Minutes
City Council's Transportation, Housing and Environment Committee
April 22, 2008

Minutes of the meeting of the City Council's Transportation, Housing and Environment Committee held on Tuesday, April 22, 2008, 3:00 p.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:
Councilmember Shana Ellis, Chair
Vice Mayor Hut Hutson

City Staff Present:
Chris Anaradian, Dev Svcs Mgr
Neil Calfee, Dep Comm Dev Mgr
Angel Carbajal, Police Dept.
Dawn Coomer, Sr. LRT Planner
Carlos de Leon, Dep Public Wrks Mgr
Craig Hittie, Affordable Hsg Coord
Jan Hort, City Clerk
Gregg Kent, Light Rail Engineer
Jyme Sue McLaren, Dep Public Wrks Mgr
Amanda Nelson, Comm Outreach Mktg Supvr
John Osgood, Dep Pub Works Mgr
Marc Pearsall, Transit
Chris Salomone, Comm Dev Manager
Steve Wise, TCC
Robert Yabes, Transportation

Guests Present:
Pamela Cecere, METRO
Beth Fiorenza, TCAA
Wulf Grote, METRO
Pen Johnson, NewTown
Zita Johnson, TCAA
Emily Ryan, Capitol Consulting
Mark Sorenson, METRO
Stephen Sparks, TCAA

Councilmember Shana Ellis called the meeting to order at 3:08 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Tempe South High Capacity Corridor Study Update

Jyme Sue McLaren summarized that the Tempe South High Capacity Corridor Study was kicked off in the fall of 2007 with a presentation to Mayor and Council. The first phase of the analysis has been completed and the consultant team as well as METRO staff will provide an update.

Wulf Grote summarized that the Regional Transportation Plan consists of a 57-mile system with 20 miles nearing completion. Three miles are in final design in northwest Phoenix being funded by the City Phoenix, and last summer, planning was initiated on three additional corridors. These corridors include the Mesa project in East Mesa, the I-10 West project along the I-10 freeway to coordinate with ADOT activities, and the south Tempe study initiated last fall. All three of these projects are funded as part of Proposition 400. Federal funds are anticipated for all of the projects, so the federal process is being followed to put us in line for potential federal funding. The current study is an "alternatives analysis," an 18- to 24-month study that defines the specific route for the recommended transit solution and defines the appropriate technology for that particular corridor, including light rail, bus rapid transit, commuter rail, or streetcar. Depending upon the corridor, it could be a number of different technologies and all four are being considered for this corridor. The scoping process, begun last fall, identified the options, the goals, and the study area. Tier 1 is nearing completion and Tier 2, which is a community review phase of the Tier 1 results, will begin. After Tier 2, more community input will be secured and, ultimately, it undergoes a policy process. Staff will return in early 2009 for the locally preferred alternative recommendations.

Marc Sorenson summarized that the study area includes the 202 on the north, the 202 on the south, the 101 on the east, and also includes the Tempe branch of the Union Pacific Railroad into Chandler.

- Study Scope includes alternatives analysis, public involvement program, economic development and market analysis, environmental impact statement, conceptual engineering, and the FTA new Starts Report.
- The purpose of the study is to connect the downtown/ASU area to the Tempe south corridor, to provide a connection to the 20-mile starter line at 3rd and Mill or the University/Rural Station, and to provide additional access to the employment centers in the downtown area.
- District-to-District Travel
  - Area south of US 60 has high employment.
  - 44% of the traffic going north from Baseline goes to downtown Tempe/ASU, and 20% goes into Scottsdale and Phoenix.
  - Traffic staying on I-10 is not going to Tempe (approximately 25% goes to Tempe)
- Opportunities/Constraints to Rural Road assuming approximately two to three miles of light rail. What would that mean to Rural Road and the right-of-way?
  - Focus was to look at the 6-lane section to a 4-lane section, with widening not an acceptable option. Rural is so congested today, especially from US 60 north, that going from 6 lanes to 4 lanes means that traffic will scatter which will create more neighborhood cut-through traffic. Conceptual alternatives include bus rapid transit, light rail, modern street cars and commuter rail.
- Alternatives Advantages – Mill/Kyrene alignment and Rural Road alignment provide the most benefits.

- McClintock Drive – bus rapid transit and streetcar options don't make sense given distance from the activity centers. There may be some opportunities for operation of Route 81 and increasing service and connecting to the 20-mile starter line. Staff will take a closer look to see how light rail would fit into that.
- Union Pacific Railroad (Tempe Branch) - commuter rail, as well as opportunities for bus rapid transit in that alignment between the 202 and Broadway, since there is a wide right-of-way and it doesn't narrow until north of Broadway.
- Mill Avenue/Kyrene – bus rapid transit in addition to a hybrid operation of light rail/modern streetcar
- Rural Road – bus rapid transit, or potential operation of light rail in a hybrid environment sharing the left turns lanes with transit similar to Houston Metro.

Mr. Sorenson added that the Tier 1 evaluation will be taken to the public in June.

Vice Mayor Hutson asked about the alternative route on Rural Road to Chandler and what Chandler's feelings are about using Rural Road and still being two miles away from the Fashion Mall.

Mr. Sorenson responded that Chandler is agreeable. The railroad branch, Rural and Arizona Avenue are the corridors in their scope. Their preference for rail option tends to be the railroad corridor, but they are interested in beefing up service between their mall and ASU. Their understanding is that the corridor that has the largest demand is Rural Road and the question is how to serve it. They are also interested in beefing up the transit center at the Fashion Mall.

Ms. McLaren added that staff will return next month with flyers for the public meetings, tentatively scheduled for the second week in June.

Agenda Item 3 – Housing Trust Fund

Beth Fiorenza summarized that last month, the Committee asked staff to bring back a shell of a housing trust fund. She acknowledged those who joined her in creating this document: Alan Carlson, Craig Hittie, David Strang, Pen Johnson, Steve Wise, and Todd Marshall.

- What is it?
  Standard definition is that it is a dedicated funding source set aside for housing needs. It would provide financial support for affordable housing activities.

- Why should the City establish a HTF?
  The HTF is one recommendation from the City's Affordable Housing Strategy Plan. The same mission would be followed:

  > "Support housing for low to moderate-income individuals and families that provides the greatest level of self-sufficiency, dignity, and independence. Invest in housing development that allows for maximum long-term affordability."

  It is also in response to the needs of the community and the City regarding housing market trends. Tempe is the largest importer of jobs into our community and the desire is to keep those individuals in our community and a part of our community.

- How will the HTF benefit Tempe?

It will benefit the City in three ways: provide a gap in financing costs in housing developments to keep them "affordable"; allow leverage of other sources of private or public funds; provide a benefit over time for safe-housing, keeping kids in school, and fueling the economy.

- How will the HTF be funded?
  It would be authorized to accept funds, property, and other resources from public and private sources. Any fees collected or that will be collected from development projects should be placed in the HTF. These funds would not sustain the HTF over time, so establishment of another dedicated revenue source would be recommended. One or more of the following could be used: developer fees/impact fees; real estate transfer tax, document recording fees, or sales tax. Staff is working with Mary Brooks, Executive Director for Center for Community Change, guru of HTF models and she is willing to help with these discussions. On average, for every dollar invested in the HTF, there is $6.50 raised from other private and public sources.

- How will the HTF be administered?
  The Community Development Department would be responsible for administration and operation of the HTF and the City would be responsible for the day-to-day fiscal management. Staff would recommend that a 7-member advisory board be appointed by the Mayor and Council and the board would make recommendations on funding, review funding applications, and set criteria.

- Types of activities of the HTF?
  Activities would include new construction of sale or rental housing, rehabilitation of existing housing for sale or rent, new construction or rehabilitation of mixed-use buildings, acquisition of property and adaptive reuse, transitional housing, repairs and housing-related services. Housing may be either single-family or multi-family. Non-profits don't want to have any conflict of interest involved with the HTF, and that is why "land trust" was left out of the list. In other communities it is included. It would support housing for special need populations or for non-profit capacity building. It could also pay for administrative costs to the City department if there were such costs associated.

- Who will live in the affordable units developed with HTF funding?
  Units are developed with HTF funds to assist households whose income does not exceed 120% of area median income. Most HTFs look at 80% or lower, but because of Tempe's market rate housing and workforce housing, staff felt it would be preferable to go up to 120%. For a family of four, 120% would be approximately $77K or below. The fund would allow flexibility to set criteria.

- Keeping HTF-assisted units affordable
  Priority would be given to projects that ensure perpetual affordability. Most HTF's have a minimum 15-year affordability factor. Projects with federal affordability have priority rather than projects which may not have long-term affordability options.

- How will HTF funds be made available for affordable housing development activities?
  This will be a grant process, either an RFP or NOFA. Loans can also be made from the fund.

- Who will be eligible to apply for HTF funding under the HOFA/RFP?

Any housing developer, either for-profit or non-profit, owners or operators of housing developments, housing authorities, or other non-profits that provide special needs will be eligible.

Ms. Fiorenza continued that the working group recommended the following:
- Approve the creation of an ordinance that would establish the Tempe Housing Trust Fund by June 30, 2008.
- Mayor and Council to appoint the Advisory Board by September 1, 2008.
- A future step is to identify or discuss the dedicated revenue source for the fund.
- A future step would be, based on the dedicated revenue source or sources, to set a realistic annual fund goal for the HTF.

She added that there are over 600 state and local HTF's in the country. This would be the first municipal housing trust fund in Maricopa County. Currently, there is a State and a Pima County housing trust fund.

Vice-Mayor Hutson noted page 3, $77K for a family of four at 120%. He has heard many times that it is important to keep our people living in Tempe. How are a fireman and policeman going to quality when they make more than $77K.

Ms. Fiorenza responded that it would depend upon the criteria being set. If that is a priority for Tempe, then we have to look to see what makes that work. Most HTF's specify 80% or below. The HTF's goal is to work with low income individuals.

Vice-Mayor Hutson wanted to clarify to the public that we have never been talking about firemen and policeman or even most City employees. This has been the misconception that has arisen from some members of the public.

Councilmember Ellis added that the affordable housing forums have addressed teachers, hotel workers, etc., that have to travel distances to work in our community.

Chris Salomone added that the recommendations are achievable. He asked if the committee would like this to be presented to Council at an Issue Review Session.

Councilmember Ellis cautioned that one of the things that will probably come up is why we would put something together without a dedicated funding source. If a funding source is associated with it right now, however, certain entities might try to kill the concept. We need to work on the funding source, but she didn't think that should be part of the document. If this is taken to Council, staff must be ready with an answer for that.

Vice Mayor Hutson agreed.

Neil Calfee added that when the land trust was formed, there wasn't land in the trust. It was a place to start, and that's what this is. The HTF is not a funding source, it is a place to put money and the place to put the money can be created.

Councilmember Ellis added that staff should decide who would present it to Council.

DIRECTION: Take forward to Council before June 30th.

Agenda Item 4 – In Lieu Fee Program
Craig Hittie summarized that last summer, staff presented an in-lieu summary report compiled by David Rosen to the joint Transportation Affordable Housing and Finance, Economy and Veterans Affairs Committees. At that time, staff related that according to the study, the affordability gap between market rate housing and moderate income families had grown drastically. Specifically, it demonstrated that in lieu of requiring 5% of the units being sold or leased to moderate income families, a fee as high as $44K or $27 per sq. ft. should be charged to each market rate unit in that development. Vice Mayor Hutson and Councilmembers Ellis and Mitchell suggested holding a series of affordable housing forums to educate and discuss affordable housing issues with the citizens, providers and community partners. After two successful forums, staff believes it is time to return to Committee with staff recommendations.

He continued that the draft proposal outlines the recommendations with three alternatives with drastically lower fees.

- Offer developers two alternatives for complying with the affordable housing requirement:

  1. Pay an in-lieu fee, with three options: fee equal to $1 or $2 per net sq. ft. of building area in a residential development, or flat fee of $500 per residential unit.
  2. Provide affordable units within the housing development. For for-sale developments, 10% of the total housing units developed for, offered to, and sold to households whose gross annual income does not exceed 120% AMI, or for rental developments, 10% of the total housing units offered to and leased to households whose gross annual income does not exceed 80% AMI. Developer would be required to enter into an agreement with the City with resale restrictions with buyers that require the units to be occupied by qualifying households at affordable housing cost for a specified term of affordability.

- Apply the affordable housing requirement to projects with five or more residential units with the intent to prevent larger developments from subdividing to avoid the ordinance.

- Deposit the funds from the ordinance into a fund used to support affordable housing initiatives and allow activities to apply for the fund for the whole range previously discussed.

Mr. Hittie also presented an analysis of the selected in lieu fee options.

Councilmember Ellis asked whether the third option stating "used to support affordable housing initiatives" would be up to the discretion of the builder.

Mr. Hittie clarified that it would be to a specified fund.

Councilmember Ellis asked what some of the developers of the current developments have offered at Council meetings.

Chris Salomone responded that the precedent was set in a number of developments at $500 per unit for the larger multi-family projects. In some ways, that is in the City's favor going forward in that it has been a policy that has been accepted by the development community

without protest. It lays the groundwork. Again, that probably is not an adequate amount to produce units, but it is a good start.

Councilmember Ellis asked if that is part of their development fees.

Mr. Hittie responded that it would be part of the permitting process.

Mr. Salomone added that, ideally, it is done at Certificate of Occupancy to make it more palatable.

Vice Mayor Hutson added that it needs to be done on the back-end with someone else's money, not the developer. He was concerned with what has been done and with this proposal. We are trying to set up affordable housing with things Council has already done. All we are doing by doing this is raising the price of the unit and whoever is doing the buying will have to pay more. How do we make this more equitable? We have to keep the price down so people can afford to buy. He suggested giving more density. The developer doesn't have to pay, the buyer doesn't have to pay, and the City gets money.

Mr. Salomone responded that would be an exceptional way to do it. Staff is looking at that in the transit-oriented development ordinances. There isn't one solution, however. The issue is that we're getting an abundance of units that are at market and above in Tempe, but we are not getting any to fill that lower need. The practice nationwide has been to artificially create those. Density bonus is a great way to do that, but there are other options and they work collectively.

Vice Mayor Hutson added that if we let a developer have more density and he commits to selling those units and that money goes into the fund, we will make more money than by charging a dollar or two per square foot.

Mr. Salomone added that the issue is with mixed-use zoning.

Chris Anaradian added that any project of any significance comes through a PAD process where the zoning gets put out the window and it is negotiated. In 2005, that was a good decision, but it now hobbles the effort to put a cap on the density to now give it back to them again and make the money. That's a discussion going on between Development Services and Community Development on the light rail section. That is one of the realities. A lot of people are coming in with PAD's and MU-4's and there is no mechanism forcing them into this, and that's what the ordinance will address. The analysis of what the upfront costs currently are vs. back-end costs will be helpful to this group. Many people who do building permits don't start construction, and in those cases there would need to be a refund mechanism.

Councilmember Ellis added that if this goes to Council, it would be helpful to have a list of what is paid at the beginning and what is paid at the Certificate of Occupancy. We spent a lot of money to have the in-lieu fee study done and she is very uncomfortable sitting downstairs voting on a project where the developers can tell she is going to vote against it and they keep throwing out high dollar amounts to try to get her vote on their project, that they will contribute a certain amount to affordable housing. She would much rather have something standardized so that doesn't weigh into her decision and someone is not trying to buy her vote.

Vice Mayor Hutson asked staff to determine the delta for this vs. the opportunities for density.

DIRECTION: Take to Council with more information to be able to answer questions.

Agenda Item 5 – Affordable Housing Forum

Craig Hittie stated that an affordable housing forum for a discussion with the faith-based community is scheduled for May 14th with registration at 8:30 a.m. and the forum beginning at 9 a.m.

Agenda Item 6 – Sustainability Task Force Update

Chris Anaradian summarized that a task force meeting is scheduled for May 14th in Council Chambers. The group will be looking for comments. He distributed a draft of the 2008 Compendium of Sustainable Practices. The first section includes things currently being done, the second section includes things that would be easy to do, and the third section includes things that require further study. He asked the group to email suggestions to him or to Kathy Wittenburg or mark up the booklet and return it. He will provide an update at the next committee meeting.

Agenda Item 7 – Bus Stop and Pull-Out Program Update

Marc Pearsall summarized the bus stop and pull-out improvements:

- Bus pull-outs: In the last two years, six new bus pull-outs were installed, for a total of 93. Seven are under design, with construction in the late summer.
- Mini Shelters: In the last two years, 40 mini shelters were installed, bringing the total to 53. An additional 25 will be installed starting this summer, to bring the total to 78.
- Standard Shelters: There are 194 standard shelters and 21 artist designed/downtown shelters. The proposal is to add 10 new standard shelters, bringing the total to 225.
- ASU Shelters: ASU and the City are partnering to install 25 new ASU designed shelters on the ASU Tempe Campus, 10 of which will be installed within the City's right-of-way.
- New "Green" Tempe Shelters: The shelters will be installed at major bus/rail transfer areas. A total of 26 will be installed at the Rural/Tyler Transit Station and at the Tempe Transportation Center.
- Upright Shade Screens: The City installed 10 upright shade screens for the large shelters. An additional 15 will be located and installed this year. Staff is also testing two stand-alone shade screens to provide additional shading during the morning and afternoon hours.

Upon completion of the above projects, a total of 334 bus shelters will be in service throughout the City, providing over 39% coverage to all existing bus stops.

Vice Mayor Hutson asked why the shelters are faced to the west so people are facing the sun, when they could be faced to the east.

Carlos de Leon responded that part of the reason is the function of the available right-of-way and some are too big for the sidewalk. Also, customers prefer being able to see the bus coming.

Councilmember Ellis clarified that when new developments come to areas where a bus stop is already located, there is some requirement that they put in a pull-out. She asked how many of these are taxpayer funded vs. developer funded.

Robert Yabes responded about 15%.

Councilmember Ellis asked whether the requirement is for a pull-out or whether they are required to put in a shade feature.

Mr. Yabes responded that it depends on the size of the development that determines how much is required.

Mr. Pearsall added that when the developer does it, it is in the specifications that they contact the City's vendor and work directly with the vender.

Mr. de Leon added that they are attempting to hit the high conflict areas between buses and automobiles. Staff did a study in 2000 that identified all the intersections and routes and based on bus frequency and volume, a conflict determination was made. With minimal right-of-way, they will sometimes wait for a redevelopment project and do it at that time.

Amanda Nelson added that the 2007 ridership report shows Tempe's ridership is up from 7.6M boardings in 2006 to 8.2M in 2007.

Agenda Item 8 – Future Agenda Items
Mr. de Leon stated that staff is starting the process to report back on the Orbit Jupiter route. They will go to the Transportation Commission in about two weeks and staff would hope to take that to Council on June 5th. He asked if it should come to the Committee first.

Councilmember Ellis directed that it go directly to Council.

The next meeting will be on May 27, 2008.

Meeting adjourned at 4:30 p.m.

Prepared by: Connie Krosschell
Reviewed by: Carlos de Leon

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Jan Hort
City Clerk