Meeting Date: 9/12/06

ACTION	TYPE OF ITEM
☐ Approved Recommendation	■ Info/Consent
☐ Ord. No(s). _____	☐ Report
☐ Res. No(s). _____	☐ Public Hearing (Info/consent)
☐ Other _____	☐ Other _____

Prepared By: *Ernest Whitaker* _____ Agenda Item No. I-6

Reviewed By: City Manager _____ City Attorney *Holmberg* _____ Finance _____ Other *(Specify)*

DATE: August 28, 2006

TO: City Council

FROM: Sal Gonzalez, Housing Director
Housing Department

SUBJECT: **Response to Grand Jury Report on Affordable Housing in Ventura County Cities**

RECOMMENDATION

That City Council approve the response of the City Manager to the June 20, 2006 Grand Jury Report on Affordable Housing in Ventura Cities.

DISCUSSION

The City has received a report from the Ventura County Grand Jury dated June 20, 2006 entitled "Affordable Housing in Ventura County Cities". This report covers affordable housing progress in all of Ventura County's ten cities from 2000-2006. The City's response to the report is due by September 20, 2006, accompanied by a copy of City Council minutes approving the report.

The City Manager has prepared a response to the Grand Jury Report. The report seeks comments from the ten cities. City Council is requested to approve the City Manager's response.

FINANCIAL IMPACT

There is no impact to the 2006-2007 Fiscal Year budget.

(EW/hh)

Attachment #1 – City Manager's Letter and Response
#2 – Grand Jury Report (w/o attachments)

EDMUND F. SOTELO
City Manager

CITY MANAGER'S OFFICE
305 West Third Street • Oxnard, CA 93030 • (805) 385-7430 • Fax (805) 385-7595

August 28, 2006

Honorable John R. Smiley, Presiding Judge
Superior Court of California, Ventura County
Hall of Justice, # 2120
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Grand Jury Report
Affordable Housing in Ventura County Cities

Dear Judge Smiley:

The City of Oxnard's response to the Grand Jury's report, "Affordable Housing in Ventura County Cities" is described in the enclosed attachment.

Please feel free to contact me if the Grand Jury requires clarification, elaboration, or additional information.

Sincerely,

Attachment

Edmund F. Sotelo
City Manager

ATTACHMENT NO. 1
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Ventura County 2005-2006 Grand Jury Report

"Affordable Housing in Ventura County Cities"

Response of the City of Oxnard

Grand Jury's Findings

The City of Oxnard concurs for the most part with the Grand Jury's findings. Finding F-06 and F-08 are not applicable to the City of Oxnard.

Findings

F-01. Affordable housing is acknowledged as a serious challenge in the County and in all ten cities.

Concur.

F-02. Each of the cities is currently addressing the challenge of Affordable Housing within the constraints of state law, local land use regulations and their unique city needs.

Concur.

F-03. Very Low Income limits for families of four average $40,300, and Low Income limits average $64,500. Many professional entry-level salaries, including those teachers and nurses, fall into the Very Low Income range.

Concur.

F-04. To date, efforts have fallen short of the need to provide housing for Very Low Income and Low Income level residents, with the greatest need in the Very Low Income level.

Concur in part.

It is true that the greatest need is for Very Low Income families, because of the large subsidies required. However, Oxnard will have exceeded its Low Income Goals by July 2008, the date the new Housing Elements must be submitted to the state Department of Housing and Community Development. Therefore, our efforts will not have fallen short for Low Income units, at least as far as goals that have been established by the Regional Housing Needs Assessment (RHNA).

F-05. Some cities are constrained in their efforts to provide Affordable Housing because of local public opposition.

This may be true in cities other than Oxnard. The City of Oxnard has not experienced any local public opposition to Affordable Housing projects during the term of the existing Housing Element. It is true that neighborhood opposition can create difficulties for an affordable housing project. It is our practice in Oxnard to instruct developers to work closely with the local neighborhood councils near which an affordable housing project is located. We have found that developers which follow this practice are normally able to win support for their project. In addition, the Planning and Environmental Division schedules public meetings for projects before they go before the Planning Commission. This helps to work out any remaining issues that haven't been resolved

F-06. The City of Port Hueneme has a unique problem. The City has limited open space for new housing and currently focuses only on programs that provide financial assistance using existing housing units.

Not applicable.

F-07. Lack of Affordable Housing inhibits the Region's ability to attract new business and industry as well as qualified employees to the area.

Concur

F-08. Specialized program and organizations within the County, including the Housing Authorities (both Area and in cities); the Ag Futures Alliance Farm Worker Housing Task Force; Habitat for Humanity; Senior Concerns; and private groups with other specialized interests, assist low income families. These organizations were not addressed in this study.

Not applicable.

Recommendations

R-01. Each city should increase efforts to work with businesses and developers to actively pursue solutions to the social, economic, and environmental problems associated with the issues of Affordable Housing. (C-03)

(C-03). Continued lack of Affordable Housing and failure by cities to solve the needs of Very Low Income and Low Income residents will cause increasing adverse economic challenges. (F-07)

(F-07). Lack of Affordable Housing inhibits the region's ability to attract new business and industry, as well as qualified employees to the area.

Response

Oxnard is now and has been for many years been working to pursue solutions to the issues of Affordable Housing.

As indicated in the Grand Jury report the role of cities is to provide incentives to private developers, non-profit housing corporations, and local housing authorities to remove regulatory barriers which inhibit the development of affordable housing. It is not necessarily the role of cities to be directly involved in the construction of affordable housing.

The City of Oxnard has put into place several incentives designed to encourage the production of Affordable Housing. The City has also diligently worked at removing all unnecessary regulatory barriers that would prevent or discourage the production of Affordable Housing.

In June 2005, the City of Oxnard received from the U.S. Department of Housing and Urban Development the Robert L. Woodson, Jr. Award. This is HUD's Affordable Communities award provided to local governments in recognition of outstanding work to reduce regulatory barriers to affordable housing.

Oxnard's award was based on the following innovative programs:

1. In-Fill Program. City Council adopted Ordinance 2535 which allowed City Council to waive or reduce development fees on in-fill lots of three acres or less in six low income neighborhoods.

2. Deferred Development Fees Program. City Council adopted Ordinance 2590 which allows City Council to defer or waive development fees in exchange for a developer agreeing to set aside 10% or 20% of housing units for very low and low income families.

3. Affordable Housing and In-Lieu Fee Program. City Council adopted Ordinance No. 2506 which established a inclusionary requirement that 10% of a housing subdivision or apartment project should be available at prices or rents affordable to low and very low income families. Under certain circumstances a developer may pay an in-lieu fee in place of providing units. City Council may use these fees to support gap financing for affordable projects, second mortgages for low income buyers, down payment and closing cost grants, and rehabilitation loans and grants for units available to low income households.

4. Density Bonus and Developer Incentive Program. City Council adopted Ordinance No. 2505 which provided a 25% density bonus to developers providing 10% or 20% of housing units for very low or low income households. Lower regulatory standards are offered as an inducement to provide affordable units.

In addition to reducing regulatory barriers and providing incentives to developers, the City has also assisted housing developers with the issuance of multi-family housing revenue bonds and provided direct gap financing from federal HOME funds, redevelopment set aside funds, and in-lieu fees.

R-02. Each city should educate its residents on how local services (education, police, health care, etc.) depend upon the availability of Affordable Housing. (C-04)

C-04. Local opposition to Affordable Housing impacts the ability of government and business to employ those who provide services desired by local residents. (F-05, F-07)

F-05. Some cities are constrained in their efforts to provide Affordable Housing because of local opposition.

F-07. Lack of Affordable Housing inhibits the region's ability to attract new business and industry as well as qualified employees to the area.

Response

Oxnard is and has been working with its residents on how local services depend upon the availability of Affordable Housing.

The education aspect of Affordable Housing works both ways: The City of Oxnard has in place several methods for keeping residents informed of affordable housing needs, plans, policies, programs, and developments. But the City also has also in place methods by which it has learned from its residents about their housing and community development needs and expectations.

Each Affordable Housing project is reviewed by the neighborhood council or councils which are impacted by the project. For example, City and Cabrillo Economic Development Corporation staff met numerous times with the Cypress Neighborhood Council concerning Villa César Chávez, a 52 unit farmworker apartment complex. Staff of the Housing Department are conducting an extensive outreach program in the community, with neighborhood councils, and with project residents regarding the redevelopment of the public housing project, identified as "The Courts".

All Affordable Housing projects are brought before City Council either to approve the project plans, to provide funding or both. The intent and benefits of these projects are explained in full view of a broad television audience which reaches beyond the neighborhood in which the project is located.

The commitment of the City Council toward providing residents with Affordable Housing that meets the needs of service providers is demonstrated by the strides made in meeting the Affordable Housing goals of the City's Housing Element and the allocation of $13.8 million toward sales and rental housing since 2000.

JUN 21 2006

county of ventura

Grand Ju
800 South Victoria Aven
Ventura, CA 930
(805) 477-16
Fax: (805) 477-16
grandjury.countyofventura.c

June 20, 2006

COPIES TO COUNCIL

City of Oxnard
300 West Third Street, 4th Floor
Oxnard, CA 93030

Attention: Mr. Edmund F. Sotelo, City Manager

Dear City Council,

Enclosed is a copy of the Ventura County 2005-2006 Grand Jury report titled, *Affordable Housing in Ventura County Cities.*

This report is being provided to you for the City Council concerned in the above referenced report. It is being provided to you two working days prior to its public release in accordance with the provisions of Penal Code section 933.05 (f). Please note that under the provisions of that code section no officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to public release of the final report.

Penal Code section 933 (c) requires that you comment on the report's findings and recommendations within 90 days of submittal of this report to you. The requirements for required comment are set forth at Penal Code section 933.05 (a) through (c). A summary of these requirements follows:

- State whether you concur, concur in part, or disagree with the Grand Jury's *findings.*
- Explain the reasons why you disagree in whole or in part with each applicable *finding.*
- For each applicable *recommendation*, state if it has already been implemented, will be implemented (with expected date of implementation), will not be implemented (with an explanation of the reason), or requires further study.

Please include with your response a copy of the minutes from the meeting when the City Council approved the response to the Grand Jury report.

Please send your response **in duplicate** to:

Honorable John R. Smiley, Presiding Judge
Superior Court of California, Ventura County
Hall of Justice, #2120
800 S. Victoria Avenue,
Ventura, CA 93009

Sincerely,

James H. Dekker, Foreperson
Ventura County 2005-2006 Grand Jury

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Affordable Housing in Ventura County Cities

Summary

The 2005-2006 Ventura County Grand Jury (Grand Jury) conducted a limited investigation into Affordable Housing plans and achievements of the county's ten cities. This study focused on *Very Low Income* and *Low Income* families of four for the years of 2000-2005 and for the year 2006. Large disparities were found in the goals, plans, and achievements. The future social, economic, and environmental health of the county is dependent upon quality housing for all income levels.

The Grand Jury learned that all ten cities are well aware of the problems of Affordable Housing and are dealing with them despite difficult state requirements and local land use regulations. Additional constraints include public resistance to development of open space, cumbersome approval processes, and funding priorities.

Data received from the cities are displayed in the Attachment. The charts for each city depict the range of housing units unique to that city and cannot be directly compared to any other city. The data reflect the most accurate evaluation of past and current plans and achievements according to the best information available to both housing staff members and the Grand Jury. Where there are no numbers in the chart, the data were not provided by city staff.

In general cities are paying very little attention to the *Very Low Income* level of needs for housing. They are doing a more adequate job with the *Low Income* level.

In this study the Grand Jury did not include information on specialized programs such as the Housing Authorities (both Area and in the cities), the Ag Futures Alliance Farm Worker Housing Task Force, Habitat for Humanity, Senior Concerns, and private groups with other specialized interests and programs.

While acknowledging that housing for farm workers, military personnel, and senior citizens is scarce, and efforts to remedy this problem continues to be a challenge separate from overall family housing, the Grand Jury did not address those problems in this report.

Background

According to the California Department of Housing and Community Development:

> State law recognizes the vital role local governments play in the supply and affordability of housing. Each governing body (City Council or Board of Supervisors) of a local government in California is required to adopt a comprehensive, long-term general plan for the physical development of the city, city and county, or county. ... housing element law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law recognizes that, in order for the private market to

ATTACHMENT NO. 2

> adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. ...

The Grand Jury became aware of the extensive need for Affordable Housing, which includes both purchase and rental units in the cities and County of Ventura, during discussions with county and city leaders. While there is great demand in Ventura County for skilled professional and technical personnel including teachers, nurses, public safety staff, hospital personnel, and county and city employees, as well as service workers, the cost of housing in many cases prohibits them from living in the county. It is not uncommon for long term renters to be priced out of the housing market due to high rental rates resulting in relocation, long commutes, or even homelessness.

Methodology

The Grand Jury collected data on income limits for families of four. *Very Low Income* families average $40,300 per year and *Low Income* families average $64,500.

The Grand Jury interviewed housing staff in the ten cities in the County and collected data on housing goals, achievements, and plans for two separate time periods; past years from 2000 to 2005, and the current year 2006.

The Grand Jury reviewed state guidelines for Affordable Housing and the unique interpretation by each city. Data was double checked with each city housing staff for accuracy.

Findings

F-01. Affordable housing is acknowledged as a serious challenge in the County and in all ten cities.

F-02. Each of the cities is currently addressing the challenge of Affordable Housing within the constraints of state law, local land use regulations, and their unique city needs.

F-03. *Very Low Income* limits for families of four average $40,300, and *Low Income* limits average $64,500. Many professional entry-level salaries, including those of teachers and nurses, fall into the *Very Low Income* range.

F-04. To date, efforts have fallen short of the need to provide housing for *Very Low Income* and *Low Income* level residents, with the greatest need in the *Very Low Income* level.

F-05. Some cities are constrained in their efforts to provide Affordable Housing because of local public opposition.

F-06. The City of Port Hueneme has a unique problem. The City has limited open space for new housing and currently focuses only on programs that provide financial assistance using existing housing units.

F-07. Lack of Affordable Housing inhibits the region's ability to attract new business and industry as well as qualified employees to the area.

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F-08. Specialized programs and organizations within the County, including the Housing Authorities (both Area and in cities); the Ag Futures Alliance Farm Worker Housing Task Force; Habitat for Humanity; Senior Concerns; and private groups with other specialized interests, assist low income families. These organizations were not addressed in this study.

Conclusions

C-01. The lack of Affordable Housing is acknowledged by county and city leaders as a serious challenge facing all segments of the County. (F-01, F-02, F-06)

C-02. Most cities in the County are making efforts to address Affordable Housing, despite financial and political obstacles. (F-02, F-04, F-05)

C-03. Continued lack of Affordable Housing and failure by cities to solve the needs of *Very Low Income* and *Low Income* residents will cause increasing adverse economic challenges. (F-06)

C-04. Local opposition to Affordable Housing impacts the ability of government and business to employ those who provide services desired by local residents. (F-05, F-07)

C-05. There is considerable disparity among cities in terms of goals, achievements, and planned Affordable Housing units (see Attachment). (F-02)

Recommendations

R-01. Each city should increase efforts to work with businesses and developers to actively pursue solutions to the social, economic, and environmental problems associated with the issues of Affordable Housing. (C-03)

R-02. Each city should educate its residents on how local services (education, police, health care, etc.) depend upon the availability of Affordable Housing. (C-04)

Responses

Responses Required From:

Camarillo (R-01, R-02)

Fillmore (R-01, R-02)

Moorpark (R-01, R-02)

Ojai (R-01, R-02)

Oxnard (R-01, R-02)

Port Hueneme (R-01, R-02)

Santa Paula (R-01, R-02)

Simi Valley (R-01, R-02)

Thousand Oaks (R-01, R-02)

Ventura (R-01, R-02)

Attachment

Affordable Housing Data from Ten Cities in Ventura County

ATTACHMENT NO. 2