

AFFORDABLE HOUSING IN NEVADA COUNTY

REASON FOR INVESTIGATION

As stated in the California Government Code, Article 10.6 Housing Elements, the California legislature has determined that “the availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farm workers, is a priority of the highest order.” It further found that “the lack of housing is a critical problem that threatens the economic, environmental, and social quality of life in California.”

In response, the County of Nevada in its Housing Element of the General Plan, set forth its Goal (8.1) to provide for adequate housing opportunities for all segments of the community. To meet that goal the County further established its Objective (8.1) to “work to provide an adequate supply of affordable housing for all economic segments of the community, especially lower income households. Such housing should include not only multiple family but also single family opportunities.”

In its role as ombudsman for the citizens of Nevada County, the Grand Jury wished to determine the priority given to the affordable housing issue by the County and the extent to which efforts and resources have been applied to that priority on behalf of Nevada County citizens.

BACKGROUND

The Grand Jury studied California Government Codes relating to Housing Element, and reviewed the Affordable Housing Task Force (Task Force) report entitled *Bridging the Gap: Housing Needs of Nevada County*, dated September 2000; an update pertaining to recommendations from that report as prepared by the Housing and Community Services Agency (H&CSA); the 2002 Little Hoover Commission Report entitled *Rebuilding the Dream: Solving California's Affordable Housing Crisis*; an outside consultant's Re-engineering Report prepared for the Community Development Agency (CDA); a status update on the re-engineering process prepared by the CDA staff; published goals and objectives of H&CSA; affordable housing articles from local and Sacramento area newspapers; and minutes of Board of Supervisor's (BOS) meetings.

To complete its study of county affordable housing issues, the Grand Jury interviewed the chair of the BOS; the director of H&CSA; the director of the CDA; a representative of the Nevada County Contractor's Association; a representative of the Task Force; and a member of the board of Habitat for Humanity.

LEGAL FRAMEWORK

California Government Code Section 65302

“The general plan shall consist of a statement of development policies and shall include a diagram or diagrams and text setting forth objectives, principles, standards, and plan proposals.”

California Government Code Sections 65588 (a) (1-3) Summarizing:

These sections state that each city and county is required to include a housing element in its general plan and such plans shall be updated as often as necessary to evaluate its goals, objectives, and policies as those contribute to reaching the state’s housing goals. It must also assess its effectiveness in reaching the community’s own goals and objectives and judge the progress it is making in implementing its housing element.

California Government Code Sections 65400 Summarizing:

Each city and county is required to submit an annual report to specified state departments and agencies by October of each year. Said reports include information concerning what the agency has done to meet its share of the regional housing needs.

In *California Government Code Section 65589.5 et seq.*, the legislature found that:

- (1) “The lack of housing is a critical problem that threatens the economic, environmental, and social quality of life in California.”
- (2) “The excessive cost of the state’s housing supply is partially caused by activities and policies of many local governments that limit the approval of housing, increase the cost of land for housing, and require that high fees and exactions be paid by producers of housing.”

Further, the results of those activities and policies include, among other things, “discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.”

The code also states: “Many local governments do not give adequate attention to the economic, environmental, and social costs of decisions that result in disapproval of housing projects, reduction in density of housing projects, and excessive standards for housing.”

AFFORDABLE HOUSING TASK FORCE REPORT, SEPTEMBER 2000

The BOS created the Task Force to report on the housing needs of Nevada County. The Task Force completed its report in September of 2000 after sixteen months of review and analysis.

“The primary tasks of the Task Force have been to commission the current assessment and to make recommendations to the County Board of Supervisors.” Cost of this report was approximately \$60,000 in addition to the volunteer time spent by the Task Force members.

According to the report approximately 3,000 new, affordable housing units are required by 2010 to meet the housing needs of county residents. Only 300 have been built since 1993. Of the 400 housing permits issued during the last year, only one was for an affordable housing development.

Of the top five recommendations in the task force report, four deal directly with the current lack of housing supply to meet the need. In its report, the Task Force identified the following constraints to affordable housing in Nevada County:

CONSTRAINTS	POSSIBLE SOLUTIONS
Land use controls	Re-zone parcels to multi-family designation
Codes and enforcement	Expedite processing of all applications; presale inspections to ensure code compliance
On/off site improvements	Approve and develop infrastructure
Fees and exactions	Fee waivers and reductions
Permit processing procedures	Fast track for affordable housing
Land costs	Local subsidies, friendly condemnations for tax benefited sales
Availability of other financing	Provide local matching funds to access funding
Construction costs	Only use prevailing wages when required
Sites limited to community regions and city limits	Increase such sites
Access to transit, shopping, health care, and other amenities	Concentrate multi-family sites near service amenities

In addition to the constraints identified by the Task Force, the Grand Jury investigation revealed these additional constraints:

CONSTRAINTS	POSSIBLE SOLUTIONS
The current economy	Additional grants, available reserves
“Not in my backyard” (NIMBY) attitudes	Educate the public about legal requirements to provide affordable housing
Untruthful zoning – parcels that cannot be developed to stated potential	Establish pre-entitlements to build to approved zoning
Lack of political will	BOS must be willing to spend political capital to reach housing goals

Of the Task Force’s initial list of 36 recommendations, a summary of the top 10 recommendations follows:

1. Allow mixed-use developments, by combining higher-density residential within office-professional, commercial and retail districts.
 - **Finding 1.** The Grand Jury found that only the BOS can give staff authority to include mandates in the general plan for affordable housing in all construction. At present, staff can ask a developer to include it, but cannot require it.

2. Local agencies should adopt a policy that allows for deferred payment of fees, and/or partial or full waiver, of planning, mitigation, and building permit fees as incentives for builders.
 - **Finding 2.** The Grand Jury found there were differences of opinion among staff and the BOS concerning whether this is or is not already being applied, or applied on a case by case basis.

3. Adopt the second unit recommendations.
 - **Finding 3a.** The Grand Jury found that the only fully implemented recommendation arising out of the September 2000 Task Force report – a second-unit ordinance – has failed to result in a single approved application to build such a unit. The adopted ordinance included a California Department of Forestry (CDF) map that severely limited the areas of the county in which a second unit could be built, along with 11 pages of additional requirements under the Americans with Disabilities Act (ADA).
 - **Finding 3b.** The Grand Jury found that since then, while 30 people expressed an interest in building a second unit on their property, no one

has actually received a permit to do so, citing problems with the CDF map and the significant requirements under the ADA.

- **Finding 3c.** The Grand Jury learned that the BOS has now created a new task force to review and make changes to the second-unit ordinance to make it more workable.
4. The county and cities should allow duplexes and duets mixed-in with single-family residential development.
 - **Finding 4.** The Grand Jury learned that while the county did permit duplexes to be mixed in the Eden Ranch project, that project has not been completed.
 5. The county and cities should require that all senior assisted care residential developments include at least 20% of the total units affordable to low-income seniors.
 - **Finding 5.** The Grand Jury learned that this would apply only for new construction and not to existing facilities.
 6. The county should create an Affordable Housing Trust Fund from impact and in-lieu housing fees throughout the county, to be used for affordable housing development.
 - **Finding 6.** The Grand Jury found that the BOS differentiates between affordable housing and workforce housing, by saying, these are two different issues, although the latter term is not a state-recognized term.
 7. Streamline the development-approval process, provide affordable housing pre-application meetings, accurate and consistent processing information, and priority processing.
 - **Finding 7a.** While the CDA claims to be nearing completion on its re-engineering of developmental approval processes and procedures, the Grand Jury learned that insufficient incentives exist in Nevada County to entice builders to overcome obstacles to building affordable housing. Reasons cited include:
 1. When submitting plans many feel thwarted in their attempts to do so due to perceived arbitrary permitting regulations;
 2. In spite of a zoning (by example) of R-1, where a builder is “entitled” to build four units, perceived arbitrary decision by County officials may prohibit the builder from using his “entitlement.”

There is no guarantee a builder may utilize his land for the purpose he initially purchased it. As such, there is less incentive to build.

- **Finding 7b.** The Grand Jury further found that developers and owner-builders continue to be frustrated with the approval process, finding it to be onerous and bureaucratic; that is, interpretations and applications of requirements by staff are in “black and white” terms, and lacking a common sense approach.
8. Community, decision-makers, and local leaders need to be educated by private, non-profit and public housing industry representatives about the need for affordable housing in western Nevada County.
- **Finding 8a.** Definitions of affordable housing, including rental housing, have been set forth by the state legislature. The state has also provided formulas for use by local agencies in setting low-income and moderate-income levels for the purpose of establishing eligibility for affordable housing.
 - **Finding 8b.** While the Task Force report reflects a greater need for very low-income housing with incomes under \$24,000, the BOS has focused on workforce housing (moderate income), which targets families with incomes at or exceeding \$50,000 per year.
 - **Finding 8c.** The Board of Supervisors is unable to identify all affordable housing projects that have been completed or that are in progress.
9. The counties and cities should cooperate in creating a *countywide* umbrella Housing Authority.
- **Finding 9a.** The H&CSA, created in 1991 by the BOS with a \$28,000 allocation from the General Fund with the understanding that the department was to become completely self-funded within three years.
 - **Finding 9b.** The BOS has placed no one “in charge” of making Affordable Housing a reality and a priority in Nevada County.
 - **Finding 9c.** The BOS has attached no timelines for the implementation of the 36 task force recommendations.
 - **Finding 9d.** There are no serious state or federal consequences or penalties for the failure of cities and counties to reach their affordable housing goals.
 - **Finding 9e.** The H&CSA receives no general fund monies to facilitate its operations or to cover its administrative costs. Therefore, the department must apply for grant funds that permit a portion of the grant funds to be used for administrative expenses. There are presently over 175 sources for grants relative to affordable housing. Due to staffing insufficiencies,

this department perceives it must hire more staff in order to apply for more grants.

- **Finding 9f.** H&CSA staff has not taken advantage of all grant funds for which they can apply. Some require matching funds and the county is unable to do so. Staff focuses on applying for grant funds for which they have a reasonable expectation of receiving approval. Annually, the state requests applications for funds that meet a predetermined focus, such as the maintenance of existing housing stock.

10. Maximize the development potential of sites to be annexed to the cities by increasing the number of sites for development, providing higher density zoning and infrastructure, and exercising the use of annexation agreements with the cities that ensure these sites remain at the higher density zoning.

- **Finding 10a.** Zoning amendments to increase the availability of land zoned for multi-family units can be made at any time and there has been no effort to do so.
- **Finding 10b.** BOS has instructed staff to not upgrade or downgrade the zoning of properties in the General Plan update currently underway.
- **Finding 10c.** Non-availability of infrastructure and the need for annexation have held up several site development projects in the county. Properties zoned for multi-family development and located at the border of county and Grass Valley may not hook up to the city's sewer system until or unless they are first annexed into the city. One example is the Old Tunnel Road site off Brunswick Road that is zoned for multi-family development. The county lacks the necessary infrastructure to develop the site. Yet, the sewer system connection to the City of Grass Valley is only one parcel away. Until that property is annexed into the city limits, no development can occur.
- **Finding 10d.** Current county regulations permit construction up to 45 feet – three stories – high. The Zoning Ordinance permits some buildings to be higher in commercial districts.

CONCLUSIONS

Affordable housing goals remain unfulfilled because of a variety of public and private sector factors. In addition to those factors cited by interviewees, the Grand Jury found additional issues. For example, the BOS and county staff can be a major factor in accomplishing the affordable housing goals in the county. Without their leadership and control, it will not happen.

Without state or federal penalties attached to failures to meet goals, there is no local imperative to overcome public and private obstacles. Lacking this impetus, the BOS fails to exercise its authority where it can to change zoning and increase density, while it simultaneously approves ordinances that clearly undercut the intent of state regulations for meeting local housing needs (e.g. second unit ordinance).

In spite of the fact that the BOS claims to place a high priority on achieving affordable housing goals, no real action has taken place. In part, this is due to the widespread NIMBY attitude of people who believe that providing affordable housing will downgrade their property values and bring in undesirable neighbors to their neighborhoods. This attitude in the community must be addressed. When major opposition to many proposed projects comes from the community at large and local political entities, the BOS must be willing to spend some political capital to overcome the naysayer.

Clearly, the BOS needs to retrain its focus on the development of multi-family housing units. While a number of task force recommendations need to be included in the General Plan update now in progress, others may not need to be addressed at this time. Large, multi-family developments are known to be the most cost-effective approach for meeting affordable housing needs on the scale required in this county. Therefore, a continued focus on recommendations that are less likely to help the county meet its housing goals, such as the second unit ordinance and the latest task force, can only serve as detractors from the major efforts that are now required.

RECOMMENDATIONS

The Grand Jury Recommends that the Board of Supervisors:

1. Accept the responsibility of its leadership role in gaining community support for affordable housing projects and overcoming NIMBY attitudes.
2. Consider creating a new position or establishing a functional assignment of Affordable Housing Coordinator either on site or as part of a new, regional Housing Authority. The primary responsibility would be to ensure that goals and objectives of the Affordable Housing Task Force are implemented in a timely manner through the collaborative efforts of all affected departments, groups, and agencies.
3. Provide general fund support to the Department of Housing and Community Services, thus freeing the Director and his staff to focus their efforts on developing and implementing creative housing and funding programs that meet the needs of local residents.
4. Give deadlines to department tasks, put quantifiable measures in place to follow-up, and ensure that departments and staff are meeting the County's affordable housing goals and objectives.

5. Direct staff to focus efforts on the development of new multi-family units that address very-low yearly income (\$24,400) and low yearly income (\$39,000) needs rather than work-force housing needs for those with moderate yearly income (\$50,000).
6. Overhaul local ordinances and zoning regulations that create obstacles to the development of affordable housing.
7. Correct staff's understanding of its collaborative role in working with developers of mixed use and multi-family projects. Such collaborations must identify and implement incentives, streamline, and redesign developmental approval processes and procedures.

REQUIRED RESPONSE

Board of Supervisors – August 20, 2003

COUNTY OF NEVADA

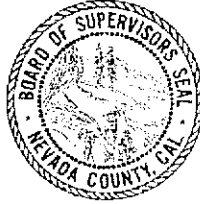
STATE OF CALIFORNIA

950 Maidu Avenue • Nevada City • California 95959-8617

*Ralph - Please
Follow-up
9/15/03*

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Sue Horne, 2nd District
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Cathy R. Thompson
Clerk of the Board

Telephone: (530) 265-1480
Fax: (530) 265-1234
Toll-Free Telephone: (888) 785-1480
E-Mail: bdofsupervisors@co.nevada.ca.us
Website:
<http://boardclerk.co.nevada.ca.us>

September 3, 2003

The Honorable Judge Ersel Edwards
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City CA 95959

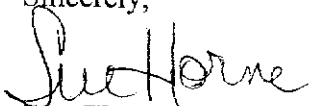
Subject: Board of Supervisors Responses to the 2002-2003 Nevada County Civil Grand Jury Sixth Early Response Report, dated May 20, 2003 regarding Affordable Housing in Nevada County.

Dear Judge Edwards:

The attached responses by the Board of Supervisors to the 2002-2003 Nevada County Civil Grand Jury Sixth Early Response Report, dated May 20, 2003, are submitted as required by California Penal Code §933.

These responses to the Grand Jury's Findings And Recommendations were approved by the Board of Supervisors at their regular meeting on September 2, 2003. Responses to Findings and Recommendations are based on either personal knowledge, examination of official county records, review of the responses by the Nevada County Executive Officer (CEO), Housing and Community Services, the Affordable Housing Task Force, Community Development Agency, the Nevada County Contractors' Association, or testimony from the Board Chair and county staff members.

The Board of Supervisors would like to thank the members of the 2002-2003 Grand Jury for their participation and effort in preparing their Report.

Sincerely,

Sue Horne
Chair of the Board

Attachment

sh:pb

cc: Foreman, Grand Jury
Rick Haffey, County Executive Officer
HCS
CDA
NCCA
AHTF

NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO
2002/2003 CIVIL GRAND JURY EARLY RELEASE REPORT NO. 6

DATED MAY 20, 2003

RE: AFFORDABLE HOUSING IN NEVADA COUNTY

Responses to findings and recommendations are based on either personal knowledge, examination of official county records, review of the responses by the Nevada County Executive Officer (CEO), Housing and Community Services, Community Development Agency, the Nevada County Affordable Housing Task force, the Nevada County Contractors' Association, or testimony from the Board Chair and county staff members.

I. GRAND JURY INVESTIGATION:

Affordable Housing in Nevada County.

A. RESPONSE TO FINDINGS & RECOMMENDATIONS:

Findings from the Affordable Housing Task Force list of top 10 recommendations made by the Housing and Community Services Agency (H&CSA) from the report "Bridging the Gap: Housing Needs of Nevada County" prepared by the Affordable Housing Task Force (Task Force) dated September 2000:

1. *"Allow mixed-use developments, by combining higher-density residential within office-professional, commercial and retail districts."*

Finding: The Grand Jury found that only the BOS can give staff authority to include mandates in the general plan for affordable housing in all construction. At present, staff can ask a developer to include it, but cannot require it.

Partially agree

California State law prescribes General Plans include a Housing Element that includes specific affordable housing requirements. The Board of Supervisors and other local governing bodies also have the authority to adopt affordable housing policies for inclusion in the General Plan. These policies are implemented by County ordinance and provide policy direction to County staff, the Zoning Administrator and the Planning Commission.

The Board of Supervisors has adopted affordable housing incentives and bonus actions to support General Plan policies and mandates such as streamlined permitting, deferred mitigation fees, or other enhancements to facilitate and encourage higher density residential development within office-professional, commercial and retail zoning districts.

2. *“Local agencies should adopt a policy that allows for deferred payment of fees, and/or partial or full waiver, of planning, mitigation, and building permit fees as incentives for builders”.*

Finding: The Grand Jury found there were differences of opinion among staff and the BOS concerning whether this is or is not already being applied, or applied on a case by case basis.

Partially agree

The current and proposed draft Housing Elements include policies to allow for up to a 50% reduction of county development fees for affordable housing projects. County zoning regulations also permit a 50% reduction in all County permit fees that provide housing for lower income or disabled persons. County permit fees also remain comparable to surrounding jurisdictions and in many cases are significantly lower, providing additional incentives to develop affordable housing.

When developers receive fee reductions for affordable housing project permits, departments providing the service must still, by law, receive the full amount of the permit fee to recover the cost of the service provided. It has been the policy of the Board to authorize affordable housing fee subsidies only when offsetting funds are available to provide the difference between the reduced fee and the actual cost of the service.

The county has used this provision to provide fee subsidies for three projects by non-profit housing development organizations: 1) Common Ground, Inc. for Eden Ranch; 2) Slate Creek Village by Nevada County Habitat for Humanity; and 3) Nevada County Development Corporation’s Penn Valley Gardens apartments. All three projects qualified for reimbursement of reduced permit fees from the Housing and Community Service Community Development Block Grant (CDBG) Program-Income Re-Use fund. As CDBG money must be used to benefit low and very low-income households, the County can use that revenue to offset the permit fee amounts not paid by the non-profit low income housing developers. Absence of other reliable sources of funds to reimburse the departments charging the permit fees has had the effect of limiting the availability of this provision to low and very low-income affordable projects developed by non-profit organizations. The County does allow Recreation (AB1600) and Road Impact development fees to be paid prior to occupancy approval rather than at permit issuance as is required by the schools and fire protection districts for their mitigation fees. This represents, on average, approximately 20% of the total fees for a development project.

By this response, The County Executive Officer and the Director of the Community Development Agency are directed to review the current fee subsidy program and make recommendations to the Board regarding any potential changes, and to explore other options for subsidizing development fees. This report will be presented to the Board by February 24, 2004 (See response to Finding No. 7a.).

3. *“Adopt the second unit recommendations”.*

Finding 3a. The Grand Jury found that the only fully implemented recommendation arising out of the September 2000 Task Force report - a second-unit ordinance - has failed to result in a single approved application to build such a unit. The adopted ordinance included a California Department of Forestry (CDF) map that severely limited the areas of the county in which a second unit could be built, along with 11 pages of additional requirements under the Americans with Disability Act (ADA).

Partially agree

Second units consistent with density have historically been allowed, subject to a permit. They are allowed under current Zoning Regulations as “dwelling groups, consistent with allowed density” with a use permit in Residential Agricultural (RA) and Single Family (R1) residential zoning districts and with a development permit in Medium Density (R2) and High Density (R3) residential zoning districts. CDA will be making a recommendation to require only development permits in all residential zoning districts. Applications have been and continue to be received and granted for these kinds of second units. The second-unit ordinance referred to in the Finding and the balance of this Response pertains to second units inconsistent with density.

The Board of Supervisors appointed a “Second Unit Task Force” (SUTF) in February 2003 to review the requirements of the initial Second Unit Ordinance Pilot Program and it has submitted recommendations to the Board to make it a more useful and effective tool in the effort to increase the production of affordable housing. The SUTF recommendations remove or modify the most challenging standards in the ordinance dealing with ADA requirements and building restrictions in certain high fire threat areas. Further Board action on the SUTF recommendations has been on hold pending clarification of potential conflict of interest issues with the California Fair Political Practices Commission (FPPC). The FPPC recently ruled there are no Board member conflict of interest issues related to the adoption of changes to the Second Unit Ordinance Pilot Program. The Board will now hold a public hearing and consider the SUTF recommendations later this year.

Implementation of other Affordable Housing Task Force (AHTF) recommendations have either been implemented, are in progress or have been delayed due to timing, resources, and funding issues related to the update and adoption of the Housing Element, the General Plan Update, and associated Zoning Ordinance changes. In addition, for the AHTF recommendations to be effective within those unincorporated areas that are within the sphere of influence of an incorporated city or town, those municipalities may need to revise their standards as well, due to the County commitment to work closely with municipalities on planning and development within their spheres of influence.

Finding 3b. The Grand Jury found that since then, while 30 people expressed an interest in building a second unit on their property, no one has actually received a permit

to do so, citing problems with the CDF map and the significant requirements under the ADA.

Agree

See response to Finding No. 3a.

Finding 3c. The Grand Jury learned that the BOS has now created a new task force to review and make changes to the second-unit ordinance to make it more workable.

Agree

See response to Finding No. 3a.

4. *“The county and cities should allow duplexes and duets mixed-in with single-family residential development.”*

Finding: The Grand Jury learned that while the county did permit duplexes to be mixed in the Eden Ranch project, that project has not been completed.

Agree

Common Ground, the non-profit organization that began the development of Eden Ranch, completed 31 of the planned 42 moderate (20) and low-income units (22) but has been unable to complete the final 11 units (7 moderate and 4 low income) because of the lack of adequate on-site sewage disposal capacity.

Due to financial constraints, Common Ground transferred the project to Mercy Housing, a large non-profit housing development corporation that operates in the western United States. Mercy is currently evaluating options to complete the project. At this time, the Department of Housing and Community Services still anticipates the final four low-income units will be duplexes or duets.

Also, the draft County Housing Element, recently submitted to state Department of Housing and Community Development for review includes policies requiring changes to County zoning regulations allowing and encouraging duplexes or duets within all single family residential districts.

5. *“The county and cities should require that all senior assisted care residential developments include at least 20% of the total units affordable to low-income seniors.”*

The AHTF identified assisted senior housing as one of the top three critical affordable housing needs in the county and included recommendation #16 to address that need. The draft Housing Element adds policies to encourage such needed senior assisted-care housing. Further, in July

2003, the Board approved a consultant contract to develop a senior assisted care project through a \$35,000 CDBG grant, helping to implement this recommendation.

Finding: The Grand Jury learned that this would apply only for new construction and not to existing facilities.

Agree

Once approved, financed, constructed and operating, the County has no authority to require an owner of an existing residential housing facility to convert market rate units to low-income affordability levels.

The Director of Housing and Community Services (HCS) has been working with the owners of the Brunswick Inn in Grass Valley, a privately owned senior assisted care facility, to provide more low income senior housing while helping to improve the financial viability of the facility. The department found a private partner to work with the owners of the Brunswick Inn to refinance the current project via the Rural Community Assistance Corporation (RCAC). That effort is expected to result in converting at least 20%, and possibly up to 51%, of the units at the Brunswick Inn to affordable housing for low-income seniors.

Although Inclusionary Housing has not been mandated by the State, existing County Land Use regulations require new subdivisions of 20 units or more to have 10% of subdivision parcels dedicated to low income housing with density bonuses for the inclusion of additional units.

There is an on-going debate within the community as to the merits of requiring Inclusionary Housing in new subdivision projects. The Board will continue to review the Inclusionary Housing provisions in our Land Use Code to ensure they are accomplishing their desired goals and are helping address our affordable housing needs. The Board, in cooperation with Grass Valley, Nevada City and Truckee, will also continue to seek other ways to encourage construction of affordable housing, including incentives and conditions such as increased density bonuses, fee-in-lieu of units, off-site donation of land elsewhere, waiver of parking standards, reduction in parcel coverage limitations for multi-family housing projects, and reducing site and parking lot landscaping requirements. If it is determined there are more effective ways to help meet our affordable housing goals other than Inclusionary Housing zoning, the Board will take action as appropriate to address this issue.

The advantages and disadvantages of the continued use of Inclusionary Zoning, either as a requirement in new residential subdivisions of 20 units or more, or in any other County Land Use regulation, will be discussed over the next year as part of the proposed changes to the General Plan and Housing Element in public hearings before the Planning Commission and subsequently by the Board of Supervisors.

6. ***“The county should create an Affordable Housing Trust Fund from impact and in-lieu housing fees throughout the county, to be used for affordable housing development”.***

The Department of Housing and Community Service (HCS) created an Affordable Housing Trust Fund (AHTF) in the Town of Truckee under an innovative concept in partnership with the Town and a private developer of condominium homes. The developer agreed to contribute up to \$36,000 into the fund for each of 32 units of the 160-unit project to provide closing costs and down payment assistance through loans to moderate income Truckee area workers. As such funds are repaid into the Housing Trust Fund, those proceeds will be used to assist other moderate-income workers to buy a home anywhere in Truckee. In addition, HCS is exploring other options and funding sources for a HTF in the western county.

Finding: The Grand Jury found that the BOS differentiates between affordable housing and workforce housing, by saying, these are two different issues, although the latter term is not a state-recognized term.

Agree

All publicly funded housing programs use standard definitions of affordability by income ranges. According to the Director of the state Department of Housing and Community Development (HCD) there is no official definition of “workforce housing” for publicly subsidized affordable housing programs. In fact, HCD uses the term workforce housing to refer to low and very low-income housing

The term “workforce” is generally used by the County and throughout our community to mean labor force housing needed to sustain a healthy local economy. The term “workforce” does not include people who are not working, such as seniors and persons with disabilities on fixed-low incomes, students, and those who have opted out of the labor force such as single mothers with children and other special needs populations who may be unemployable. Because all of those groups also need housing, the term “affordable housing” is more typically used in low income housing programs. The Workforce Housing Task Force (WHTF), sponsored by the Nevada County Business Association, the Grass Valley/County Chamber of Commerce and the Nevada County Contractors’ Association, is focused on supporting non-publicly subsidized housing for the local workforce, typically those in the moderate income and above ranges. There is no income standard for the term “workforce.”

It is the Board’s goal to ensure both public and private efforts to provide affordable and workforce housing are fully coordinated and everyone is working together to achieve common goals in the most efficient and cost-effective way possible. The Workforce Housing Task Force (WHTF) has defined its target income groups, essentially those middle-income working families earning from \$55,000 to \$85,000 per year. The WHTF is currently sponsoring several privately funded residential developments to provide housing for such groups in the City of Grass Valley and the County unincorporated areas within the city’s sphere of influence. The County will continue to work with and support the efforts of the Workforce Housing Task Force and specific project proponents and developers.

The Board also supports the goal of the WHTF to develop a Workforce Housing Demonstration Project in the unincorporated part of the County. This project would identify and implement the opportunities for development of more critically needed workforce housing choices for our citizens and to remove the constraints to development of future workforce housing projects.

By this response, the CDA and HCS, through the CEO, is directed to work with, and assist, the WHTF to prepare a plan for a Workforce Housing Demonstration Project. This plan shall be included in the HCS report to the Board regarding Affordable Housing issues to be presented by February 24, 2004. (See responses to Findings No. 5, 8, 8c, and 9d.).

7. ***“Streamline the development-approval process, provide affordable housing pre-application meetings, accurate and consistent processing information, and priority processing.”***

Finding 7a. While the CDA claims to be nearing completion on its re-engineering of developmental approval processes and procedures, the Grand Jury learned that insufficient incentives exist in Nevada County to entice builders to overcome obstacles to building affordable housing. Reasons cited include:

- i) When submitting plans many feel thwarted in their attempts to do so due to perceived arbitrary permitting regulations;**
- ii) In spite of a zoning (by example) of R-1, where a builder is “entitled” to build four units, perceived arbitrary decision by County officials may prohibit the builder from using his “entitlement.”**

There is no guarantee a builder may utilize his land for the purpose he initially purchased it. As such, there is less incentive to build.

Partially agree

The Board does not believe a developer’s decision to build affordable housing in Nevada County primarily depends on the type and extent of incentives offered by the County.

The AHTF found that the western Nevada County private housing industry has focused almost exclusively on building residential housing for the above moderate-income market. While there is substantial demand for moderate, low and very low income residential housing, the current housing market in Nevada County is for the above-moderate income range.

Nevertheless, the Board supports offering incentives to the building industry to construct moderate and low-income housing. The draft Housing Element contains many new policies that if adopted and implemented, will provide more incentives for builders to actually build housing for moderate, low and very low income housing markets.

The Board will also continue to work with HCS, the AHTF, community organizations, and the public to identify ways to enhance the County permitting process and offer reasonable incentives to encourage moderate, low, and very low residential housing construction. By this response, the CEO and the Director of the Community Development Agency are directed to provide a report to the Board in conjunction with a status report on the implementation of the CDA Reengineering Process by February 24, 2004. The report will include ways to further enhance our permitting process and provide recommendations for adopting additional incentives, including fee subsidies and reimbursement policies to encourage moderate, low and very low income housing construction. This report should also include what actions have been taken, are underway, and are planned to improve communication with the public and permit applicants regarding required standards and regulations (See response to Finding No. 2).

By way of clarification, the Office of County Counsel has advised that zoning does not constitute an "entitlement" to build and assumes that is why it was put in quotations in the Finding. Development by law is a privilege not a right under California land use law and site constraints may preclude a builder from building the maximum number of units allowed by zoning if state or local regulations cannot be met or environmental concerns cannot be adequately mitigated.

Finding 7b. The Grand Jury further found that developers and owner-builders to be frustrated with the approval process, finding it to be onerous and bureaucratic; that is, interpretations and applications of requirements by staff are in "black and white" terms, and lacking a common sense approach.

The Board agrees that some developers and owner-builders have this perception but disagrees with the foundation of their perception.

The Community Development Agency (CDA) is addressing the project approval process through the development of a comprehensive site plan review system that will streamline site plan review and processing within CDA departments and ensure consistency in plan submittal requirements and timelines. Training of permit counter staff is also underway to ensure consistent and reliable information is provided to permit applicants and that more comprehensive forms and handouts explaining County codes, standards, and policies are readily available to the public.

The CEO and the CDA director will provide a report to the Board by February 24, 2004 addressing ways to enhance the permitting process and offer additional incentives to encourage construction of affordable housing (See response to Finding 7a.)

8. *"Community, decision-makers, and local leaders need to be educated by private, non-profit and public housing industry representatives about the need for affordable housing in western Nevada County."*

Prior to creation of the AHTF, members of the Board of Supervisors, the HCS Director and other county officials made many such efforts, including speeches to business and community organizations, appearances on panels for various conferences, forums, cable TV and radio shows, and numerous presentations to planning commission, city council and Board of Supervisors meetings. The Board of Supervisors, with the recommendation of the HCS Director, also conducted the well-attended and highly successful Housing Summit in December 1998. That summit of eighty community leaders was a catalyst for the Board to create the AHTF. Subsequently, the AHTF provided a forum for widespread community input and education about the need for a range of affordable housing options. The Board supports the ongoing effort by county elected and appointed officials, as well as by city officials, the AHTF, the private building industry, non-profit organizations and many community leaders to communicate with each other and coordinate efforts to address county affordable housing needs.

As a example of this endeavor, staff from the City of Grass Valley and the County have agreed to have a standing meeting and meet on a monthly basis to resolve issues such as General Plan inconsistencies within the sphere of influence and address other joint concerns such as affordable housing, traffic and special development areas. Other examples of communication and cooperation with the cities on efforts to address regional affordable housing needs include MOUs and regular discussions with Nevada City and the Town of Truckee regarding administration of city housing programs.

(See response to finding No. 9.)

The Board and HCS, through the County Executive Officer, will coordinate additional educational outreach activities with the cities, public and private organizations and others on the need for additional affordable housing, the many issues involved, and the cooperative effort required by everyone involved to achieve desired goals. The Director of the Housing and Community Services and the CEO are directed by this response to coordinate an affordable housing educational outreach plan to include Board participation, by February 24, 2004 and present a report on its results and effectiveness to the Board by October 31, 2004.

Finding 8a. Definitions of affordable housing, including rental housing, have been set forth by the state legislature. The state has also provided formulas for use by local agencies in setting low-income and moderate-income levels for the purpose of establishing eligibility for affordable housing.

Agree

Finding 8b. While the Task Force report reflects a greater need for very low-income housing with incomes under \$24,000, the BOS has focused on workforce housing (moderate income), which targets families with incomes at or exceeding \$50,000 per year.

Disagree

Services provided by the Department of Housing and Community are primarily directed towards low and very low income housing programs and are required by law to use any state and federal funding received for these programs.

Since 1992, over 10,000 low and very low-income households have received housing assistance from the county, far more than any other public or private organization in Nevada County. The Board of Supervisors, directs and approves all state and federal contracts and the budgets for HCS, and is fully in support of the department's efforts to provide services to low and very low income households.

The terms workforce housing and affordable housing can and sometimes do refer to the same income level groups. However, for the Regional Housing Needs Allocation mandated by the state for each city and County, the income groups are clearly distinguished. The County can have two programs that have some overlapping of income eligibilities, such as targeting workforce housing, however affordable housing goals required by the state allocation necessarily focus County affordable housing activities on programs to facilitate moderate and low to very low income housing needs.

The goal of the Workforce Housing Task Force, organized by the local business and development community, is to have the private sector build market-rate, workforce housing without public subsidies. The role of the county in this effort is to support the development of workforce housing in the cities through cooperative efforts and in the County unincorporated areas through land use policies, incentives to the private and non-profit housing developers and minimizing the cost of the development approval process. The BOS and County staff support workforce housing development in its goals, policies and procedures (See response to Finding No. 6 for additional information regarding workforce housing).

Finding 8c. The Board of Supervisors is unable to identify all affordable housing projects that have been completed or that are in progress.

Disagree

The Director of HCS had made regular reports to the Board of Supervisors and has provided updates on individual projects to individual Supervisors for projects in their districts or at their individual requests. In October 2002, the HCS Director provided a detailed status report to the Board of Supervisors on each current affordable housing construction project. The Board also approves contracts related to specific housing projects and programs at Board meetings on a regular basis. The HCS budget for FY 2003-2004 also includes detailed accomplishments from the prior year, progress in meeting the prior year affordable housing goals, and specific FY 2003-2004 goals for a wide range of housing projects and programs.

In order to improve the communication between the HCS Director and the Board of Supervisors regarding affordable housing, the Director of HCS, by this response, is directed to provide quarterly reports beginning in November 2003 and through 2004 on the status of currently approved or pending affordable housing projects. This report will also provide

current status of the implementation of any of the open 36 AHTF recommendations and the results of those that have been implemented.

9. ***“The counties and cities should cooperate in creating a countywide umbrella Housing Authority.”***

The Board of Supervisors established a “County” Housing Authority on February 4, 1992 pursuant to California Health and Safety Code 34244. The Grand Jury recommendation seems to speak to expanding the “County” Housing Authority to an “Area” Housing Authority which under state law can be done with the agreement of two, or more, cities and counties (H&S Code 34248) and can be accomplished via a joint powers agreement (H&S Code 34249).

Given the current declining state and federal funding sources for housing programs and the uncertain outlook for the future, there are not sufficient revenues available or anticipated to support the formation and operation of such an authority without County General Fund contributions and financial support from each of the three cities in the county. Therefore, it is not appropriate at this time to create a new countywide governmental agency. The County will continue to work with the cities to address our mutual housing needs and keep options open for the potential creation of an “Area” Housing Authority in the future if it is determined to be a cost effective solution to providing and administering affordable housing programs, and if needed resources become available.

The CEO, by this response, is directed to provide a report to the Board in conjunction with next year’s budget process, and not later than July 1, 2004, regarding any planned HCS department reorganization plans, including the potential establishment of an “Area” Housing Authority.

Presently, HCS cooperates with the Town of Truckee and Nevada City under formal agreements to administer city housing programs. The department also initiated a series of meetings in 2003 with the community development staff of the City of Grass Valley to improve communications and coordinate with each other on affordable housing grant applications and project proposals. Also, HCS has proposed to administer Grass Valley’s new \$2.9 million HOME grant for construction of 52 low-income apartments in Glenbrook.

Finding 9a. The H&CSA was created in 1991 by the BOS with a \$28,000 allocation from the General Fund with the understanding that the department was to become completely self-funded within three years.

Partially agree

The Department of Housing and Community Services is now almost entirely self-sufficient because it has been very aggressive and successful in securing state and federal funds to operate affordable housing projects and programs. Since 1991, HCS has raised over \$60 million of such funds. For FY 2003-04, HCS projects a combined budget of about \$5 million for

programs including new housing development, first-time home buyer assistance, housing rehabilitation loans and grants, energy assistance, and home weatherization.

The department presently receives \$51,000 in General Fund support, \$38,000 of which is passed through to non-profit organizations.

Finding 9b. The BOS has placed no one “in charge” of making Affordable Housing a reality and a priority in Nevada County.

Disagree

The Board of Supervisors does not have the authority or the ability to be solely responsible for making affordable housing either a reality or a priority in Nevada County. The Board accepts its responsibility to be a major part of this process however, and will continue to use its influence and authority to work, in cooperation with the cities and the public and private sectors to achieve affordable housing goals.

It will take the cumulative efforts of far more than one county government, one county department, or one person “in charge” of affordable housing to make it a reality and a priority in any community, including Nevada County. The County can, has, and will continue to play a leading role as a catalyst, supporter and provider of affordable housing. However, affordable housing goals will only be realized when the many public, private, non-profit, faith-based and community organizations, developers, and individuals work together to make affordable housing a reality for more citizens in Nevada County.

The Board has taken action needed to address affordable housing issues in Nevada County by creating the Department of Housing and Community Services and Housing Authority in 1992 and assigning responsibility for County administration of affordable housing programs to the department director under the authority of the County Executive Officer.

Finding 9c. The BOS has attached no timelines for the implementation of the 36 task force recommendations.

Disagree

The Board of Supervisors adopted annual County goals in February 2003, including those addressing the need for affordable housing, and adopted multiple program budgets in June 2003 for the Department of Housing and Community Services. These budgets include specific goals for all housing programs and projects, as well as performance measures with specific completion dates. Of the 36 AHTF recommendations, 12 require HCS to secure state and/or federal funds to implement and are included in the HCS budget goals for FY 2003-2004. To date, HCS has secured funding for 8 of the 12 recommendations.

Further, one-third of the AHTF recommendations involve land use policy and zoning ordinance changes. The Community Development Agency (CDA) and the Planning Department are presently implementing those changes via the General Plan and Housing Element updates, and Zoning Ordinance revisions. The Planning Department follows a detailed work program with identified project priorities and timelines that is approved and regularly monitored by the Board of Supervisors.

The final 12 AHTF recommendations involve development process improvements, organizational ideas and public education. The county has made some progress in these three areas with re-engineering efforts in the Community Development, agreements with cities to work together on housing programs, and public outreach. There is more to be done however, and the county and AHTF will continue to be involved with these efforts.

As addressed in the response to Finding No. 8c., HCS has been directed to provide quarterly reports through 2004 regarding the implementation of AHTF recommendations. The Board will closely monitor implementation status to ensure steady progress is being made, consistent with available resources and other priorities.

Finding 9d. There are no serious state or federal consequences or penalties for the failure of cities and counties to reach their affordable housing goals.

Disagree

Jurisdictions must plan for housing that meets the needs of its income groups and have specific quantitative goals for each income category. In order to successfully compete for state and federal housing grant funds, jurisdictions must have a compliant Housing Element in its General Plan. Failure to meet affordable housing goals, especially those in the low-income category often results in overcrowding, high housing costs, and a loss of community by those most in need.

As required by the state, a Housing Element is essentially a plan to provide incentives for development of affordable housing, inventory land suitable for development, and list adequate sites for affordable housing development, both by the private sector and from publicly funded programs. If a jurisdiction fails to meet affordable housing goals, it is required by the state to identify why they were not met and what is being done to achieve compliance. As affordable housing construction is dependent on many factors outside of the control of local governments such as market demand, construction costs, the price of land, and financing opportunities, the state recognizes that steady progress in meeting affordable housing goals cannot always be made. However through the Housing Element, a jurisdiction must identify constraints, both governmental and non-governmental and have a plan to mitigate those constraints. Failure to comply with this plan may also leave the jurisdiction vulnerable to litigation. A jurisdiction can also be found to be out of compliance if it fails to identify sites needed to meet affordable housing mandates.

Cities and counties, by law, can be denied access to funds (CDBG, HOME and Proposition 48 bond housing bond funds) if they fail to meet affordable housing goals such as those mandated by the state for inclusion in the County's Housing Element. State policy to date, has primarily been to work with local agencies to achieve compliance with affordable housing quotas rather than to withhold funds needed to successfully address the complex issues involved. Legislation has also been proposed in the last few years that would link production under the Housing Element to the state's distribution of transportation funds to local governments. While such bills have yet to be passed, there is a trend in that direction for such "linkage" efforts between housing production and resources provided by the state to local agencies.

The director of the Housing and Community Services Department and the Community Development Agency through the CEO, by this response, are directed to provide, in addition to any reports required by the state and following adoption of the revised Housing Element, a quarterly report through 2005 beginning in February 2004 on the status of the County's compliance with provisions of the Housing Element.

Finding 9e. The H&CSA receives no general fund monies to facilitate its operations or to cover its administrative costs. Therefore, the department must apply for grant funds that permit a portion of the grant funds to be used for administrative expenses. There are presently over 175 sources for grants relative to affordable housing. Due to staffing insufficiencies, this department perceives it must hire staff in order to apply for more grants.

Partially agree

The Department of Housing and Community Services presently administers nearly forty contracts for housing programs and projects with a staff of ten and an annual budget of about \$5 million. Any consideration of additional staffing in HCS will not be made until next year's budget process and then, in relation to other priorities and County service needs.

The CEO in 2002 approved the upgrade of an existing position in HCS to a Grants Administrator position. The position is funded by state and federal grant funds and, since January 2003, the Grants Administrator has applied for, and successfully secured five new state and federal grants for housing, totaling \$737,000.

Limited General Funds are presently appropriated to HCS, although most are passed through to non-profit organizations to help fund housing and community service programs they provide (See response to Finding No. 9a.).

Finding 9f. H&CSA staff has not taken advantage of all grant funds for which they can apply. Some require matching funds and the county is unable to do so. Staff focuses on applying for grant funds for which they have a reasonable expectation of receiving approval. Annually, the state requests applications for funds that meet a predetermined focus, such as the maintenance of existing housing stock.

Partially agree.

See response to Finding No. 9e.

10. *“Maximize the development potential of sites to be annexed to the cities by increasing the number of sites for development, providing higher density zoning and infrastructure, and exercising the use of annexation agreements with the cities that ensure these sites remain at the higher density zoning.”*

This AHTF recommendation was implemented in part via the Board initiated County/Grass Valley Tax Base Sharing Agreement, and the Olympia Plaza II annexation to Grass Valley.

Finding 10a. Zoning amendments to increase the availability of land zoned for multi-family units can be made at any time and there has been no effort to do so.

Partially agree

Zoning amendments to increase the availability of land in the unincorporated parts of the County zoned for multi-family units can be made if either authorized and funded by the County, or if applied for by the property owner and approved through the Land Use Review and Approval process established by state law.

There was discussion by the General Plan Update Committee regarding reevaluation of General Plan Zoning to look along transportation corridors and near school sites for the potential development of affordable housing and the possible rezoning the sites to permit multi-family housing. The Board gave no direction however, to change zoning as part of the General Plan Update.

The draft Housing Element and the proposed county General Plan update do anticipate zoning changes to allow more multi-family housing sites in the unincorporated area, especially to allow more mixed-use in sites now zoned for commercial/industrial uses.

Finding 10b. BOS has instructed staff not to upgrade or downgrade the zoning of properties in the General Plan update currently underway.

Partially agree

The General Plan Update currently underway will not include major Zoning and General Plan Designation changes.

The Board previously directed the Planning department to prepare proposed Zoning changes on some individual parcels previously discussed by the Board. Each individual request was to be considered and possibly included in the General Plan Update on a case-by-case basis. This direction is presently being reconsidered by the Ad Hoc General Plan Update Committee and may be proposed for removal from the General Plan Update work plan.

Finding 10c. Non-availability of infrastructure and the need for annexation have held up several site development projects in the county. Properties zoned for multi-family development and located at the border of county and Grass Valley may not hook up to the city's sewer system until or unless they are first annexed into the city. One example is the Old Tunnel Road site off Brunswick Road that is zoned for multi-family development. The county lacks the necessary infrastructure to develop the site. Yet, the sewer system connection to the City of Grass Valley is only one parcel away. Until that property is annexed into the city limits, no development can occur.

Agree

The County proposed to the City of Grass Valley that such sites as mentioned above should be allowed to develop as soon as possible to provide desperately needed affordable housing now rather than later. Such sites should be allowed to connect to the City of Grass Valley sanitary sewer, and to sign an annexation agreement that when the city limit line reaches the site, the owner will agree to annex to the city without opposition or delay. The City of Grass Valley has so far not agreed to change its current policy regarding sewer system connections outside of its city limits.

Finding 10d. Current county regulations permit construction up to 45 feet - three stories - high. The Zoning Ordinance permits some buildings to be higher in commercial districts.

Agree

A proposed policy in the Housing Element update requires consideration of reduced development standards for multi-family development. One of the reduced standards is to consider an increase in allowable building height.

Recommendations:

The Board of Supervisors remains committed to doing everything it can within its authority and jurisdiction to help provide affordable housing for the citizens of Nevada County. The Board also accepts its responsibility of leadership for implementation of Affordable Housing Task Force (AHTF) recommendations, aggressive management of affordable housing programs through the Department of Housing and Community Services, and coordination of new housing initiatives and programs, cooperative planning, and annexation efforts with the Cities of Grass Valley, Nevada City, and the Town of Truckee. The Board is also committed to supporting affordable housing efforts initiated by other governmental and private organizations, both within the unincorporated areas of the County and within the cities.

The Board also recognizes it does not have the ability to solve community affordable housing problems on its own. Any comprehensive solution will require cooperative efforts between the County, the cities, public and private organizations, and other members of the public. The reality of the situation is that the Board cannot directly influence and control everything that needs to be done to provide all the affordable housing that is needed in Nevada County.

To achieve affordable housing goals in the unincorporated areas of the County, higher zoning densities than can presently be supported with available and potential infrastructure are needed. To effectively meet affordable housing goals, urban infrastructure, affordable land, and services including sewer capacity and improved traffic circulation routes must be part of any affordable housing solution. Such services are only presently available in the cities and the ability to provide them in the unincorporated parts of the County is limited and expensive. Development of new sewer systems are expensive, require extensive planning, and lack necessary funding options other than asking the taxpayers to support bond measures or pay additional taxes (never popular options). Even if the Board supports and adopts land use policies allowing large-scale residential subdivision development in the unincorporated areas, and provides attractive incentives for developers to build affordable housing, it will be necessary to develop infrastructure and public services needed to support such development and compete with the cities for financing and affordable housing credits. The County's ability to do so is problematic.

The County continues to believe there is no one solution, nor entity, that can solve the significant need for more affordable housing choices. The complex challenges of identifying appropriate building sites, both in the unincorporated areas and within the cities, with densities necessary to allow affordability, sufficient sewage disposal capacity, and access to public services and transportation routes can only be addressed by a collaborative community effort, working together with common goals.

The Board of Supervisors should:

- 1. Accept the responsibility of its leadership role in gaining community support for affordable housing projects and overcoming NIMBY attitudes.**

The recommendation has been implemented but additional work is needed and is on-going.

The Board continues to accept its leadership responsibility in the joint effort to create more affordable housing in Nevada County. It is acknowledged however, that more public education regarding local housing needs, state affordable housing mandates, and the complex relationships between the County, other jurisdictions, and the public and private sector is needed to fully understand the issues related to the development of affordable housing in our community.

The Board also supports the right of the public to express its opinions and recommendations regarding any Land Use project being considered by the County, including affordable housing projects. This right is protected under statutory public hearing requirements under the California Environmental Quality Act (CEQA) and other provisions of state law related to the Land Use Review and Approval process. The right of the public to comment on Zoning changes allowing expanded affordable housing development in the County, as well as proposed Land Use projects in their neighborhood, is both legal and appropriate.

The term NIMBY (Not In My Backyard) is not a legal or planning term, but rather a political term used by some in referring to those who oppose projects they favor. The Board believes greater public education regarding the entire range of affordable housing issues is the key to achieving public understanding of broad housing policy goals and specific projects being considered for approval. It is hoped that such a program will help mitigate unreasonable biases towards particular affordable housing projects based on lack of understanding or incomplete appreciation of all the issues involved.

As addressed by Recommendation No. 34 of the AHTF, the Board will move forward to conduct a more effective public education program regarding affordable housing issues and closely monitor the status of the program after it has been implemented (See response to Finding No. 8).

2. **Consider creating a new position or establishing a functional assignment of Affordable Housing Coordinator either on site or as part of a new, regional Housing Authority. The primary responsibility would be to ensure that goals and objectives of the Affordable Housing Task Force are implemented in a timely manner through the collaborative efforts of all affected departments, groups, and agencies.**

The recommendation will not be implemented at the present time but will be considered during the FY 2004-2005 budget process as part of the review of county organization and functions.

The Board has assigned responsibility for management of County housing programs to the Department of Housing and Community Services (HCS) under the authority of the County Executive Officer (CEO). One of the primary responsibilities of HCS is to ensure that the goals, objectives, and recommendations of the Affordable Housing Task Force (AHTF) are implemented in a timely manner as directed by the Board of Supervisors. The HCS has also been directed to take the lead in coordinating affordable housing programs and initiatives with the state, other jurisdictions, community groups and the public. Specific goals and objectives

for the department to accomplish Board direction regarding affordable housing issues have been included in the approved HCS budget for FY 2003-2004. The CEO will monitor the progress of the department's efforts to accomplish these goals and periodic reports will be made to the Board (See response to Finding No. 8c.).

The Board will also review the success of the Housing and Community Services department in accomplishing affordable housing goals and objectives during the FY 2004-2005 budget process. Any departmental organizational or staffing changes, including the potential formation of an "Area" Housing Authority, will be considered at that time as part of the annual review of county organization, services and functions, and in relation to current affordable housing needs, available resources, and other options for meeting affordable housing goals (See response to Finding No.9).

3. **Provide general fund support to the Department of Housing and Community Services, thus freeing the Director and his staff to focus their efforts on development and implementing creative housing and funding programs that meet the needs of local residents.**

The recommendation will not be implemented at the present time but will be considered during the FY 2004-2005 budget process.

Additional General Fund support to the Department of Housing Services could potentially help develop and implement additional housing programs but County funding must be considered in relation to the need for other equally important county services receiving General Fund support such as public safety, roads, and human services. The Board will review the progress of HCS in meeting their affordable housing goals for 2003-2004 and consider additional General Fund support to the department during next year's budget process if there is need to do so (See response to Recommendation No. 2).

4. **Give deadlines to department tasks, put quantifiable measures in place to follow-up, and ensure that department and staff are meeting the County's affordable housing goals and objectives.**

The recommendation has been implemented.

As stated in the responses to Recommendation No.2 and Finding No.8c, there are specific affordable housing goals and objectives in the approved HCS budget for FY 2003-2004. The CEO will monitor the progress of the department's efforts to accomplish these goals and periodic reports will be made to the Board.

The Director of Housing and Community Services through the CEO has also been directed to provide quarterly reports through 2004 on the status of the implementation of the AHTF recommendations. The Board will closely monitor implementation status to ensure steady

progress is being made consistent with available resources and other priorities (See responses to Findings No. 8c., 9c. & 9d.)

5. **Direct staff to focus efforts on the development of new multi-family units that address very-low yearly income (\$24,400) and low yearly income (\$39,000) needs rather than work-force housing needs for those with moderate yearly income (\$50,000).**

The recommendation will not be implemented.

HCS will continue to direct its primary efforts towards providing affordable housing to very low and low-income households. However, there is no one approach to solving the housing needs of Nevada County's citizens. The Housing and Community Services Department will continue to provide assistance to first-time homebuyers for low and moderate-income families, to provide affordable assisted-living housing for seniors on low and/or fixed incomes, and provide housing options for seniors, disabled people, and mentally ill and homeless families and individuals.

The Board also does not agree with the Grand Jury conclusion that continued focus on recommendations such as the Second Unit Ordinance and the Workforce Housing Task Force, believed by the Grand Jury to be "...less likely to help the county meet its housing goals", are detracting from major affordable housing efforts. As stated in the Housing Element of the General Plan, Goal (8.1) requires provision of adequate housing opportunities for all segments of the community. To achieve that goal, the County adopted Objective (8.1) to "work to provide an adequate supply of affordable housing for all economic segments of the community, especially lower income households. Such housing should include not only multiple family but also single family opportunities." County activities to develop a workable Second Unit Ordinance and support of the private sector Workforce Housing Task Force do not detract from, but rather complement, the multi-faceted cooperative approach needed to successfully address the many affordable housing issues we face.

6. **Overhaul local ordinances and zoning regulations that create obstacles to the development of affordable housing.**

The recommendation has not yet been fully implemented but will be following changes to Zoning Ordinances and other regulations required by adoption of the revised Housing Element. The Housing and Community Services Department through the CEO, has been directed to provide quarterly reports to the Board through 2005 beginning in February 2004, regarding the implementation of Zoning ordinance and other changes needed to comply with Housing Element requirements (See response to Finding 9d.)

Affordable Housing Task Force (AHTF) Recommendations Nos. 9, 11, 12, 13, 14, 15, 16, 17, and 19, all recommend revisions to specific ordinances or zoning regulations affecting affordable housing are either already planned or in progress. Some of the AHTF recommendations will require new state legislation or policy changes. The Board will work

with our local legislators to seek changes to state legislation as needed. All will be addressed in the Housing Element Update to the General Plan.

7. **Correct staff's understanding of its collaborative role in working with developers of mixed use and multi-family projects. Such collaboration must identify and implement incentives, streamline, and redesign development approval processes and procedures.**

The recommendation has been implemented.

The Department of Housing and Community Services staff has worked collaboratively with private and non-profit builders to promote several mixed-use and multifamily affordable housing projects. Examples include the Olympia Plaza II, Eden Ranch, and Penn Valley Gardens projects. The County approved all of them. Other collaborations include coordination with the cities on draft Housing Element policies, and multi-family projects both within city boundaries or areas annexed into the cities. The County also has worked cooperatively with private builders and non-profit organizations such as Habitat for Humanity to facilitate affordable housing development projects.

The County will continue to look for ways to improve its collaborative role in facilitating affordable housing projects. As stated in the Board response to Finding No. 7a, the Director of the Community Development Agency and the CEO will present a report to the Board by February 24, 2004 on ways to further enhance our permitting process and provide recommendations for adopting additional incentives to encourage affordable housing development.

Department of Housing and Community Service
 Implementation Status Report
 Housing Task Force Recommendations
 dated July 2003

Short term: within 1 year
 Medium term: 1-3 years
 Long term: 3 years or more

Priorities:
 1 = Implement
 2 = refer to depts, further anal.
 3 = lowest priority or withdraw

Housing Supply

Recommendation	Who	Time	Priority	Status	Notes
1. The county and cities should secure funds for rehabilitation and weatherization of low income mobilehomes, single family homes and apartment buildings. Potential funding includes HOME, CDBG and private sector funding.	HCS	Ongoing	1		\$3.4 million secured to date. County rec'd 7/1/03 new \$500K CDBG. Also \$100K fed. Dept of Ag rehab grant 6/27/03
2. The county should help create a housing sharing/matching to better utilize the existing housing stock for affordable housing, specifically for matching seniors, disabled adults and working individuals and families. This program might be administered through an existing, or new non-profit.	HCS/Non-pro	Medium	1		02 CDBG Application. Not funded 7/2002. County re-applied 2/14/03. \$40K funded 7/1/03
3. The county and cities should expand homeownership opportunities for first time homebuyers, utilizing all available affordable finance mechanisms.	HCS	Short	1		\$1 million HOME and Calhome secured in '02. HCS to apply for new funds Fall '03. Created Hous. Trust Fund in Truckee \$1.4 mil
4. The county should work with residents and for non-profits to purchase mobile home parks.	HCS/NAPs	Medium to	3		HCS secured \$900K Sierra Estate Park in PV for 16 low-inc families to buy home and lots. Staff AHTF sub.com. On mobilehomes
5. The county will continue to evaluate mobile home park rent stabilization issues.	MHP resident	Short to Med	3		Currently being discussed by the AHTF sub com chaired by Jim Tucker, park owner
6. <u>TOP ITEM #3 Adopt the second unit recommendations (please note the details of this recommendation in Attachment 1)</u>	Planning	Short	2		Adopted by BOS 1/02. BOS created 2nd Unit Task Force. BOS to hear recs. mid-2003
7. Twenty percent of rental units in new publicly funded housing developments of 10 or more units should be 3 bedroom.	Planning	Medium	2		<u>To increase the Housing Supply:</u> GP/2 + Hour. Element Update - consultant hired and working draft due to HCD by June 03
8. The county and cities should secure funds to land bank parcels for future development of affordable housing and utilize public sources of excess land such as Bureau of Land Management (BLM), CalTrans, schools, etc.	HCS/Land Tr	Medium to Long	2		Needs funds to purchase + sites infrastructure, could be funded via a Housing Trust Fund. Need to ID/secure source of funds (Possible new house. Parcel charge \$3K/du. as in Elk Grove?)

Recommendation

Who Time Priority Status Notes

To increase the Housing Supply:

Planning	Small to Med	2	Implemented in part via Olympia Plaza II negotiation +40 sf units and 52mf du's. To be fully implemented in current GP/Hous. Element update.
9. <u>TOP TEN:</u> Allow mixed-use developments, combining historic density residential (in particular for seniors) within office, professional, commercial, and retail districts. The county and cities should also identify industrial, commercial/retail sites that are suitable for re-zoning to include higher-density multi-family residential/limited use, without affecting jobs to housing balance.	HCS/Trans (Long)	2	
10. The county should increase the capacities of existing sanitary sewer systems within the unincorporated areas in order to increase the potential for additional affordable housing.	Planning	2	Needs a funding source and broad community support. Role of cities?
11. Facilitate senior housing with density bonuses and flexible parking, setback, lot coverage, and other standards.	Planning	2	County rec'd in 2003 a \$35K CDBG grant to begin to develop a sr. asst. care project. BOS approved consultant contract July 8, 2003
12. All county subdivisions of ten lots, or more, in all zoning districts, shall be provided a density bonus of at least 25% of the number of housing units allowed per the zoning, and those units kept affordable for the longest possible term.	Planning	2	Now in MHD+UHD zones/ie. Dark Horse 28 du's. To be fully implemented in all residential zoning districts via current GP update.
13. The county should evaluate a Below Market Rate (BMR) program in which developments of 10 or more units are required to provide 10-20% of the units at BMR rates, set them at a BMR rates, and/or provide a fee in lieu of units.	Planning	2	To be implemented in current GP/Hous. Elem update. Currently doing in Truckee @ 20% of total units
14. <u>TOP TEN:</u> The county and cities should allow duplexes and duplexes mixed in with single-family residential developments of ten lots or more in all single-family zoning districts.	Planning	2	Priority implementation at current Ranch. To be fully implemented in the current GP/Housing Element update.
15. The county and cities should increase the supply of sites zoned for multi-family and low and moderately priced new single-family developments where infrastructure and services are available.	Planning	2	Should be highest priority! To be reviewed as part of current GP/Housing Element update.
16. <u>TOP TEN:</u> The county and cities should require that all senior assisted care residential developments include at least 20% of the total units affordable to low-income seniors.	Planning	2	Also, see #11 above. Likely to be up to 100% low-income seniors where public funds are used for a senior assisted care development

Housing Design Standards

Recommendation

Who	Time	Priority	Status	Notes
Planning	Short	2		Co. design guidelines drafted, plus Hous. Element update

<p>19. The local housing industry should conduct an annual housing design competition and award program for affordable single-family and multi-family housing.</p>	Private Sector	Short	2	Needs funds and should be implemented by local private sector.
<p>20. The county and the cities should adopt an expedited review and approval procedure for affordable housing utilizing innovative design and technology.</p>	CDA - Planning	Short	2	Partially implemented in Planning - minimum time period for review plus CDA re-engineering may result in further efficiencies.
<p>21. The county and cities should evaluate the option that new developments of 10 or more units provide inclusionary units with universal design standards for persons with disabilities and seniors.</p>	Planning	Short	2	GPZ - emulate state bill AB 2787 - model for universal design ordinance.
<p>22. The county and cities should evaluate the option that all existing developments of 5 or more units undergoing a minimum renovation of \$3,000/unit that 10% of the units be retrofit for accessibility by persons with disabilities.</p>	Planning/ HCS - rehab loans	Short to Medium	2	To be reviewed as part of GPZ zoning ord. update

Development Process

Recommendation

Who	Time	Priority	Status	Notes
County, City, COA - Planning + HCS	Short	1	CO, NC + Truckee agreeable in past, need GV support	
County, City, COA - Planning + HCS	Short	1	Partially implemented in Planning, additional efficiencies may be achieved via COA-re-engineering process.	
HCS/COA	Short	2	Mgr. in FY03-04 budget as an unmet/unfunded position. Not funded. Needs General Fund to implement	
Court, Cities + agencies	Short	2	Schools and fire (CDA) have verbally agreed. Been done case by case for affordable housing projects by non-profits, Common Ground, Habitat for Humanity and Nevada County Housing development Corp.	
Planning and cities, LAFCO	Short	1	Brunswick agreement, Olympia Plaza II annex. To be fully implemented via General Plan and Housing Element update.	

Financial Resources for Development of Affordable Housing

Recommendation

Who	Time	Priority	Status	Notes
HCS, COA	Long	2	Concept needs a legal funding source - limited in Calif due to Prop 13 local tax/fees restrictions. Co supports Fed Housing Trust Fund via legislation. Nevada Co. BOS and voters supported Prop 46 the \$2.1 Billion housing bond program for statewide affordable housing development. Now in Truckee!	

HCS	Short	1	Implemented/Ongoing
28. The county and cities should review and distribute the list of affordable housing funding sources provided by the Affordable Housing Task Force consultants to identify additional sources of funding.	County Leg. Platform, Regional, Leg. support	2	HCS Director involved in negotiation committees at CSAC groups re: legislation. HCS Dir. spoke in Mar. '03 to two CSAC committees to move forward possible legislation in 2003.
29. The county and cities should support legislation to improve the allocation methods in order to increase the share of housing funds for rural communities.	County	3	No known source of funding at this time to accomplish this recommendation. Fund Dev. w/ CDADOTS + GPZ. Exploring state Infrastructure Bank.
30. The county should seek funding to expand existing sanitary sewer systems within the unincorporated area, with 25% of such improvements to be reserved for affordable housing (Inclusionary).	state/fed legislative in needed	1	Legislation needed for county to use CDBG or HOME funds for this program. GV + Truckee could use redevelopment within city limits.
31. The county and cities should utilize new state homeownership programs which are targeted to teachers and other public employees such as deputy sheriffs, firefighters, etc.	HCS	1	Presently, under consideration in HCS with developer of senior housing.
32. The Housing Authority should create a subsidiary non-profit organization in order to develop affordable housing throughout the county. The non-profit would be independent of the Housing Authority and thus not be subject to Article 34 constraints and HUD regulatory requirements.	HCS, Habitat Ridge Rd	1	\$1 million Cal Home rehab and over \$1 million for weatherization of low-income homes, plus \$500K for the CalHome first-time homebuyers program. \$600K for rehab rec'd 7/03. HCS rec'd \$76K from Jobs-Housing grant for community center.
33. The county should pursue funding under the Governor's new (FY 2000) budget for affordable housing.			

Community Education

Recommendation

Who	Time	Priority	Status	Notes
County, City, Nonprofit, Private Sector	Short / ongoing	1		TF Members + HCD Dir. have been doing this actively on an ongoing basis. Other leaders in the community need to also speak and educate about the need for, and actively support actual, affordable housing developments, as is being done by the Workforce Housing group and the contractors assoc.
County, City, Nonprofit, Profit	Medium	2		This should be a primary goal. Elected officials and community leaders and stakeholders need to agree where required infrastructure and affordable housing can be built near services in the cities and the county unincorporated areas. A process for establishing that agreement must be implemented soon.
County, City, SPO	Long	1		Adopted by the Sierra Planning Organization (Betsy Riley) Dec. 2003. Included in draft Housing Element to be sent to state HCD Summer '03, and adopted by BOS by 1203.

34. For item #1, Community decision-makers and local leaders need to be educated by private, non-profit, and public housing industry representatives about the need for affordable housing in Western Nevada County, especially for rental housing for working families. Home priced for purchase by moderate income households and new assisted living housing affordable to low income seniors. Mechanisms to do this might be:

- Road show
- Speakers bureau
- on-going forums with the public (developers, community, etc)
- annual status update of housing status and progress made
- radio program

35. The elected and community leaders of the county and the cities of Western Nevada County should develop common community goals for the location and density of affordable housing.

36. In updating their housing elements, the county and cities should work together with the Sierra Planning Organization to develop reasonable regional fair-share housing allocation numbers based on locally determined housing needs assessments.

Regional hous. (B. Riley) Draft #'s - adopt Dec '02