

MINUTES OF THE MEETING OF THE DAVIS CITY COUNCIL
MARCH 8, 2005

The City Council of the City of Davis met in regular and closed session at 6:30 p.m. in the Community Chambers, 23 Russell Blvd., Davis, California. The meeting was called to order by Mayor Asmundson.

Roll Call: Councilmembers Present: Sue Greenwald, Ted Puntillo, Don Saylor, Stephen Souza, Ruth Asmundson.

Councilmembers Absent: None.

Other Officers Present: City Manager James Antonen, City Attorney Harriet Steiner, City Clerk Bette E. Racki.

Approval of Agenda T. Puntillo moved, seconded by D. Saylor, approval of the agenda as submitted. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.
NOES: None.

Closed Session The City Council ordered a closed session of the City Council be held for the purpose of discussing and, if necessary, taking action on the following issue:

A. Conference with Legal Counsel – Existing Litigation
Davis Police Officers Association v. City of Davis, PT05-100

Council moved into closed session and upon returning to open session, Mayor Asmundson announced no reportable action was taken in closed session.

Ceremonial Presentation Mayor Asmundson presented a Proclamation Declaring March 2005 as Women's History Month in Yolo County with the theme "*Women Change America*" to Bob Bockwinkle and Pearl Jacobson.

City Council, City Manager, City Attorney Communications.

a. Capital Corridor Meeting. Councilmember Puntillo attended the Capital Corridor meeting wherein they reported their rider ship is up by 9% and revenue up by 7%. A new train station will be built in West Sacramento and the new station in Dixon will be completed by the end of the year which helps reduce much of the burden on parking in Davis.

b. Report on Town Hall Meeting With Representative Mike Thompson on Social Security. He attended the Town Hall meeting on Social Security wherein Representative Mike Thompson explained some fixes that would secure Social Security including not allowing the federal government from borrowing from the fund.

c. Meeting with Auto Dealers. He attended a meeting with the auto dealers and discussed a possible name change of a small section of Chiles Road to Auto Center Drive. He reported there are two new dealerships and expansion of an existing dealership. They discussed using the triangle for auto advertisement. They examined the possibility of recovering ½ cents tax when a Davis resident buys a vehicle from an out-of-town dealership.

d. Meeting of Davis Councilmember Souza attended the Davis Visitor Conference and Business Bureau

Visitors Conference & Business Bureau.	meeting stated they are negotiating to have the Junior Olympics come to Davis in 2006, the Volleyball Conference in June and the International Film Festival in April. There will be a lot of activity taking place in town.
e. Social Services Commission Meeting.	The Social Services Commission discussed the Olive Drive affordable housing proposal and are planning a workshop on developer fees and ownership introduction issues plus reviewing the Community Development Block Grant requests.
f. Open Space Commission Meeting.	Mayor Pro Tem Greenwald attended the Open Space Commission meeting indicating that the Commission will bring a recommendation to Council regarding the agricultural mitigation ordinance.
g. Telecommunications Task Force Meeting.	The Telecommunication Task Force are continuing negotiations with Comcast.
h. Closure of Grayhound Bus Service in Davis.	Mayor Asmundson stated that she has been informed that Greyhound plans to close their business in Davis and directed the City Manager to look into this and report back to Council.
i. Meeting of City/County 2X2 Meeting.	She attended the City/County 2X2 meeting wherein they received a report from Yolo County Librarian Mary Stephen on the proposed County library in South Davis. Elizabeth Castro Kemper, Executive Director of LAFCO, stated within the guidelines the sewer hookup for Teichert can not be approved by the City and spoke about Davis' Sphere of Influence.
Public Comment	City Manager Antonen explained the application for sewer hookup for Teichert has not been submitted and when received, staff will be complying with the applicable laws pertaining to LAFCO.
	Bill Engerman spoke about Growth Management report and recommendations for future growth of the City of Davis. He said the report comes under the camouflaging of strictly controlling peripheral growth and responsible planning. He asked the City Council to vote against the recommendations in the staff report.
	William Kopper stated if Council is going to make changes, then there should be an environmental impact report, a fiscal analysis as well as a traffic analysis related to the changes in growth patterns. There should also be some study of the water issue and whether the ground basin can support good quality water for this type of expansion. There is need for housing in Davis but need to weight the costs to the citizens currently living in Davis because they will bare the burden.
	Natalie Warmly, member of Code Pink, spoke in support of Women History Month and outlined the events that will take place.
	Joe Sherman said the city will be served papers as a result of a suit he has filed against the City. He demanded justice.
	Dave McKay spoke about no growth advocates. His prospective is that there has been fast growth from slow growth candidates plus fast tracking. Slower growth now will result in more growth later.
	Joe Otto read the City Council goals and stated that members of the community request that Council keep the goals in their thoughts as decisions are made that affect the City of Davis.
	Louis Vikonvick stated this City Council decided on a policy of town growth and it appears now that that policy is under fire and the plan is to go into a growth plan that is

not sustainable. The town has certain problems already which are being addressed and will be exasperated by a fast growth policy. As a resident of this community he does not recommend changing the growth policy.

Rene Nyger urged that items on growth be scheduled earlier in the evening so citizens can attend. She said that she was told by a person from SACOG that Davis has already fulfilled their fair share growth for the next several years so there is no need to be considering more housing in Davis.

Eileen Samitz, Citizens for Responsible Planning, explained this is a group that is concerned about the Covell Village project and also the growth issues that are coming forward at this time. She spoke about the Covell Village project and pointed out it is not annexed in the city. She presented a slide showing the growth over the last 12 years in Davis.

Marcelo Compos, President of Yolo County Realtors, discussed middle income and local employee preference and believes that some of the items in the ordinance will bring about a number of unforeseen consequences. He stated realtors are experts in resale and sale of real estate offering their help to work with the Council and staff to set up a policy. He asked that Council table the item for a future meeting.

Joyce Benson, realtor, has interest in housing for seniors and those with disabilities. She thanked the Council's efforts for including them in the middle income ordinance. She spoke about the lottery system that is being proposed and the resale of houses. She asked who would pay for the remodification of the house and asked that consideration be given to the impact on sale and resale of homes.

Ross Leonard, realtor, stated the proposed middle income program is flawed. The proposed lottery is the problem. It is important to build entry level homes. Suggested making the next subdivision 100% entry homes and the home be 1400 sq. ft. homes.

Carol Holmes, realtor, supports middle income and emphasized that any programs that the city puts in place must be considered carefully. She spoke about legal disclosures and the seller is given complete and accurate information.

Consent Calendar

Mitigated Negative Declaration for Covell Boulevard Bicycle/Pedestrian Crossing Project CIP No. 8121.
Approved.

Resolution 05-25 -- Authorizing the City Manager to Execute Consultant Agreement with Royston Hanamoto Alley and Abey for Mace Ranch Neighborhood Park.
Approved.

Proposed Removal of Commissioner from Commission Due to Lack of Attendance.
Approved.

S. Souza moved, seconded by T. Puntillo, approval of the Consent Calendar as submitted. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.

NOES: None.

Public Hearing:
General Plan
Amendments

Planning Technician Tom Callinan summarized the staff report outlining the corrections to the general plan explaining the changes are basically mapping errors.

Mayor Asmundson opened the public hearing and hearing no response from the public, closed the public hearing.

Following discussion, S. Souza moved, seconded by T. Puntillo, approval of Resolution 05-26 – of Intent to Amend the General Plan of the City of Davis Relating to Land Use Map Amendments Pursuant to Map Errors. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.
NOES: None.

Continued Discussion of Middle Income and Local Employee Preference System – Remaining Key Issues

Principal Planner Bob Wolcott stated on October 12, 2004, Council directed staff to address initial key issues related to a middle income ownership housing requirement and a preference system for new inclusionary ownership housing units. Staff was directed to implement: (1) a 25% middle income requirement in addition to the existing affordable housing requirement of 25% making the total inclusionary requirement 50% of all ownership projects, and (2) a preference system on all future ownership units at their sale and resale to link the city's housing stock to its workers by providing a preference for local employees.

The Council directed staff to return with remaining key issues including but not limited to re-sale restrictions; owner occupancy requirements; how the preference system would work including number of lottery tickets and applicability to part time employees; and how the middle income requirement would apply based on project size.

Principal Planner Bob Wolcott and Housing Coordinator Danielle Foster outlined the analysis and staff recommendations on the key issues. Staff responded to questions from the City Council.

Clark Lindale, President and CEO of North Bay Family Homes of Novato, stated his company is involved as the affordable housing consultants for the Hamilton Reuse Project which are low and moderate homes. He related their experience is based on a half dozen cities that have worked on this type of affordable housing. Middle income is the hardest to serve as they have more choices in housing. He offered to design a program for the City.

Joe Sherman spoke about the right of the property owner to profit on the purchase of a home.

James Fowler expressed support for changing the composition of new housing in Davis but there is not enough for lower end housing. He showed a table provided by Bay Area Economic and discussed the numbers calculated. He said new houses put more pressure on the bottom part of the market and there is need to conduct a study of housing demand.

Kim Eichrom supports owner occupancy but questioned how the city will monitor this. How will neighbors know the unit has the owner occupancy requirement? What about a student buying a home with parents to fulfill the owner occupancy and then told she needs to sell and not rent out to roommates. Once a system of putting in place how would this be managed.

Steve Greenfield, Board Member of the Davis Chamber of Commerce, stated the Chamber remains opposed to the middle income ordinance as currently proposed. The Chamber opposes subsidy for wage earners well above the medium income, however, realize the current housing market is not providing the right mix for this sector of the community. Consider zoning, density standards and incentive to builders with the owner occupied requirements that will provide units that can be built and sold for this income category. If an appreciation cap must be applied, the Chamber continues to believe that 4% is insufficient to make the program attractive to buyers. He pointed out a law suit in Sacramento County over the affordable housing ordinance.

Marcelo Compos says he is opposed to the ordinance as it stands.

Mike Corbett spoke about the need for young members of the community being able to buy a house in Davis that meets their affordability.

Dave Taormino stated middle income families are different from the low and very low as they can buy a home. They are more likely to have sources of down payment available to them and this is not addressed in the ordinance. This ordinance will take the American dream and restrict it. The Davis middle income workforce homebuyers are being put into appreciation prison. Focus on consistent supply of new homes, focus on targeting their needs, don't try being so global. Look at resale market. Make low interest loans.

Carol Coder spoke about price control units. Expressed concerns about the price caps. No incentive to keep the house up. Owner occupancy requirement is critical.

Following discussion, Council voted on the following items:

Issue #1: Resale restrictions and program options.

T. Puntillo move, seconded by D. Saylor, that price be restricted to a 5% appreciation compounded annually.

S. Greenwald moved substitute motion, seconded by R. Asmundson, to use the Aggie Village model with ½% over the Area Median Income and generous depreciation for all capital improvements and major maintenance. The substitute motion failed by the following vote:

AYES: Greenwald, Asmundson.
NOES: Puntillo, Saylor, Souza.

The original motion passed by the following vote:

AYES: Puntillo, Saylor, Souza.
NOES: Greenwald, Asmundson

Issue #2: How should the middle income requirement apply to projects of different sizes? Should the requirement provide consideration for smaller in-fill projects.

S. Souza moved to exempt downtown in-fill projects from middle income requirements. No second

T. Puntillo moved, seconded by S.Greenwald, to exempt all in-fill projects from middle income within the city limits with major projects being defined in a development agreement.

D. Saylor moved substitute motion, seconded by R. Asmundson, that there be no middle income requirements for projects under twenty-six units.

T. Puntillo moved second substitute motion, seconded by S. Souza, that projects with five units or more shall be required to provide middle income units as follows:

- Projects with 15 to 25 ownership units shall provide 0% as middle income units;
- Projects with 26 to 35 ownership units shall provide 10% as middle income units;
- Projects with 36 to 49 ownership units shall provide 15% as middle income units;

- Projects with 50 or more ownership units shall provide 20% as middle income units.

The motion passed by the following vote:

AYES: Puntillo, Saylor, Souza.
NOES: Greenwald, Asmundson.

Issue #3: How should the middle income requirement be calculated? Should middle income units receive a density bonus?

D. Saylor moved, seconded by T. Puntillo, to disallow density bonus and percentage be applied to the market rate units only.

S. Souza moved substitute motion, seconded by R. Asmundson, approve staff recommendation alternative 4 – The middle income calculation is based on twenty-five percent of all ownership units including market rate units, without any density bonus for middle income units produced. Percentage of middle income units built by this alternative is 20% of the total ownership units built.

The substitute motion passed by the following vote:

AYES: Greenwald, Saylor, Souza, Asmundson.
NOES: Puntillo.

Issue #4: How should a household's assets be considered when determining eligibility>

T. Puntillo moved, seconded by S. Souza, approval of staff recommendation that definition, calculation and maximum amount of assets shall be consistent with the requirements for the very low, low, and moderate income units, as detailed in the Buyer/Tenant Selection and Screening Guidelines created for the existing Affordable Housing ordinance. These requirements for middle income applicants include: 4% of assets shall be included in the income calculation; and the maximum amount of assets shall be \$500,000. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.
NOES: None.

Issue #5: How should the prices of middle income housing be established and updated?

D. Saylor moved, seconded by T. Puntillo, approval of three price points: 120 would be 35%; 140 would be 37½ %; and 160 would be 40%. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.
NOES: None.

Issue #6: Should the Council's direction on middle income housing and preferences in the resolution be applied to the review of pending projects that include a general plan amendment and/or rezoning?

S. Souza moved, seconded by T. Puntillo, approval of Resolution No. 05-27A – Resolution by the City Council of the City of Davis to Provide Additional Direction to Staff Regarding Key Issues Related to Middle Income Housing and Preferences for New Ownership Inclusionary Housing. The motion passed by the following vote:

AYES: Greenwald, Puntillo, Saylor, Souza, Asmundson.

NOES: None.

S. Greenwald moved, seconded by S. Souza, to direct staff to look at square foot calculation and the attached versus free standing housing ratio making it a factor in middle income housing.

D. Saylor moved substitute motion, seconded by R. Asmundson, to direct staff to examine an option that the amount of affordable and middle income housing be based on square footage for the individual projects. The substitute motion passed by the following vote:

AYES: Puntillo, Saylor, Souza, Asmundson.

NOES: Greenwald.

By Consensus the City Council extended the meeting to 12:00 a.m.

City Council Subcommittee Report on Growth Management – Update on Status and Request for Direction on Recommended Concepts

City Attorney Harriet Steiner stated the City Council created a Council subcommittee with Council members Puntillo and Souza. The sub-committee is charged to look at the city's overall growth rate so it is a citywide issue without respect to whether any particular development moves forward or not and whether it is approved or not. It is appropriate for Council members Puntillo and Souza to be on the sub-committee.

Principal Planner Bob Wolcott summarized the staff report stating that on October 12, 2004, the Council passed the latest version of an ordinance that has been the basis for lot of the work on affordable and middle income housing. The sub-committee was directed to look further at growth and growth management including mechanism for allocations for managing that growth. The sub-committee looked at not only the phased allocation ordinance but different growth through 2015.

Community Development Director Emlen stated they are looking at dividing the system up to review peripheral growth versus infill. The tentative recommendation is that there would be a fairly strict total that would apply to peripheral growth and little more of a managed growth for the infill.

Subcommittee and staff responded to questions from the Council.

Ruben Arevelo thinks the City should not implement an annual growth rate of 325 units per year nor a 1% growth rate. The 325 units includes 100% of the Research Park and 100% of the annual growth. The majority of Research Park isn't in Yolo County and UC Davis' Research Park is in Solano County. This will be housing Solano's workforce but not getting any revenue from that Research Park development. The University's projections actually showed that a higher percentage of Research Park employees will be living in the City of Davis than University employees. He spoke about need for Memorandum of Understanding with UC Davis.

Don Mooney stated the projective growth numbers seems to fly in the face of the General Plan. There is another General Plan coming up and Council will want citizens to get involved when Council does not respect the current plan. He said the report has no discussion about California Environmental Quality Act. An environmental report needs to be done.

Ronda Reed asked where is there information gathered from other communities in the staff report? There were limited view points heard from the community to developing this recommendation. Old East Davis asked the Council to appoint a subcommittee to define what is infill growth in the context of their community. This is putting pressure on the existing neighborhoods.

Allen Miller, Old East Davis Association, said the main concern is the pressure on infill

and spoke about the value of older neighborhoods and how small they are. He said small houses are being picked off for larger developments.

James Fowler said the numbers in the staff report flawed. Natural growth rate is being based on the housing growth in the 1990. He said this is a strange way to create policy.

Tim Allison expressed concern about setting a higher limit for anticipated growth. The lower growth rates are already met and do not see reason to increase beyond that.

Eileen Samitz spoke about the number of proposed units. Requiring number of units per year is breach of public trust. Why has this not been reviewed by the Planning Commission and Finance & Budget Commission? Why is a policy of this magnitude not going through an environmental process.

Joe Sherman spoke about the lack of money for the city pointing out there is trash in the parks and the streets. There are not enough funds to run the city because there is no development.

Following discussion, T. Puntillo moved, seconded by S. Souza, approval of Resolution No. 05-27 – Resolution By the City Council of the City of Davis to Amend Direction to Staff to Implement an Annual City Growth Parameter, Prepare Amendments to the General Plan and Phased Housing Allocation Ordinance, and Prepare a Joint Housing Strategy with UC Davis.

Mayor Asmundson requested amendment that it be tied to the 2010 General Plan. Accepted by the mover and second.

The motion as amended passed by the following vote:

AYES: Puntillo, Saylor, Souza, Asmundson.
NOES: Greenwald.

Community Development Director Bill Emlen stated that staff will begin the environmental review and return to Council with final documents for approval. He explained it may not be an environmental report but it does need to be assessed.

Continued Discussion of Covell Village Affordable Housing Plan

Mayor Asmundson stated this item has been tabled to a future meeting. Mayor Pro Tem Sue Greenwald spoke about the subcommittee process and asked that she could receive a schedule of Covell Village Affordable Housing discussions early so that the public can have input.

Written Communications

Correspondence from John Newman, PG&E Government Relations, regarding SMUD annexation feasibility study.
Referred to Public Works.

Correspondence from Andrew Minsk regarding maintenance of Slide Hill Park.
Referred to Parks and Community Services.

Adjournment

The meeting adjourned at 12.35 a.m. to the next regularly scheduled meeting.

Respectfully submitted,

BETTE E. RACKI, City Clerk