unless the City was prepared to put in some rewards which should be more than a density bonus, such as the Agency paying off fees or doing some public improvements, he questioned the use of the language “required,” “establish” and “adopt” as the preface to the statements in those sections. Rather, he recommended that the term “consider” be used in all of those sections. Unless the City was willing to provide a reward to make a unit affordable, he suggested that the “mix” could not come in.

Commissioner Tumbaga suggested that Section H, of Policy 13-P-2.4 should be left as written in that there was a policy in the document that spoke to the establishment of first time buyer programs and those two sections could be used compatibly depending on the structure of the mechanism.

Commissioner Garcia suggested that if the reward was not good enough to reduce the price of a home to make it affordable, it would not work. He suggested that if the City wanted building to stop in the community, it should require a developer to provide a 15 percent affordable housing component. He noted that developers were not in the business of building homes to give them away, particularly since the lot alone cost anywhere from
$50,000 to $70,000. Associated fees could represent another $40,000 and with a potential cost of $110,000 before the home was even constructed, it could not be built to be affordable and still make a profit.

As such, unless there was statement in those sections of the Housing Element that would reward a developer for providing affordable housing, Commissioner Garcia suggested that the language in those sections should remain as originally proposed by staff.

Commissioner Garcia noted that the City owned property between Fifth and Eighth Streets and that there was a company interested in the development of that property. He suggested that the difference between developing multi-family versus single-family units was that the developer expected a large subsidy if it built multi-family there.

Commissioner Garcia commented that if the City were to give Pacific Community Services, Inc. (PCSI) the land as an example in the Black Diamond project and if PCSI were to build multi-family or town homes potentially 180 affordable homes, although not cheap homes, could be constructed and be compatible with the existing homes in the area.

Commissioner Tumbaga clarified that PCSI was a non-profit organization and with the exception of the senior housing projects, PCSI had paid for the land associated with any project it had built.

Ms. Ayres also clarified that the policies were not intertwined in that if there was a policy statement using the term “require,” it would be the developer’s obligation to provide 15 percent affordable housing with no subsidy from the City.

Chairperson Leonard also questioned the use of the term “require” in those sections. He referred to many communities in the area, such as the City of Clayton, which had no plans to build affordable housing. In that regard, the Chair suggested that Commissioner Garcia’s recommended language would be appropriate.

Commissioner Tumbaga commented that only households earning above 120% of the Area Median Income could afford to buy a home in Pittsburg. Inclusionary housing was a means to create affordable housing that would look like the homes around it; it would not be obvious which homes were "affordable" and which were not.

A discussion ensued about the affordability of current apartments and single-family homes in Pittsburg based on 2003 income thresholds and the area median income of Pittsburg residents.

Commissioner Harris inquired of the number of subdivisions remaining in the City and questioned where the City could mix a 20 percent affordable component. He questioned how the City could subsidize families who would qualify for a $325,000 "affordable" home,
as an example, and further questioned how a family in that situation would even be able to make the house payment.

Commissioner Tumbaga used the example of a $325,000 home in a subdivision where an individual might only be able to qualify for a $275,000 home and where the $50,000 difference might be provided through a first time homebuyer or other program, or where the City might be able to subsidize that difference through a silent second. She explained that a buyer in that example would have a second on the property at the time of purchase, and payment might not be required on the silent second until 10 years into the future or payments might not have to be made on the second until the property was sold. Those scenarios would create affordability.

Commissioner Harris questioned whether or not those seeking assistance from the City could still obtain all of the monies needed to qualify for a home in the community.

Commissioner Tumbaga explained that would depend on how the various assisted programs were written. There are several options that could be available to close the gap.

Commissioner Garcia reiterated his concerns with the proposed wording of Policy 13-P-2.5 and suggested that unless language was included to offer developers a reward to provide affordable housing, the Commission should revert to the original language in that section. He also suggested that there were infill sites left in the City that non-profit groups could acquire to meet the housing needs of the City's lower income residents.

EVELYN STIVERS, Livable Communities, Associate Director, Greenbelt Alliance, 1601 North Main Street, Walnut Creek, explained that the group worked on the protection of greenbelt open space and ensured that urban areas were livable. The Greenbelt Alliance was also a member of Pittsburg Better Together, a collaborative effort of City organizations concerned with housing and education issues.

Speaking to the 20 percent setaside, Ms. Stivers recognized that it would not be easy to logistically figure out how to do that, although she suggested it would offer a greater benefit to the City in the long term, bring in more resources and potentially allow matching funds from State and federal dollars. She also suggested that it would help to provide the kind of development desired in the community.

Ms. Stivers presented the Commission with a report published in 2003, from MPH and which spoke of inclusionary zoning. Since that report had been published, she stated that the City of Brentwood had passed its inclusionary zoning at 10 percent. The City of Walnut Creek was also in the process of discussing its Inclusionary Zoning Ordinance. While it was her hope that the City of Pittsburg would commit to a specific number of units, she suggested that another option could be to commit to making a decision by a date certain, possibly within a six-month period.

Ms. Stivers recognized that no one wanted to stop development in the City. She
suggested that committing to an Inclusionary Zoning Ordinance would be a good way to answer all of the questions and have an expert look at what it would cost, how the costs could be defrayed and how the City could craft a good workable policy.

Ms. Stivers also spoke to Policy 13-P-1.7 and while she was pleased to see that the City would be looking at potential sites to place affordable units, she was concerned that the Housing Element might not meet the minimum standards imposed by the State Department of Community Housing and Development (HCD).

Ms. Stivers added that the update should meet the State’s minimum standards. The HCD had provided a letter of the items that it would like to see in the document. From her review of the document, policies such as Policy 13-P-1.7 could go a long way to answer some of the HCD's questions, such as where the housing would go. She stressed that the City would need to provide more specifics on past accomplishments, needs, sites, and all of the issues that the HCD had identified before it would certify the City’s Housing Element.

Ms. Stivers emphasized that they were looking for quality affordable housing to ensure that residents were not overcrowded and were housed at a level that he/she could afford. Part of that was through the creation of a mixture of housing types, through the provision of more housing on the Low and Very Low Income scales, and to ensure that the home ownership programs were appropriate and targeted at the right income levels.

Ms. Stivers noted that the City had a lot of older dilapidated housing, although the City did not have much high quality affordable housing. She did not advocate for slums. She advocated the promotion of clean, safe, affordable housing that would meet the needs of local residents. There were also concerns with respect to displacement.

Commissioner Harris questioned how the City would ensure that the affordable homes were maintained since oftentimes, affordable units were not well maintained.

Chairperson Leonard noted that he had used the City’s Housing Rehabilitation Program, although it had created a number of difficulties, which in his opinion had resulted in the lack of interest in the program. He recommended a program that was usable, affordable and one that would not create undue burdens to those trying to provide affordable housing in the City. He recommended a City assisted rehabilitation program, one that was fundamentally sound and short of additional fees and requirements. He requested that a new action to address this be added under Policy 13-P-4.1.

Commissioner Tumbaga spoke to Policy 13-P-2.4 C and strongly recommended the support of that policy to establish a first time homebuyer program.

Ms. Ayres then summarized the changes to be made to Exhibit A as follows:

Correct spelling of the word “housing” in the first paragraph of Policy 13-P-2.1:
Correct the date in the first paragraph of Policy 13-P-1.1 to read “2020”

Rewrite Policy 13-P-2.1 A to read:

“Utilize public funds to increase the supply of housing, affordable to Extremely Low, Very Low, and Low Income households, and Moderate-Income large family households. Set aside 40% of the City’s annual Community Development Block Grant (CDBG) funds and 20% of the City Redevelopment Agency’s annual funds from Los Medanos II and III [project areas] for affordable housing projects and programs.”

Correct text of 13-P-2.4 G as necessary to be a complete sentence.

Revert back to wording in draft housing element (October 23, 2003) with respect to Policies 13-P-2.4 H, 13-P-2.4 I, 13-P-2.4 J, and 13-P-2.5 C

Add the following new action under Policy 13-P-4.2:

“Provide City assisted rehabilitation program that is user friendly and fundamentally sound.”

Amend Policy 13-P-4.2 B to read:

“Set aside 20% of the City Redevelopment Agency’s annual funds from Los Medanos II and III [project areas] for housing programs, when appropriate.”

Add a new sentence to the end of Policy 13-P-4.3 that would read:

“Waive City fees, where appropriate, when the unit maintains a long term affordability component.”

**MOTION: AP-03-59**

Motion by Commissioner Garcia to adopt Resolution No, 9455, recommending the City Council adopt a Resolution Amending the Housing Element of the General Plan (AP-03-59), as presented in the draft housing element dated October 23, 2003, with the modifications as shown in Exhibit A. The motion was seconded by Commissioner Harris and carried by the following vote:

Ayes: Commissioners Dolojan, Garcia, Harris, Kelley, Ramirez, Tumbaga, Leonard

Noes: None
Abstain: None
Absent: None

**STAFF COMMUNICATIONS:**

There were no staff communications.

**COMMITTEE REPORTS:**

There were no Committee reports.

**COMMENTS FROM COMMISSIONERS:**

Commissioner Garcia reported that Fort Knox storage had been moving Ryder trucks onto its site, although it still had not met the required conditions for the storage facility. He recommended that the use permits be revoked. While he was not opposed to the trucks being stored on the site, he recommended that a wall be installed all the way around the trucks to screen them from view.

Mr. Jerome acknowledged that Fort Knox Storage had approached staff and had asked that the Ryder trucks be a component of the project, to be used as equipment rental.

Ms. Ayres advised that she had recently met with the City’s Building Official and with representatives of Fort Knox, at which time Fort Knox had presented a preliminary plan to staff. It had also reported receipt of Consolidated Fire Protection District clearance for a portion of the building that had been illegally occupied. She understood that plans were to be submitted to staff in the next few days for the wall, landscaping and changes needed for building code compliance for one of the buildings.

Ms. Ayres commented that staff was also reviewing the Interim Zoning Ordinance and the General Plan to see whether or not the Commission could make a determination as to whether or not the trucks would be allowed under Automobile Rental, a permitted use in the zoning district where Fort Knox Storage was located.

Ms. Ayres explained that staff had discussed the possibility of scheduling a hearing on the possible revocation of the use permit for Fort Knox Storage in late November or early December. She added that while the approved fencing for the project had required a wrought iron fence, the representatives for Fort Knox had expressed an intention to request a solid masonry fence to create an appearance of a fort.

Chairperson Leonard pointed out that the applicants had not honored any of the conditions of the initial project approval. He questioned how the City would allow a business license to conduct another business on the site given the lack of compliance with the original
conditions of approval for the initial use permit. In his opinion, the use permit for the business should be revoked.

Commissioner Kelley expressed her appreciation to staff for the recent Commission Appreciation Dinner.

Commissioner Ramirez also thanked staff for the Appreciation Dinner. He commented that photographs that had been taken during the dinner would be provided to Commissioners at the next meeting.

Commissioner Tumbaga expressed her appreciation to staff for their work on the Housing Element and for the Commission Appreciation Dinner.

Chairperson Leonard concurred that the Commission Appreciation Dinner had been well done. He otherwise commented that he had a number of issues that he would be addressing to the Council in writing based on some of its recent decisions, particularly those related to Commission actions. He suggested that if other Commissioners had similar concerns, he/she should also present those concerns to the Council.

ADJOURNMENT

There being no further business, the meeting adjourned at 8:26 P.M. to a regular meeting of the Planning Commission on November 25, at 7:00 P.M. in the City Council Chambers at 65 Civic Avenue, Pittsburg, CA.

MELISSA AYRES, Secretary
Pittsburg Planning Commission