

**Meeting Date:** 8/25/2015

**Report Type:** Staff/Discussion

**Report ID:** 2015-00669

**Title:** Approval of the Downtown Housing Initiative Plan

**Location:** Downtown Sacramento, District 4

**Recommendation:** Pass a Resolution 1) approving the Downtown Housing Initiative Plan; 2) initiating the Downtown Site Specific Plan per Section 17.904.010 of Title 17 (Zoning Code) of the Sacramento City Code; and 3) making related findings.

**Contact:** Tyrone Roderick Williams, Director of Development, (916) 440-1319, Sacramento Housing and Redevelopment Agency

**Presenter:** Tyrone Roderick Williams, Director of Development, (916) 440-1319, Sacramento Housing and Redevelopment Agency; Ryan Devore, Director, (916) 808-8860, Director of Community Development, City of Sacramento Community Development Department

**Department:** Sacramento Housing & Redevelopment Agency

**Division:** Sacramento Housing & Redevelopment Agency

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Agreement

3-Exhibit A (Downtown Housing Initiative Plan)

4-Downtown Housing Initiative Timeline

5-Target Area Map

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### **City Attorney Review**

Approved as to Form

Sheryl Patterson

8/18/2015 4:54:22 PM

### **Approvals/Acknowledgements**

Department Director or Designee: LaShelle Dozier - 8/6/2015 4:32:18 PM

## Description/Analysis

**Issue:** In the 2015 State of the City address, the Mayor launched the Downtown Housing Initiative (Initiative) as part of the larger Sacramento 3.0 strategy. The goal of the Initiative is to deliver 10,000 places to live in Downtown over the next ten years. The Initiative Plan delineates policies, processes, incentives, and resources to facilitate the actual creation of housing units to help meet that goal.

Downtown Sacramento is comprised of the area generally bounded by the Sacramento River to the West, the American River to the North, Highway 80 to the East, and Highway 50 to the South. According to the 1950 US Census, 58,000 people lived in Downtown Sacramento. Since that time the population in Downtown has decreased by over 30,000 people, and much of the formerly occupied housing has been demolished. A vibrant residential population is critical to the long-term economic vitality of Downtown, thereby fortifying the revenue base.

The housing base has not grown significantly over the past several decades creating a deficit in supply while the demand remains high in niche markets. To alleviate this problem, Mayor Kevin Johnson introduced a new initiative to develop 10,000 places to live in the central downtown corridor over the next ten years: the Downtown Housing Initiative (Initiative). This Initiative proposes to increase population density to a level that can sustain and attract additional investments such as hotel, grocery, and retail establishments. It also recommends mixed income and multi-modal friendly residences to meet a diverse range of housing needs. This strategy has the added benefits of stabilizing the tax base by attracting and keeping young professionals, families, and retirees, and providing the economic stability to support fast-paced growth projects.

To kick start the Initiative process, the Mayor convened various working groups of expert practitioners to review existing conditions and provide recommendations. The practitioners represented industry leaders in lending, non-profit and for-profit development, downtown property owners, and executive leadership from the City of Sacramento and SHRA. In addition working groups were convened that included members from the American Institute of Architects (AIA), Building Trades Council, Capital Area Development Authority (CADA), Downtown Partnership, Greater Sacramento Area Economic Council "Greater Sacramento" (GSAC), Heller Pacific, LDK Ventures, Sacramento Metro Chamber, Midtown Business Association, North State Building Industry Association (BIA), Region Builders, Regional Transit, Sacramento Area Council of Governments (SACOG), Sacramento Steps Forward, Sacramento Municipal Utility District (SMUD), USA Properties, Valley Vision, and other builder/developer representatives. The working groups provided input on recommendations for implementing the 10,000 places to live goal of the Initiative.

The proposed unit mix for the 10,000 units is as follows:

|                               |               |
|-------------------------------|---------------|
| Market Rate                   | 6,000         |
| Workforce                     | 2,500         |
| Rapid Rehousing               | 1,500         |
| <b>Places to Live by 2025</b> | <b>10,000</b> |

**Policy Considerations:** The Initiative is a blueprint for streamlining the development process. The Downtown Housing Initiative Plan's recommendations fall into three key categories.

#### Streamlining Existing Policies and Practices

Current policies remain intact while procedures are reviewed for updates necessary to bring efficiencies to existing practices. Processes under consideration include a Fee Study, Design Review, Project Tracking, Interdisciplinary Review, Lobby Management, Pre-Submission Review (of development plans), Staff Training, Customer Service, Historic Preservation, and Infrastructure Plan Analysis.

#### Ordinance Review

The plan calls for the review and update of current ordinances that impact housing development. The Mixed Income Housing, Preservation, Single Room Occupancy (SRO), Housing Trust Fund, and the Vacancy Assessment study will be examined to ensure practicality and continued relevance to the objectives of the plan.

#### Downtown Specific Plan Initiation

The Downtown Specific Plan will incorporate site analysis, survey, design standards, land use, public improvements and information related to environmental and historical regulatory items that may impact development in the downtown district.

The recommendations presented in the Initiative Plan have been carefully reviewed and compared to current City policies and procedures (see Exhibit A). A framework delineating the implementation timeline in the short term and the long term is included in the attached plan.

**Economic Impacts:** The economic impacts will be an increase in economic activity in the downtown area which will support more small and medium size businesses.

**California Environmental Quality Act (CEQA):** The proposed action is exempt from environmental review as a planning and feasibility study under CEQA per Guidelines Section 15262. The Downtown Housing Initiative does not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting actions or discretionary action(s) being carried out with regard to such projects.

**National Environmental Policy Act (NEPA):** The proposed actions are considered the development of plans and strategies and also administrative and management activities, and are exempt from environmental review under NEPA per 24 CFR Section 58.34(a)(1) and (a)(3).

**Sustainability Considerations:** The Initiative Plan is consistent with Sustainability Master Plan goals in that it will increase the number of places to live within the downtown area. The plan supports Transit Oriented Development (TOD), infill development, and conversion of vacant and outdated buildings. The proposed plan also supports an increase in density within the target area. Increasing housing density in Downtown Sacramento around public transportation hubs will reduce dependence on the use of private automobile, reduce long commutes, reduce the use of fossil fuels, improve energy efficiency, reduce carbon dioxide emissions, and help meet air quality standards.

**Commission Action:** On August 5, 2015, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. Their votes were as follows:

AYES: Alcalay, Creswell, Griffin, Johnson, Morgan, Raab, Rios

NOES: none

ABSENT: Macedo, Painter

**Rationale for Recommendation:** Stabilizing the economic vitality of Downtown Sacramento is dependent on increasing the residential population, thereby fortifying the revenue base. Underutilized, outdated, or vacant buildings have been identified within this target area. Concentrating efforts to build out the available parcels and convert antiquated buildings into viable living spaces is a proven strategy to increase density.

**Financial Considerations:** Not applicable.

**LBE/M/WBE, Section 3 and First Source Considerations:** The activities recommended in this staff report do not involve federal funding; therefore, there are no LBE/M/WBE or Section 3 requirements.

# **RESOLUTION NO. 2015 -**

## **Adopted by the Sacramento City Council**

On date of

### **APPROVAL OF THE RECOMMENDATIONS IN THE DOWNTOWN HOUSING INITIATIVE AND INITIATION OF THE DOWNTOWN SPECIFIC PLAN**

#### **BACKGROUND**

- A. Downtown Sacramento is comprised of the area generally bound by the Sacramento River to the North, and West, and Interstate 80 to the South and East.
- B. According to the 1950 U.S. Census 58,000 people lived in Downtown Sacramento. Since that time, the population has dropped by over 30,000 people and much of the formerly occupied housing has been demolished.
- C. Stabilizing the economic vitality of Downtown Sacramento is dependent on increasing the residential population, thereby stabilizing the revenue base.
- D. To remedy this situation, Mayor Kevin Johnson in his 2015 State of the City address launched the Downtown Housing Initiative as part of the Sacramento 3.0 strategy. The goal of the Downtown Housing Initiative is to deliver 10,000 places to live Downtown over the next ten years. The attached Downtown Housing Initiative Plan prepared by the Sacramento Housing and Redevelopment Agency (SHRA) proposes policies, processes, incentives, and resources to facilitate reaching that goal.
- E. The recent momentum of the Downtown Economic Revitalization has been marked by investments in the region including the Entertainment and Sports Complex, the Railyards Project, Township 9, and the new Promise Zone Designation. Businesses are growing again and as part of the process Mayor Kevin Johnson subsequently convened working groups of expert practitioners in lending, non-profit and for-profit development, downtown property owners, executive leadership from the City of Sacramento, SHRA, and members of the American Institute of Architects (AIA), Building Trades Council, Capital Area Development Authority (CADA), Downtown Partnership, Greater Sacramento (GSAC), Heller Pacific, LDK Ventures, Metro Chamber, Midtown Business Association, North State Building Industry Association (BIA), Region Builders, Regional Transit, Sacramento Area Council of Governments (SACOG), Sacramento Steps Forward, Sacramento Municipal Utility District (SMUD), USA Properties, Valley Vision, and other builder/developer representatives to seek recommendations for implementing the goals of the Downtown Housing Initiative.

- F. The working groups, the City of Sacramento's Community Development and Economic Development Departments and SHRA have evaluated the federal, state, and local resources, obstacles, and opportunities for incentivizing development and have made substantive recommendations. The recommendations address city policies, clarifying departmental processes, incentivizing projects, and securing resources.
- G. In accordance with the procedures for establishment of specific plans as set out in Section 17.904.010 of Title 17 (Zoning Code), the City Council hereby initiates preparation of the Downtown Specific Plan.
- H. The Downtown Housing Initiative Plan does not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting actions or discretionary action(s) being carried out with regard to such projects.
- I. The proposed action is exempt from environmental review as a planning and feasibility study under the California Environmental Quality Act (CEQA) per Guidelines Section 15262.
- J. The proposed actions are considered the development of plans and strategies and also administrative and management activities, and are exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(1) and (a)(3).

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1 The background facts as stated above, including the environmental background facts, are determined to be true and correct.
- Section 2 The Downtown Housing Initiative Plan and its recommendations, as stated in Exhibit A, are approved.
- Section 3 In accordance with the procedures for establishment of specific plans as set out in Section 17.904.010 of Title 17 (Zoning Code) of the Sacramento City Code, the City Council initiates the preparation of a specific plan for Downtown Sacramento.

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Exhibit A – Downtown Housing Initiative Plan

# DOWNTOWN HOUSING INITIATIVE PLAN

Sacramento, California

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Dear Friends,

As Mayor of the City of Sacramento and Executive Director of the Sacramento Housing and Redevelopment Agency (SHRA), it is with great pride that we present the Downtown Housing Initiative plan.

Sacramento is moving into the era of Sacramento 3.0. Not only is the economy making a strong recovery from the Great Recession, it is changing in fundamental ways. The Sacramento region is transforming into a hub of innovation, entrepreneurship, and technology with a vibrant Downtown Sacramento at its epicenter.

From the new Golden 1 Center to the thriving arts, entertainment and dining scenes, the momentum in Downtown is growing. The key to this transformation is housing. This plan will help us realize the full potential of Downtown by laying out the policies, processes, resources and incentives to make the development process as transparent and predictable as possible, while at the same time investing in the amenities and initiatives necessary to become the modern, inclusive, interconnected city of the 21st century.

We look forward to working with you in realizing this vision for a strong and vital future for our Downtown, City and Region.



Kevin Johnson  
Mayor, City of Sacramento



La Shelle Dozier  
Executive Director, SHRA

# [ABOUT THE CITY OF SACRAMENTO]

## To Protect, Preserve, And Enhance The Quality Of Life For Present And Future Generations

Sacramento is a charter city operating under the council/manager form of government. The City Council consists of eight members, elected by District, and a directly elected Mayor. Sacramento provides a full array of municipal services including public safety (police and fire), community development, economic development, public works, utilities, convention, culture and leisure, parks and recreation, and the traditional internal management support functions.

# [ABOUT SHRA]

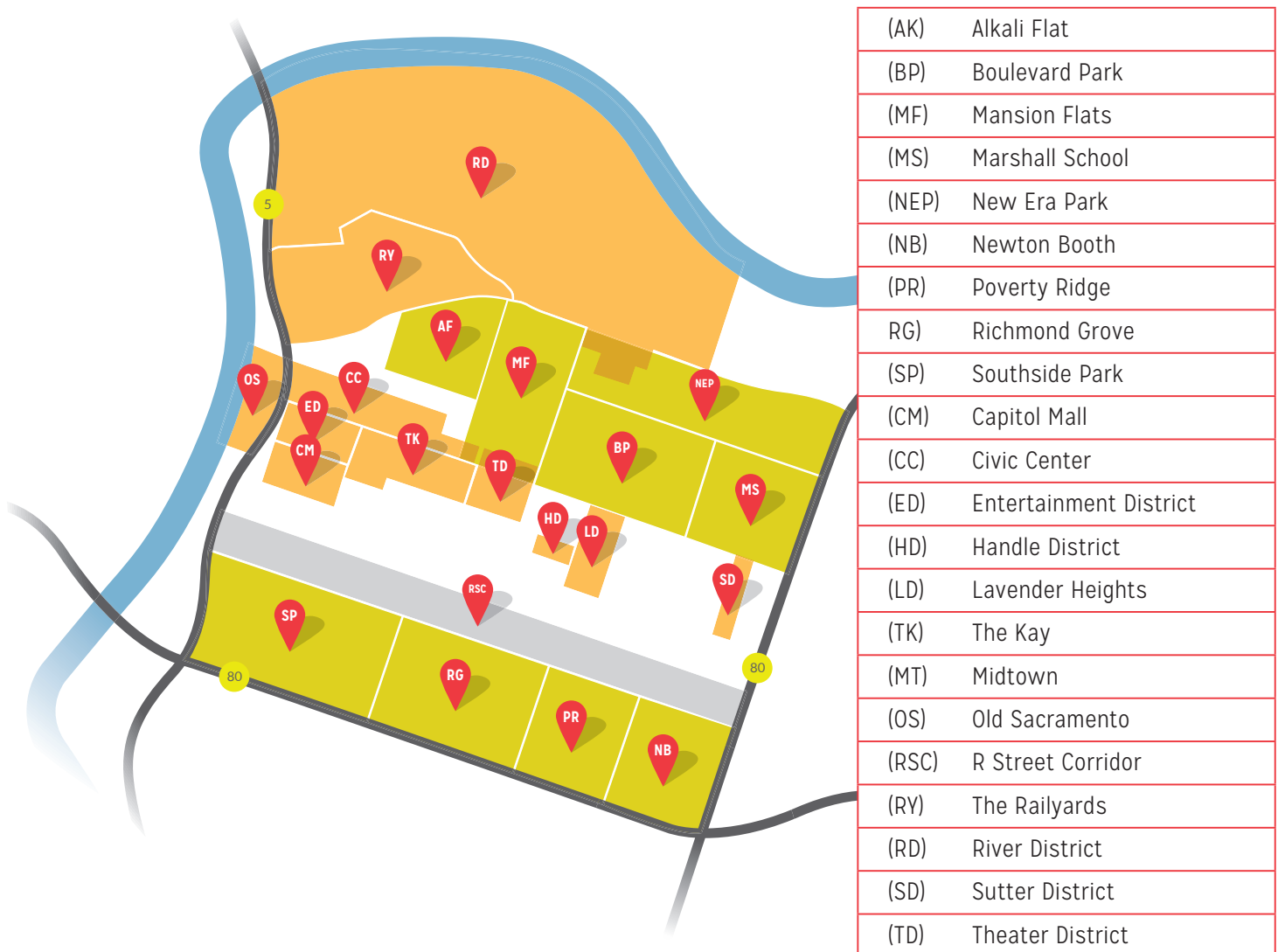
## 75 Years Leading Meaningful Change For The Betterment Of Sacramento

SHRA is a Joint Powers Agency created by the City and County of Sacramento. SHRA brings together funding resources and staff expertise to revitalize lower income communities, create affordable housing opportunities, and serve Housing Authority residents. SHRA has convened and facilitated a diverse cross-section of Sacramento community stakeholders to develop shared goals and strategies which will improve the lives of Sacramento families. SHRA is leading the Downtown Housing Initiative, and using its expertise to support the goals of Sacramento 3.0.

Downtown Sacramento is comprised of the area generally bound by the rivers to the North and West, and Business Highway 80 to the South and East. According to the 1950 US Census 58,000 people lived in Downtown Sacramento. Since that time the population has decreased by about 30,000 people, and much of the former housing has been demolished. Stabilizing the economic vitality of Downtown is dependent upon increasing the residential population, thereby fortifying the revenue base.

The recent momentum of our economic revitalization has been marked by major investments in our region including the Golden 1 Center, the Railyards, Township 9 and the new Promise Zone designation. Businesses are growing again and the people employed by and running those businesses need places to live.

Key elements of the Downtown Housing Initiative are described in this plan document. As the Lead Agency of the Initiative, in partnership with the City of Sacramento, SHRA will coordinate the implementation of the strategy to bring 10,000 places to live to Downtown Sacramento by 2025.



**NEED**

The lack of housing downtown is a significant fiscal, economic and community development challenge facing the City of Sacramento. The housing base has not grown significantly over the past decade, creating a deficit in supply while the demand remains high in niche markets. To alleviate this problem, Mayor Kevin Johnson has introduced a new Downtown Housing Initiative to develop 10,000 places to live in Downtown Sacramento over the next ten years. This initiative seeks to increase population density to a level that can sustain and attract additional investments such as hotel, grocery and retail establishments. It will also provide mixed income and multi-modal friendly residences to meet a diverse range of housing needs. This strategy has the added benefits of stabilizing the tax base, attracting and retaining young professionals, families and retirees while providing the economic foundation to support fast-paced growth projects.

In his 2015 State of the City Address, Mayor Johnson launched the Downtown Housing Initiative, as part of his Sacramento 3.0 vision. He identified four strategies where efforts will be focused: Transit Oriented Development (TOD), Housing Conversion, SMART! Housing, and Rapid Re-Housing.

**STRATEGIES****Transit Oriented Development (TOD)**

TOD will play a significant role in the Downtown Housing Initiative. Coupling multi-modal transportation and housing creates hubs of sustainable and environmentally friendly living options. The TOD strategy will focus further development in the Downtown Railyards, Township 9, Twin Rivers Development, the Central Business District, and portions of the R Street Corridor served by light rail transit. The purpose of TOD is to provide options for people who want to live in neighborhoods where transit service provides an alternative to driving. The hubs within the TOD plan contain a mix of housing, retail, and work space. TODs are pedestrian and bicycle friendly, mixed-use areas that allow for live-work spaces, retail and housing. The TOD provides relief from automobile-dependent lifestyles, freeing the roads of congestion.

SHRA will continue to partner with Regional Transit to identify potential TOD development sites within the downtown development target area. In addition, should a Choice Neighborhood Implementation Grant be awarded to the Twin Rivers development site, additional resources will be invested to accommodate the multi-modal design.

**Housing Conversion**

Housing Conversion is the practice of rehabilitating outdated nonresidential buildings and transforming them into modern sustainable housing. The goal of the strategy is to preserve and repurpose the stock of older buildings that exist in the downtown target area. Key to the Housing Conversion strategy is providing incentives and regulatory streamlining to help make re-use easier and promoting projects that have the following qualities:

- **ENERGY EFFICIENCY** - having a low impact on the energy grid, energy independent
- **SUSTAINABILITY** - utilizing durable materials, extending the life-cycle of existing structures
- **MULTI-MODALITY** - bike and pedestrian friendly, TOD
- **COMMUNITY-CENTRIC** - Inclusive of current residents, considerate of neighborhood characteristics and culturally astute starting with pre-design through completion
- **GREEN** - low production of greenhouse gases, conserves land
- **HISTORICALLY MINDFUL** - maintaining and accentuating the historic character of the structural as it relates to the community, improving on accessibility and diversifying use

## SMART! Housing

SMART! Housing describes the technologically integrated housing this plan supports. It is energy-efficient, with easy access to amenities. Innovators, technopreneurs, the creative class, employees, millennials, and empty nesters will be able to tap into the Downtown network from home, shared work spaces, and community kiosks. SMART! Housing in Sacramento will incorporate innovative sourcing and co-location opportunities. The City will provide information to homebuilders and facilitate linkages between local technology companies and developers to encourage construction of SMART Housing.

## Rapid Re-Housing

The most vulnerable populations are the hardest to house. Working with our non-profit and County partners, homeless residents of our City will be triaged through the Continuum of Care single point of entry model. They will be matched with housing and services that will help them remain housed. Providing opportunities for all of our residents throughout the strategy is integral to the pillar of inclusion.

## HOUSING MIX

The goal of the Downtown Housing Initiative – 10,000 places to live Downtown in the next ten years – targets a variety of housing types. The mix consists of market rate, workforce and rapid re-housing. The type and quantity of housing included in the plan is consistent with both proposed and planned units within the Downtown target area.

The market rate goal is 6,000 units. The Railyards project is expected to produce close to 5,000 market rate units. There are also other market rate developments in the works. Based on current housing starts, this goal is achievable.

The workforce housing goal can be achieved through public investment in affordable housing through Low Income Housing Tax Credits (LIHTC) and other public funding vehicles that will support infrastructure investments. Meeting two-thirds of the current planned affordable housing will help us to reach our goal of 2,500 workforce housing units. SHRA will use its experience to support an all-inclusive affordable housing strategy. As the annual tax credit re-capitalization dates are published, SHRA will develop strategies around re-investment opportunities to leverage private capital.

The current Sacramento rapid re-housing strategy strives to decrease the homeless population by two-thirds. CalWORKS has provided additional funding, which will accelerate these efforts. The Continuum of Care (CoC) has made 450 Rapid Re-housing vouchers available. These efforts will help us realize a drastically decreased homeless population over the next ten years.

|                        |        |
|------------------------|--------|
| Market Rate            | 6,000  |
| Workforce              | 2,500  |
| Rapid Re-housing       | 1,500  |
| Places to Live by 2025 | 10,000 |

## [ADDRESSING THE NEED]

In developing this plan Mayor Kevin Johnson and SHRA convened a host of expert practitioners, including lenders, non-profit and for-profit developers, downtown property owners, and executive leadership from the City of Sacramento and SHRA. In addition, members of the American Institute of Architects, Building Trades Council, Capitol Area Development Authority, Downtown Sacramento Partnership, Greater Sacramento Area Economic Council (GSAC), Heller Pacific, LDK Ventures, Metro Chamber, Midtown Business Association, North State BIA, Region Builders, Regional Transit, Sacramento Area Council Of Governments (SACOG), the Sacramento Association of Realtors, Sacramento Steps Forward, SMUD, USA Properties, Valley Vision, and other builder/developer representatives provided recommendations on achieving the goal of 10,000 places to live Downtown in ten years.

# [THE FRAMEWORK: FOUR KEY LEVERS]

There are four key levers to achieving this goal: policies, processes, resources, and incentives.

## POLICIES - RECOMMENDATIONS

### 1. Develop Downtown Specific Plan and Environmental Impact Report (EIR)

The Downtown Specific Plan will include the land-use regulations and policies designed to streamline the housing development process and identify necessary public improvements to support new housing development. The Community Development Department will be the lead agency in completing environmental review, developing the specific plan and ensuring the plan is consistent with both the framework of the Downtown Housing Initiative and the City's General Plan.

The Downtown Specific Plan will include the following components:

1. Environmental Impact Report
2. Market and opportunity sites analysis
3. Infrastructure needs survey and financing plan
4. Historic resources survey
5. Adaptive reuse incentives
6. Survey of public amenities to support 10,000 new homes
7. Adjustments, as necessary, to zoning and development standards

### 2. Create Enhanced Infrastructure Finance Districts (EIFD)

Senate Bill 628, authorizing the creation of Enhanced Infrastructure Financing Districts (EIFDs), was signed into law by Governor Brown on September 29, 2014. This new legislation provides local governments the ability to finance a broad range of infrastructure work as well as affordable housing and transit oriented development projects through tax increment, generated from the growth in property taxes collected from the affected area. However, these funds can only be collected from those local governmental agencies that voluntarily agree to contribute their funds. EIFDs are also authorized to combine tax increment funding with other permitted funding sources, including bond issuance.

The creation of an EIFD will enhance the Downtown Housing Initiative by providing access to a broader range of financing options than was once available to redevelopment agencies.

### 3. Review and Update Current Ordinances

#### MIXED INCOME HOUSING ORDINANCE:

The Mixed Income Housing Ordinance, also known as the Inclusionary Ordinance, originally required that residential developers in the so-called "new growth" areas of the City (generally, North Natomas, North Sacramento, Meadowview/Cosumnes River College area, the Curtis Park Railyards and the Downtown Railyards) include 15 percent of their housing at levels affordable to low and very low income families.

On December 17, 2013 the City Council updated the Housing Element of the city's General Plan. The new Housing Element includes a policy to expand the current Mixed Income Housing Ordinance (Chapter 17.712 of City Code) citywide and to require developers to contribute to the production of affordable housing.

With the input of more than two years of outreach, staff has developed a draft Mixed Income Housing Ordinance that will be reviewed by the City Council in September 2015. The new ordinance, which is sensitive to the challenges of urban infill development, is expected to generate over \$100 million that will be used to leverage affordable housing development throughout the City.

#### **HOUSING PRESERVATION ORDINANCE:**

The Housing Preservation Ordinance (2003-04) requires owners of projects that have received prior federal assistance to notify the Sacramento Housing and Redevelopment Agency (SHRA) of any plans to terminate the project's federal subsidies. The Agency is then required to distribute this information to a pre-qualified group of affordable housing developers. The purpose of the ordinance is to inform the affordable housing community about at-risk projects so they can work to acquire and preserve the projects. This ordinance will be reviewed and updated as needed to be consistent with the housing initiative.

#### **SRO ORDINANCE:**

Adopted in 2006, City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 require that 712 residential hotel or comparable units be maintained within the City of Sacramento.

Single Room Occupancy (SRO) residential hotels play a vital role in providing affordable housing to the city's most vulnerable residents. The number of available SRO units in the downtown area decreased by 301 units between 1986 and 2006. The key is to preserve downtown SRO housing and to replace units lost through conversion or demolition.

Pursuant to the Ordinance, SHRA is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and the City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or withdrawals. The ordinance currently pertains to nine residential hotels located in downtown Sacramento.

This ordinance will be reviewed and updated as needed in accordance with not only the housing initiative, but also in light of new funding realities.

#### **HOUSING TRUST FUND ORDINANCE:**

The City Housing Trust Fund ordinance was adopted in 1989 to provide local financing for affordable housing near employment centers. Fees on non-residential development generate revenue that has helped build 3,409 affordable housing units over the past 25 years. SHRA administers the fund's expenditures.

The City and SHRA are currently working on revising the ordinance, which, among other things, will apply the fees equally throughout the City and modify some aspects of the ordinance to reach optimal productivity.

#### **VACANCY ASSESSMENT ORDINANCE:**

Vacancy ordinances serve a dual purpose. They are an instrument for tracking vacant buildings and holding property owners accountable for the condition. They also provide the opportunity for the City to recoup some of the expense associated with the building, including inspections and police and fire protection. SHRA, working with the City and other organizations, will explore the creation of a Vacancy Assessment Ordinance as a tool to reduce blight and serve as a catalyst for redevelopment.

#### 4. Create Housing Conversion Pilot Program

Downtown Sacramento has a wealth of housing conversion opportunities in the form of obsolete and/or blighted buildings. The City of Sacramento will develop a housing conversion pilot program consistent with the best practices in housing conversion (adaptive re-use). The pilot will provide assistance to developers converting vacant and obsolete buildings using best practices in the following core areas:

- **ENERGY EFFICIENCY** – having a low impact on the energy grid, energy independent
- **SUSTAINABILITY** – utilizing durable materials, extending the life-cycle of existing structures
- **MULTI-MODALITY** – bike and pedestrian friendly, TOD
- **COMMUNITY-CENTRIC** – Inclusive of current residents, considerate of neighborhood characteristics and culturally astute starting with pre-design through completion
- **GREEN** – low production of greenhouse gases, conserves land
- **HISTORICALLY MINDFUL** – maintaining and accentuating the historic character of the structural as it relates to the community, improving on accessibility and diversifying use

#### 5. Create Downtown Parking Strategy

As Downtown development opportunities expand, there will be a growing need for new parking management options to accommodate the expected increase in retail and residential traffic. The City will implement creative solutions such as shared parking agreements to manage private parking garages; dynamic meter pricing; and multi-modal bike, car and streetcar transportation systems.

#### 6. Support Financing Incentives for Developers and Home Buyers (Teachers, Nurses, Public Safety Officers)

Workforce housing is a crucial part of the Downtown Housing Initiative. Providing opportunities and incentives for moderate- and low-wage workers to move downtown is paramount to the success of the plan. Incentives for teachers, nurses, and public safety officers are especially important. The City of Sacramento along with SHRA will seek to build public-private funding partnerships to raise financial incentives for first-time homebuyers and/or households that relocate to the Downtown target area when their employment location is within the zone.

#### 7. Focus on Re-opening Schools and Funding the Development of Open Space and Parks

The Community Development Department will work with the Parks and Recreation Department and the Sacramento City Unified School District to support community schools and neighborhood amenities. Creative use of space and coordination of resources will allow for greater impact.

#### 8. Encourage a Diversity of Housing Types in Opportunity Zones Based on Market Demographics

The goal of developing 10,000 places to live anticipates a variety of housing options based on market demand and demographics. The Downtown Housing Initiative will create housing for singles, couples, growing families and empty nesters. Housing options will range from micro-unit apartments to two- and three-bedroom homes. We expect to see townhomes, apartments, condos and lofts all developed within the Downtown target area.

#### 9. Facilitate Article 34 of the California Constitution (affordable housing cap)

The Article 34 Ballot Initiative was created to monitor the number of affordable housing units developed in the City of Sacramento. A cap on the number of units that can be developed was established by a vote of the residents of the City. As the number of affordable units approaches the current cap, the opportunity to establish a new cap on the number of additional units will need to be approved by voters.

# [PROCESSES – RECOMMENDATIONS]

## 1. Streamline the Planning/Building Review Process

The City will simplify the process by which developers receive approvals and permits for their projects. An online toolkit will be developed (see “Resources” below) to consolidate information and application procedures required to plan and complete a project. At a project’s inception, prior to engaging with the City, a developer’s design team will also be able to access a Downtown Specific Plan, which will assist developers in locating projects.

For major projects, a project manager will be assigned to navigate the developer through planning entitlement and building permit phases, significantly reducing the logjams that have traditionally slowed projects’ progress.

## 2. Complete the Comprehensive Fee Study

The City has been conducting a comprehensive review of Development Impact Fees to analyze how to meet the City’s infrastructure needs and support future development. The Citywide Development Impact Fee Study includes a review of the Utilities, Parks, Public Works and public facilities infrastructure costs thru build out of the 2035 General Plan.

## 3. Create Consistency in the Interpretation and Implementation of Policies, Building Codes and Design Review Process

Improvements will be made in the consistency with which projects are reviewed, including regular, weekly, staff meetings to discuss processes and best practices. The fee and counter procedures manual will be continuously updated. Established turnaround times for plan check and other project milestones will be met 90% of the time or better.

## 4. Tracking System

A tracking system will store all City staff correspondence and approvals during the life of a project. The project tracking system will be fully implemented to incorporate room for staff comments, notes, and approvals. Third-party plan check personnel, when contracted by the City, will work within the same tracking system. All City staff correspondence and approvals will be tracked during the life of a project.

## 5. Periodic Interdisciplinary Process Review Meetings

City departments and outside agencies will host periodic interdisciplinary process review meetings necessary for all project phases from concept to completion. The meetings will be held as often as deemed necessary to reach consensus on project requirements, permits and approvals.

## 6. Develop a Lobby Management System

Customers seeking services will have a single point of entry to access information and assistance through the permit and approval process.

## 7. Provide Pre-Submission Review

Rehabilitation projects pose a great deal of unknowns during the development process. On-site pre-submission reviews by skilled City planners and building inspectors will give developers the opportunity to present their ideas, ask questions and clarify project requirements.

## 8. Information and Education Training

An online training program will be created to assist customers with varying levels of knowledge and experience in project development.

## 9. Customer Service Experience

City staff will participate in training programs designed to foster a “can do” culture, providing customers with a positive experience at every level of engagement.

## 10. Historic Preservation

For federally funded projects, SHRA, in consultation with the City, will update its programmatic agreement with the State Historic Preservation Office (SHPO) relative to federal Section 106 reviews in an effort to proactively streamline the development process in the boundaries of the Downtown Housing Initiative. The programmatic agreement will detail the process with defined timelines by which SHRA may clear or consult with SHPO regarding projects that lie in an Area of Potential Effect (APE) of a historic resource(s). Furthermore, the programmatic agreement will instruct and clarify timelines pertaining to Section 106 of the National Historic Preservation Act and related requirements for the National Environmental Protection Act (NEPA).

For all other projects, the City will continue to survey sites to help developers understand where the historically or archaeologically significant properties are located. This will help to avoid surprises during the planning phases of a project. Additionally, the City will develop a list of existing incentives and programs that encourage the adaptive reuse of existing structures. New regulatory incentives for adaptive reuse will be considered as well.

## 11. Review and Update Existing Infrastructure Plans

The City’s downtown infrastructure is undergoing incremental change, which requires the prioritization and modernization of facilities in those areas where the need is greatest. In an effort to focus as many resources as possible on the key corridors of planned development in the Downtown target area, a thorough review and update of existing infrastructure plans will be conducted.

Through the Downtown Specific Plan, the City will develop a workable plan for accelerating the modernization of Downtown infrastructure, including public utilities like water and sewer systems, gas and electric services, high-speed data lines, and roads and sidewalks.

# [RESOURCES – RECOMMENDATIONS]

## 1. Pursue Funding Opportunities

The Downtown Housing Initiative team and partners will aggressively pursue funding opportunities with the greatest impact on funding housing that will help us achieve the goal of developing 10,000 places to live Downtown in the next ten years. Funding opportunities identified include:

### Choice Neighborhoods Initiative (CNI):

CNI provides funding for the redevelopment of public housing sites into mixed income communities. Former isolated public housing developments and the residents who live there will be able to live in economically integrated communities. The redevelopment funds provided through the CNI program are administered through the U.S. Department of Housing and Urban Development (HUD). Private investments are leveraged and partnerships are formed to bring community stakeholders into partnerships that further expand the impact of the investment.

### Cap & Trade Funding:

This is a method of redistributing resources based on the limited amount of emissions a company is allowed each year. Companies or “emitters” who exceed the maximum level of pollution they are allowed on an annual basis may bid to purchase the allowances of other companies. Companies who do not reach their limits may sell their allowances. This is a resource that will provide a significant influx of funds for housing development in California. Such funding will support TOD and sustainable communities.

### Infrastructure Finance Districts (IFD) (Cal. Gov. Code § 53395):

IFDs create a new opportunity for infrastructure funding using proceeds from the growth in property tax revenue within a limited district.

## 2. Leverage Underutilized State Land

State land has been made available for redevelopment through the Capitol Area Development Authority (CADA), a quasi-redevelopment agency responsible for developing new commercial projects and managing state-owned rental housing on the south side of Downtown Sacramento. The City will work with CADA to identify strategic parcels for housing development that support the goals of the Downtown Housing Initiative.

## 3. Create Transit Oriented Development (TOD)

TOD aligns housing and transportation resources to create a living environment that is sustainable, environmentally sound and convenient. SHRA will partner with the Regional Transit District to identify development opportunities along bus and light rail routes. They will also explore housing development opportunities on land owned by the Regional Transit District.

## 4. Develop Legislative Platform to support Downtown Housing Initiative

The elimination of redevelopment funds has significantly reduced the financial resources available to develop housing. To accomplish the goal of 10,000 places to live in 10 years, there must be additional forms of funding available to support housing development and preservation. An aggressive plan to advocate for the creation and passing of legislative bills that provide resources for housing development is an essential element of achieving the housing goals.

## 5. Prioritize Continuum of Care (CoC) homeless funding resources to support the goals of rapid re-housing.

The Continuum of Care program is designed to promote a community-wide commitment to the goal of ending homelessness. It works to provide funding to efforts by nonprofit providers and state and local governments to help quickly rehouse homeless individuals and families. Financial resources and support services will be coordinated to maximize the impact on addressing homelessness Downtown.

### INCENTIVES

#### 1. Financial

Financial incentives included in the plan consist of developing a program of fee deferrals and a review of fee rates for affordable housing in the Downtown target area. A fee study will be completed before the end of 2015 looking at ways to incentivize development. Information on existing financing options will be provided, additional financial tools explored, and development fees reviewed.

#### 2. Infrastructure

The City will work with local utilities to identify ways to reduce infrastructure costs for housing development. In addition to working with Utilities and Fire, the City of Sacramento will study the capacity of existing infrastructure and identify improvements.

### DEVELOPMENT TOOLKIT

The Downtown Housing Initiative Toolkit will contain information and direction for developers, residents and public officials and act as a blueprint for implementing the goals described in this plan.

#### Development Toolkit Blueprint

##### PHASE I – BACKGROUND AND CURRENT APPLICABILITY

- |                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Overview of Downtown Housing Initiative</li><li>• Eligibility and applicable guidelines</li><li>• Application and submission requirements</li><li>• Information on reduced parking requirements</li><li>• Shared parking agreements permit procedure</li><li>• Certification program for expedited building permit review</li></ul> | <ul style="list-style-type: none"><li>• Information on consistency in the interpretation and implementation of policies, building codes and design review</li><li>• Permit tracking system</li><li>• Lobby management system</li><li>• Information about pre-submission review for rehab projects on-site</li></ul> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

##### PHASE II – 2 YEAR PLANNING

- |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Target Area driven incentives</li><li>• Streamlined planning/building review/approval process with measurable performance goals</li><li>• Programmatic EIR</li><li>• Infrastructure enhancements</li></ul> | <ul style="list-style-type: none"><li>• Housing conversion pilot program that rewards adaptive reuse</li><li>• Information on third-party plan checks</li><li>• Overview of customer service training</li><li>• Programmatic Agreement with HUD and SHPO</li></ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

##### PHASE III – LONG TERM PLANNING

- |                                                                                                                                                                                                                                |                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Reduced parking requirements through implementation of streetcar, bike share and car share</li><li>• Long-term financing incentives</li><li>• Transit infrastructure support</li></ul> | <ul style="list-style-type: none"><li>• Information and training program designed to assist different customers</li><li>• Other resident benefits – dining, entertainment, parks, etc.</li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

At his January 2015 State of the City address, Mayor Kevin Johnson announced a new era for Sacramento – Sacramento 3.0 – as the City becomes a hub of innovation, entrepreneurship and technology. Our path into this new era depends on 3 I's: innovation, infrastructure, and inclusion. The Downtown Housing Initiative represents all three I's.

As described in this plan, the Downtown Housing Initiative is innovative, including a new “smart housing” strategy. It focuses on the infrastructure needed to support new residential growth. And it is inclusive, with a balance of market-rate and affordable housing as well as rapid rehousing to serve our most vulnerable population.

Together, Mayor Kevin Johnson, the City of Sacramento, SHRA, and other partners and stakeholders will strive to create 10,000 places to live in Downtown Sacramento over the next ten years, thereby strengthening the economic core of our great region.

# [POLICY MATRIX]

| RECOMMENDATIONS: POLICIES                                                                                                                                                                                                      | Responsible Entity          | Short-term (1 year)  | Medium-term (1-3 years) | Long-term (4-10 years) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------|-------------------------|------------------------|
| 1. Develop Downtown Master Plan(s) supported by a Programmatic EIR                                                                                                                                                             | CDD                         |                      | X                       |                        |
| 2. Create Enhanced Infrastructure Finance Districts (EIFDs)                                                                                                                                                                    | EDD                         |                      | X                       |                        |
| 3. Review and update current ordinances to maximize the benefit of the Downtown Housing Initiative.<br>• Mixed Income Housing Ordinance<br>• Preservation Ordinance<br>• SRO Ordinance<br>• Vacancy Assessment Ordinance (new) | CDD<br>SHRA<br>SHRA<br>SHRA | X<br>X<br>X          | X                       |                        |
| 4. Create housing conversion pilot program that provides benefits for adaptive re-use                                                                                                                                          | CDD                         |                      | X                       |                        |
| 5. Create a downtown parking strategy<br>• Created shared parking agreements<br>• Reduce parking requirements thru implementation of streetcar, bike share and car share                                                       | PW<br>CDD                   | X                    |                         |                        |
| 6. Support financing incentives for developers and home buyers (teachers, nurses, public safety officers)                                                                                                                      | SHRA                        | Mkt existing process |                         | X                      |
| 7. Focus on reopening schools and funding applicable spaces for the development of open space and dog parks                                                                                                                    | CDD                         |                      |                         | X                      |
| 8. Encourage a diversity of housing types in opportunity zones based on market demographics                                                                                                                                    | CDD                         |                      |                         | X                      |
| 9. Facilitate Article 34 ballot initiative (affordable housing cap)                                                                                                                                                            | SHRA                        |                      |                         | X                      |

# [PROCESS MATRIX]

| RECOMMENDATIONS: PROCESSES                                                                                                                                                                                                   | Responsible Entity | Short-term (1 year)  | Medium-term (1-3 years) | Long-term (4-10 years) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------|-------------------------|------------------------|
| 1. Streamlining the planning/building review/approval process with specific measureable performance outcomes.<br>• Offer a certification program for expedited review.<br>• Institute a program for third party plan checks. | CDD<br>CDD         | X                    | X                       |                        |
| 2. Review and update existing infrastructure plans.<br>• Identify gaps, establish priorities, create incentives                                                                                                              | CDD                |                      | X                       |                        |
| 3. Complete the comprehensive fee study and make recommendations by the end of the year.                                                                                                                                     | CDD                | X                    |                         |                        |
| 4. Create consistency in the interpretation and implementation of policies, building codes and design review process.<br>• Policies for plan review.<br>• Focus groups to explore the problems.                              | CDD                | Mkt existing process | X                       |                        |
| 5. Develop a tracking system that provides detailed staff comments, notes, and approvals regarding project status to ensure continuity of information.                                                                       | CDD                | Mkt existing process |                         |                        |
| 6. Institute periodic interdisciplinary process review meetings (Fire, Engineering, etc.) to provide continuity and reduce silos within departments.                                                                         | CDD                | X                    |                         |                        |
| 7. Develop a lobby management system that provides a guided point of entry for customers to access information and assistance through the permit and approval process.                                                       | CDD                | X                    |                         |                        |
| 8. Provide pre-submission review for rehab projects on-site to clarify project requirements.                                                                                                                                 | CDD                | Mkt existing process |                         |                        |
| 9. Create an information and education training program designed to assist different customers.                                                                                                                              | CDD                |                      |                         | X                      |
| 10. Create a training module that addresses a positive customer service experience and “can do” attitude.                                                                                                                    | CDD                | Mkt existing process | X                       |                        |
| 11. Update agreement with State Historic Preservation Office (SHPO) to reflect impacts of housing conversion and new construction anticipated to occur as part of the Downtown Housing Initiative.                           | CDD                |                      | X                       |                        |

## [RESOURCE MATRIX]

| RECOMMENDATIONS: RESOURCES                                                                                                                                                                                     | Responsible Entity  | Short-term (1 year) | Medium-term (1-3 years) | Long-term (4-10 years) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------------------|------------------------|
| 1. Aggressively pursue funding opportunities with greatest impact on funding homes to meet the 10k goal.<br>• Choice Neighborhoods Initiative<br>• Cap & Trade Funding.<br>• Infrastructure Finance Districts. | SHRA<br>SHRA<br>EDD | X                   | X<br>X                  | X                      |
| 2. Leverage underutilized State land.                                                                                                                                                                          | CADA                |                     | X                       |                        |
| 3. Create Transit Oriented Development (TOD) loan fund.                                                                                                                                                        | SHRA                |                     | X                       |                        |
| 4. Develop legislative platform to support Downtown Housing Initiative.                                                                                                                                        | CMO                 | X                   |                         |                        |
| 5. Prioritize Continuum of Care (CoC) homeless funding resources to support the goals of rapid re-housing.                                                                                                     | SHRA                |                     |                         |                        |

## [INCENTIVE MATRIX]

| RECOMMENDATIONS: INCENTIVES                                                                                                      | Responsible Entity | Short-term (1 year) | Medium-term (1-3 years) | Long-term (4-10 years) |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------------------|------------------------|
| 1. Develop a toolkit for developers that identifies application requirements, incentives and guaranteed permit turnaround times. | CDD                | X                   |                         |                        |

## DOWNTOWN HOUSING INITIATIVE - TIMELINE

The timeline captures the general blueprint of the formulation phase of the plan and goals through the release of the toolkit.

January – March 2015

- Structure and set-up of initiative

- 1st Leadership Committee meeting

April 2015

- 2nd Leadership Committee meeting – discuss input on barriers and opportunities

- Received Promise Zone designation

May 2015

- 3rd Leadership Committee meeting – review recommendations

- Meeting with HUD Secretary Julián Castro

June 2015

- Announce initiative – 3fold public marketing campaign

- Implementation group prepares recommendations for City Council (staff report)

July 2015

- City review of Plan

- Revised Plan submitted for Mayor's review

- Plan edits completed

August 2015

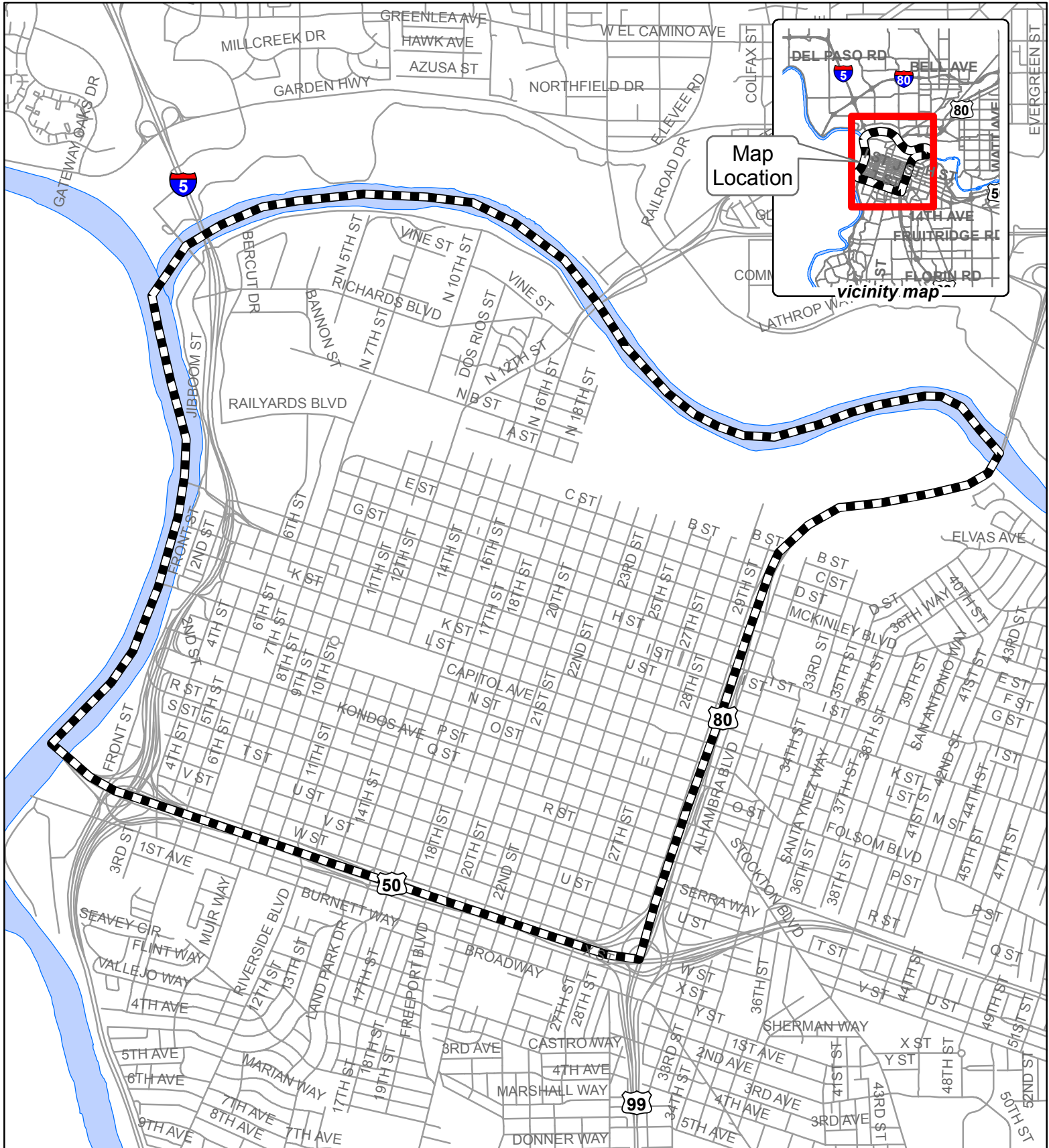
- Final recommendations presented to City Council for approval

- Launch of implementation

November 2015

- Release toolkit for developers

# Downtown Housing Initiative Boundary



Housing Initiative Boundary



River

0

Miles

0.5

1



SHRA GIS  
July 20, 2015