



Consent
June 22, 2010

Honorable Mayor and Members of the City Council

Title: Housing Trust Fund Annual Report

Location/Council District: Citywide

Recommendation: Receive and file.

Contact: Christine Weichert, Assistant Director, Housing and Community Development, 440-1353; Jeree Glasser-Hedrick, Housing Finance Program Manager, 440-1302

Presenters: N/A

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 the current HTF fee levels for the City and North Natomas. Attachment 3 charts financial information for the funds for 2009, including:

- Beginning and ending balance
- Revenue, 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
- Balance available for new projects

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Attachment 4 identifies current HTF projects, 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 2009, expenditures totaling \$118,370 were made for two projects with 17 HTF units and 200 total 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)(5).

Sustainability Considerations: Not applicable

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

Committee/Commission Action: At its meeting of June 2, 2009, the Sacramento Housing and Redevelopment Commission received the information presented in this report.

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

Financial Considerations: The City has collected a total of \$28,631,106 in fees, interest and loan income since the inception of the fund in 1989. A total of \$19,606,697 has been expended for projects and \$2,357,359 for administration, (approximately eight percent of total fees). The 2009 end balance was \$10,930,793. After subtracting for projects with budgeted expenditures, (projects in process and approved), the balance available for new projects is \$324,455 as of December 31, 2009. The remaining funds are anticipated to be committed to the La Valentina project.

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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
Executive Director

Recommendation Approved:


for GUS VINA
Interim 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 are used to 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 not increase on July 1, 2010. Attachment 2 identifies current HTF fee levels for the City and North Natomas which have remained unchanged from last year. Due to the downturn in the economy there was no increase in the construction cost index and accordingly the fees remained unchanged for 2010.

HOUSING TRUST FUND FEE SCHEDULE

CITYWIDE PROJECTS (Excluding North Natomas)

BUILDING TYPE/ HTF FEE LEVEL (FEE/SQ FT)	Current Fee Level (2009)	Fee Schedule Unchanged (7/1/10)
Office	\$2.11	\$2.11
Hotel	\$2.01	\$2.01
Research and Development	\$1.79	\$1.79
Commercial	\$1.69	\$1.69
Manufacturing	\$1.32	\$1.32
Warehouse/Office*	\$0.77	\$0.77
Warehouse	\$0.58	\$0.58
* 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 (2009)	Fee Schedule Unchanged (7/1/10)
Highway Commercial	\$2.32	\$2.32
Community/Neighborhood Commercial	\$1.74	\$1.74
Office/Business	\$1.74	\$1.74
M-50	\$1.47	\$1.47
M-20	\$1.22	\$1.22
Light Industrial	\$0.95	\$0.95
* Each nonresidential development project will be subject to a fee which is based on the applicable North Natomas community plan land use category.		

2009 City Housing Trust Fund Financial Information

2009

Beginning Balance		\$10,342,306
Fees Collected	\$454,668	
Interest	\$123,427	
Loan Repayment	\$185,748	
Total Income		\$763,843
Projects	\$118,370	
Operations	\$56,986	
Total Expense		<u>\$175,356</u>
End Balance		\$10,930,793

Remaining Project Budgets

Del Paso Nuevo	\$91,108
Willow Glen Apartments	\$10,930
Copperstone Village Apartments	\$269,400

Future Project Budgets

Greenfair	\$3,499,900
La Valentina	\$3,735,000
7 th and H SRO Project	\$3,000,000
TOTAL	<u>\$10,606,338</u>
Balance Available for Projects	\$324,455

* The remaining balance to be allocated to the La Valentina project

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2009 City Housing Trust Fund Expenditures

Project Name	Address	HTF Units	Total Units	Total HTF Budgeted	2009 HTF Expenditure	Remaining Balance	Loan Maturity Date
Del Paso Nuevo	548 Ford Road	35	68	\$1,639,945	\$0	\$91,108	N/A
St. Anton Building (21 st & L)	2110 L Street	8	65	\$385,000	\$20,000	\$0	12/11/2035
Willow Glen Apartments	Del Paso Road and Gateway Park	9	135	\$1,093,000	\$98,370	\$10,930	11/16/2062
Copperstone Village Apartments	8000 West Stockton Blvd	5	103	\$985,000	\$0	\$269,400	8/27/43
	TOTAL	57	371	\$4,102,945	\$118,370	\$371,438	