



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO COUNCIL
City of Sacramento
 915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
July 22, 2008

Honorable Mayor and Members of the City Council

Title: Housing Trust Fund Annual Report

Location/Council District: Citywide

Recommendation: Receive and file.

Contact: Lisa Bates, Deputy Executive Director, 440-1316; Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

Presenters: Not applicable.

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The City Housing Trust Fund ordinance, which includes the North Natomas Housing Trust Fund, was adopted in 1989 to raise local financing for affordable housing near employment centers. The City Housing Trust Fund is administered by the Sacramento Housing and Redevelopment Agency ("Agency").

Pursuant to the Mitigation Fee Act (Government Code 66000 et. seq.), the Agency is required to provide an annual report to City Council on revenue and production generated by the City Housing Trust Fund (HTF). Attachment 1 provides background information on the City Housing Trust Fund. Attachment 2 identifies current and new HTF fee levels for the City and North Natomas. Attachment 3 charts financial information for the funds for 2007, including:

- Beginning and ending balance of the fund;
- Revenue to the fund, including the amount of fees collected, interest earned, and income from loan repayments;
- Amount of expenditures for projects and operations;
- Amount budgeted, but not expended, for projects; and
- Balance available for new projects.

Housing Trust Fund Annual Report

Attachment 4 identifies current HTF projects, their expenditures, and balance available. For each project the chart also identifies the HTF restricted and total number of housing units, and the loan maturity date. In 2007, expenditures totaling \$1,005,889 were made for two projects with 44 HTF units and 203 total units. Note that this production is also reported in the annual report to the State Department of Housing and Community Development.

The Agency currently has two affordable multi-family rental housing projects under construction that will be utilizing City Housing Trust Funds. One project received loan approval in March 2008 for \$985,000 in City Housing Trust Funds and will be creating 102 new affordable units. The other project received approval in May 2008 for \$3,000,000 in City Housing Trust Funds and will be creating at least 200 new affordable units.

Parties interested in receiving notices of meetings at which this report is heard may request to be placed on a notification list. Notice of the time and place of the meeting will be mailed 15 days prior to the meeting. Written requests should be made with the Agency and are valid one year from the date on which it is filed. Renewal requests for mailed notices should be made on or before April 1st of each year.

Policy Considerations: There are no policy implications as a result of this informational report.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report is not a project as defined by the California Environmental Quality Act (CEQA) Guidelines Section 15378 (b)(4).

Sustainability Considerations: n/a

Other: The National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: Staff presented this report to the Sacramento Housing and Redevelopment Commission on June 4, 2008.

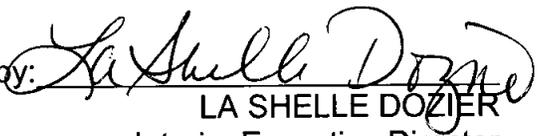
Rationale for Recommendation: This item is for information only and no action is required.

Financial Considerations: The City has collected a total of \$25,865,347 in fees, interest and loan income since the inception of the fund in 1989. A total of \$15,272,827 has been expended for projects and \$2,081,248 for administration (eight percent of total fees). The 2007 end balance was \$8,511,272. After subtracting for projects with budgeted expenditures (projects in process and approved), the balance available for new projects is \$2,980,864.

June 24, 2008

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M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: 
LA SHELLE DOZIER
Interim Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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Housing Trust Fund Annual Report Background

The City Housing Trust Fund ordinance, which includes a North Natomas Housing Trust Fund, was adopted in 1989 to provide local financing for affordable housing near employment centers. Fees on non-residential development generate the funds' revenue based on an economic nexus analysis which determined that the construction of commercial projects such as offices, business parks, hotels, warehouses, and shopping centers played a major role in attracting new very low and low income workers to Sacramento.

Due to the jobs/housing linkage, trust funds assist housing likely to be occupied by persons in the labor force. Overall, projects must be located within a seven-mile radius of the employment-generating uses that pay housing trust fund fees. The City's HTF benefits both very low and low income households earning up to 80 percent of the area median income.

In 2001, the City Council amended the City Housing Trust Fund ordinance to allow the use of commercial development impact fees paid into the North Natomas housing trust fund to be used for the same purposes as the citywide fund. Although the amendment integrated the purposes of the funds, it did not change their different fee schedules. The North Natomas fees are based on land use, while the City fees are based on building types.

On October 12, 2004, the City Council approved Ordinance 2004-057 instituting an automatic annual increase for the Housing Trust Fund fee based on changes in the construction cost index. The automatic increase ensures that the Fund keeps pace with housing construction costs. Housing Trust Fund fees will increase on July 1, 2008. The increase is consistent with the City's Strategic Plan goal to increase opportunities for all Sacramento residents to live in safe and affordable housing. It is also consistent with the City's Housing Element goals and policies.

Attachment 2 identifies current and new HTF fee levels for the City and North Natomas.

HOUSING TRUST FUND FEE SCHEDULE

CITYWIDE PROJECTS (Excluding North Natomas)

BUILDING TYPE/ HTF FEE LEVEL (FEE/SQ FT)	Current Fee Level (2007)	New Fee Level (7/1/08)
Office	\$1.98	\$1.99
Hotel	\$1.88	\$1.89
Research and Development	\$1.68	\$1.69
Commercial	\$1.58	\$1.59
Manufacturing	\$1.24	\$1.25
Warehouse/Office*	\$0.72	\$0.72
Warehouse	\$0.54	\$0.54

* Warehouse buildings with a minor portion (25% maximum) of the space improved for incidental office use.

NORTH NATOMAS PROJECTS ONLY

Use*/ HTF Fee Level (fee/sq ft)	Current Fee Level	New Fee Level (7/1/08)
Highway Commercial	\$2.17	\$2.18
Community/Neighborhood Commercial	\$1.63	\$1.64
Office/Business	\$1.63	\$1.64
M-50	\$1.38	\$1.39
M-20	\$1.14	\$1.15
Light Industrial	\$0.89	\$0.89

* Each nonresidential development project will be subject to a fee which is based on the applicable North Natomas community plan land use category.

2007 City Housing Trust Fund Financial Information

2007

Beginning Balance		\$6,567,852
Fees Collected	\$2,700,187	
Interest	\$351,634	
Loan Repayment	\$198,592	
Total Income		\$3,250,413
Projects	\$1,005,889	
Operations	\$301,104	
Total Expense		<u>\$1,306,993</u>
End Balance		\$8,511,272

Remaining Project Budgets

Silverado Creek Apartments	\$220,000
Valencia Point Apartments	\$100,000
St. Anton Building (21 st & L)	\$20,000
Del Paso Nuevo	\$91,108
Coral Gables	\$5,000
Willow Glen	\$109,300

2008 Approved Project Budgets

Greenfair	\$4,000,000
Copperstone Village 1	\$985,000
TOTAL	<u>\$5,530,408</u>
Balance Available for Projects	\$2,980,864

2007 City Housing Trust Fund Expenditures

Project Name	Address	HTF Units	Total Units	Total HTF Budgeted	2007 HTF Expenditure	Remaining Balance	Loan Maturity Date
Del Paso Nuevo	548 Ford Road	35	68	\$1,639,945	\$22,189	\$91,108	N/A
Coral Gables	31 Coral Gables	3	4	\$415,000	\$0	\$5,000	10/31/2035
St. Anton Building (21 st & L)	2110 L Street	8	65	\$385,000	\$0	\$20,000	12/11/2035
Silverado Creek Apartments	8501 Bruceville Road	9	168	\$1,200,000	\$0	\$220,000	5/1/2031
Valencia Point Apartments	Del Paso Road and Westlake Parkway	166	168	\$1,000,000	\$0	\$100,000	11/15/2036
Willow Glen Apartments	Del Paso Road and Gateway Park	9	135	\$1,093,000	\$983,700	\$109,300	11/16/2062
	TOTAL	230	608	\$5,732,945	\$1,005,889	\$545,408	