

# V. FINAL RECOMMENDATIONS

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## Final Recommendations

The intent of this section is to define Workforce Housing prototypes' design and functional characteristics, recommend regulatory revisions or additions, recommend infill strategies and incentives, and identify affordability requirements and options.

### A. Preferred Workforce Prototype

#### Functional Characteristics

- Small homes - under 1,400 square feet.
- Two to three bedroom homes with options to expand.
- One to one and a half bathrooms.
- Two-story homes, with single roof forms.
- Front porches for all home entry ways.
- Maximized energy efficiency opportunities.
- Shed roofs at porches and pop-outs.
- Sunshade options at second-story windows.
- Exterior water heater access door.
- Pop-out configurations to increase plan square footage.
- Minimum density of 10 units per net acre, subject to site constraints.

#### Site Design Preferences

- Narrow streets.
- Front porches with front or side entry options.
- Single-car garage, carport or shared parking opportunities.
- Quality shared open-space features.
- Housing units clustered around shared pedestrian courtyards.

- Zero lot line configuration.
- Plan to step up or down the slope to address difficult topography.
- Single-car garages at the street (double car garages off an alley).

#### Architectural Characteristics

- Simple structure.
- Brick, natural stone or hardi board accents at column bases on front porches.
- Pop-outs to vary elevations.
- Stucco with screed lines for accents.
- Hardi board accents at pop-outs and porches.
- Eave brackets at street elevation to provide visual accents.
- Venting dormers for visual accents.
- Composition shingle roofing material.
- Single-hung windows with 1" x 4" trim at street front elevations.
- Single-form roofs with shed dormers for simple structures.

### **B. Regulatory Options**

#### Zoning Reform

- The City should establish an Inclusionary Housing Ordinance or policy that would require, at a minimum, a 20% set-aside for affordable and workforce housing units for larger infill subdivision developments; however, the final percentage of units being set-aside would be determined on a case by case basis and workforce housing demand.
- The City should establish an Inclusionary Housing Ordinance or policy that would require, at a minimum, a 20% set-aside for affordable and workforce housing units for all SDAs and/or projects involving a Specific Plan, Master Plan or Planned Unit Development
- The update of the City's development code should consider reducing lot sizes and creating a minimum that encourages the efficient use of infill land promoting compact development.

- The City should consider a no-net loss policy when considering requests for reduced densities, where a property owner is required to provide appropriate densities elsewhere in the community.
- Allow parking areas in the required frontyard setback in the R-2A and R-3 zones without allowing parking structures.
- The update of the City's development code should consider reducing setbacks to allow for more efficient use of land and encourage more compact development. The revised code should emphasize building form and compatibility with neighborhood design goals rather than restricting future uses and limiting flexibility.
- The update of the City's development code should consider increasing lot coverage in order to more efficiently utilize land and infrastructure and promote more compact development. The code should incorporate a "form" based approach whereby architectural and design preferences are illustrated and coded for future development to address.
- The City should also consider a reduction in parking to one and one-half spaces for two-bedroom units and allow that some of those spaces be provided on the street as locational circumstances allow.
- Density bonuses should be extended to the provision of Workforce Housing in addition to affordable housing.
- The update of the City's development code should consider reducing the separation of second units to more efficiently utilize land and infrastructure and promote more compact development.
- The parking requirement for secondary units with two bedrooms should be reduced for the development of secondary units with two bedrooms or less on small lots.
- Due to the issues related to lot size, coverage and setbacks, the update of the City's Development Code should reconsider the relationship of mobile home parks to the development requirements of the base zoning category with the intent of allowing higher densities.
- The update of the City's development code should consider reducing lot sizes, building setbacks and increasing lot coverage in PUDs in order to more efficiently utilize land and infrastructure promoting more compact development.
- City street improvement standards should be reconsidered as part of the update of the City's Development Code.
- Drainage standards should be reconsidered as part of the update of the City's Development Code.
- The action items included in the Housing Element are viewed as a benefit to

Workforce Housing as well as affordable housing and should be implemented.

- The City should consider adopting a compact or innovative housing development code. (See Appendix E for sample codes.)
- While developing an inclusionary ordinance, the City of Grass Valley should consider allowing density bonuses with the affordability on the bonus units only and consider requiring job generating uses to provide some housing on-site or pay an in-lieu fee. The fee contemplated in this recommendation does not directly impact the “creation” of affordable units and would therefore only serve to enhance the opportunity to help offset some of the costs associated with providing the units. Establishing an in-lieu fee program would prompt the City to assume an active role as a housing developer.
- The City of Grass Valley should consider allowing manufactured / modular homes in all new development in the City of Grass Valley. This should be considered as part of the overall approach to providing Workforce Housing and housing in general in the community. The City can further evaluate this approach as part of its update of the City’s Zoning Ordinance.

### **C. Infill Strategy and Incentives**

The City of Grass Valley 2004 Housing Element identified that 48% (572 units) of total future housing development need through 2020 could be accommodated on infill lots. This suggests that a more efficient use of land can make a difference in the current housing crisis.

The City should seek to actively market vacant or underutilized parcels to the development community; Particularly in tandem with the Workforce Housing Program as an incentive. The following is a brief list of items the City can define or develop for a successful infill strategy:

- identify target areas and create boundaries for an “infill program”;
- create development size parameters;
- determine a minimum total number of units and what percentage of those should be affordable;
- determine range of density goals;
- determine base zoning requirements; and,
- identify community improvement planning projects that could benefit infill projects.

The City should also seek to identify areas in its fee structure where it could support a reduction in fees and a streamlined entitlement and plan review process should a developer/builder utilize the Workforce Housing plans, as established by the City’s parameters for an “off the shelf” prototype unit.

The City will need to educate the public about the City’s goals to promote infill workforce housing that utilizes the small cottage style homes and compact development. This may help alleviate many of the resident’s concerns about dense infill housing.

Fee reductions considerations should include:

- reduced planning fees;
- reduced building permit fees;
- reduced park fees based upon infill nature of development; and

**TABLE 6: INCOME ELIGIBILITY**

Family Size	Median Family Income	80% of Median Income	"Affordable" Maximum Monthly Mortgage	120% of Median Income	"Affordable" Maximum Monthly Mortgage
1	\$44,500	\$35,600	\$890	\$53,400	\$1,335
2	\$50,900	\$40,700	\$1,017	\$61,050	\$1,526
3	\$57,720	\$45,800	\$1,145	\$68,650	\$1,716
4	\$63,600	\$50,900	\$1,272	\$76,300	\$1,907
5	\$68,700	\$54,950	\$1,374	\$82,400	\$2,060
6	\$73,800	\$59,000	\$1,475	\$88,500	\$2,213
7	\$78,850	\$63,100	\$1,577	\$94,600	\$2,365
8	\$83,950	\$67,150	\$1,679	\$100,700	\$2,517

United States Department of Housing and Community Development 2004 Published Income Guidelines for Nevada County, California.

*Note: These figures are not static and should be updated on an annual basis.*

- water, sewer and storm sewer impact and connection fee reductions expanded to Workforce Housing.

## D. Affordability Requirements and Options

### Income Eligibility

The Workforce Housing Design Program seeks to provide housing options for individuals or families whose income falls between 80%-120% of area median income for Nevada County. Common regulatory requirements also limit to 30% of gross annual income the amount that an individual or family can spend towards a mortgage. This is what makes the home price meet the “affordable” requirement. The following table isolates these incomes and monthly mortgages for Nevada County in 2004.

As noted in the City of Grass Valley 2003-2009 Housing Element, Grass Valley is responsible for accommodating 1,448 additional housing units between 2001 and 2009,

of which 594 units should be affordable to low- and moderate- income households, approximately 41 percent of Grass Valley's total share of the regions housing needs.

In addition, the Program should provide housing options to the local Grass Valley workforce. The Program should target specific professions and provide first purchase opportunities to families in these professions that meet the income eligibility requirements and are pre-qualified for the amount of the mortgage.

It is very important to incorporate local lender participation in the Workforce Housing Program. By working with a lender or pool of lenders, it is possible to craft pre-qualification requirements that include the income eligibility components and will ensure that buyers have met all of the pre-qualification parameters.

### Mechanisms for Creating Workforce Housing Units

Through its Workforce Housing and affordable housing goals the City of Grass Valley seeks to maintain and generate housing opportunities for all of its residents through a mix of housing options. How the City preserves this housing affordability over the long-term requires ongoing debate and legal expertise not contemplated in this document.

However, there are several affordability mechanisms that should be considered as the City pursues Workforce Housing development. These mechanisms include land cost reduction strategies, mortgage assistance, and mixed income housing ordinances

#### *Land Cost Reduction Strategies*

Community Land Trust: The most successful means of ensuring long-term affordability. Community Land Trusts (CLTs), require significant upfront community investment for both property acquisition and administrative burden. A Community Land Trust is a private non-profit corporation created to acquire and hold land for the benefit of a community.

The benefits of CLTs are that they pay for the affordable housing units once - in the initial capitalization of the trust for property acquisitions. This means that a community is able to place its resources into additional acquisitions and add to the housing pool without always playing catch-up because units are lost to the less restrictive re-sale provisions frequently found in Mixed-Income Housing Ordinances, Second Mortgage Programs and Equity Sharing Provisions.

A CLT can help ensure that affordable housing remains in the community for the long run and is the recommended mechanism for developing subsidized Workforce Housing.

For more information on Community Land Trusts, go to the Institute for Community Economics website at [www.iceclt.org](http://www.iceclt.org).

Public Purchase of Land: The City, through its Redevelopment Agency can purchase property with its Tax Increment Funds. This approach allows the City to develop infill sites that have been long vacant, while maintaining control over the development process through the Disposition and Development Agreement. This approach would trigger prevailing wage to apply to the residential development, which could eliminate the

value that a land write-down has to the development and is, as such, not the preferred mechanism for developing Workforce Housing.

#### *Mortgage Assistance*

Downpayment assistance, home savings programs, employee purchase programs, and direct/indirect mortgage interest subsidies are excellent ways to assist the homebuyer in purchasing a new home. These programs, many already in existence and demand in the City of Grass Valley, should be altered as necessary to meet the goals of Workforce Housing through targeting homebuyers and marketing programs for the industries/professions that have been identified by the Workforce Housing Task Force.

Mortgage Assistance should be in the form of a loan to the homebuyer with a flexible repayment provision, which would be subject to the source of funding for the program. On larger development projects, the City should consider a partnership with a local lender in need of Community Reinvestment Act (CRA) credit to educate homebuyers and fund a purchase loan pool through the Affordable Housing Program (AHP).

Grass Valley currently has a First-Time Homebuyer Program that is targeted to individuals or families with incomes at or below 80% of median income for Nevada County. This program provides up to \$50,000 in the form of a long-term loan to be used for closing costs and/or a down payment. The terms of the note require no payments unless or until the property is sold, rented, changed use, refinanced without the City's permission, or the 30 year term ends. The City has \$ \_\_\_\_\_ available annually for these loans and has made \_\_\_\_\_ loans during the life of the program.

The State of California Department of Housing and Community Development operates the CalHome which provides grants to local public agencies and non-profit organizations to assist homebuyers through 30-year zero interest deferred payment loans. Qualifying individuals or families must be at or below 80% of area median income and meet the program qualifications.

For more information about the CalHome Program, please visit their website at [www.hcd.ca.gov/ca/calhome/](http://www.hcd.ca.gov/ca/calhome/).

#### *Mixed Income Housing Ordinance for SDAs*

Mixed Income Housing Ordinances require that a certain number of units, typically a percentage of the total to be developed are to be set aside as affordable. There are a number of examples of ordinances included in Appendix G for additional information on the variety of policies that have been adopted by jurisdictions throughout California.

For purposes of the Workforce Housing Design Program, the development of a Mixed-Income Housing Ordinance would provide a modest mechanism for establishing Workforce Housing in the SDAs as well as in development projects of \_\_\_\_\_ or more acres not located in the SDAs.

#### **Funding for Creating Workforce Housing Units**

##### *Redevelopment Tax Increment Revenues*

California Redevelopment Law (CRL) requires that at least 20 percent of Tax Increment revenues collected by a redevelopment agency be placed in a housing “set-aside” fund to be used for increasing, improving, and preserving the community’s supply of low- and moderate-income housing. The remaining Tax Increment may be used for activities and projects which help eliminate blight and encourage private investment within the redevelopment area such as, land assembly and write-down of land costs for development projects, demolition assistance, and construction of site improvements.

Tax Increment may also be used to construct streets, utilities, parks, and other public improvements necessary for carrying out the redevelopment plan. Redevelopment funds can be used to fund existing development’s share of improvements that are not necessary to serve new development exclusively.

Redevelopment Capital Projects Fund: Based on information provided by the City of Grass Valley Redevelopment Agency, it is estimated that approximately \$\_\_\_\_\_ is available annually in the Agency’s Capital Projects Fund for all projects in the Redevelopment Plan Area.

Redevelopment Housing Set-Aside Fund: Based on Agency financial projections, it is expected that this fund will collect \$\_\_\_\_\_ in new revenues in 2004. The Housing Set-Aside Fund represents a significant source of annual revenue that can be used for preservation and development of housing for low- and moderate-income households. Potential uses of these funds could include: assisting with on and off-site improvements, providing assistance for the development of new housing targeted to low- and moderate-income households anywhere in the Plan Area, and providing funds to assist with rehabilitation of housing occupied by low- and moderate-income households.

#### *Grant Funding Sources*

Other State and Federal funding sources may be available to fund a portion of specific programs or development. While specific funding sources and dollar amounts have not been researched as part of this report, it is anticipated that potential additional funding sources could be pursued by appropriate departmental staff within the City of Grass Valley or other local agencies, as opportunities may arise during the course of implementing the Workforce Housing Design Program.

#### *Community Development Block Grant Program*

The City of Grass Valley is a Community Development Block Grant (CDBG) “small city” community, meaning that the City must compete for Federal funds from the U.S. Department of Housing and Urban Development used for various community development purposes. Eligible uses can include certain public improvements/facilities, social services, economic development, and housing rehabilitation and development activities primarily benefiting low- and moderate-income households.

#### *HOME Program*

The Housing Investment Partnership Program (HOME), was created through the Cranston-Gonzales National Affordable Housing Act of 1990. The objectives of HOME are to provide decent affordable housing to lower income households, to expand the capacity of nonprofit housing providers, to strengthen the ability of state and local governments