



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

Consent
June 19, 2012

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, Development Finance, 440-1353;
 Jeree Glasser Hedrick, Program Manager, Development Finance, 440-1302

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The City Housing Trust Fund ordinance (#89-013) was adopted by the City Council on March 7, 1989. The ordinance included a method to calculate local financing fees for affordable housing near employment centers. The City Housing Trust Fund is administered by the Sacramento Housing and Redevelopment Agency (SHRA).

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 charts financial information for the funds for 2011, 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

Housing Trust Fund Annual Report

Attachment 3 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 2011, expenditures totaling \$4,914,370 were made for four projects with 221 HTF units and 344 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 to SHRA 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 6, 2012, 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 \$30,619,189 in fees, interest, and loan income since the inception of the fund in 1989. A total of \$27,530,550 has been expended for projects and \$2,479,549 for administration, (approximately eight percent of total fees). The balance remaining at the end of 2011 was \$5,124,590. After subtracting for projects with budgeted expenditures, (projects in process and approved), the balance available for new projects is \$924,218 as of December 31, 2011.

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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

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Housing Trust Fund Annual Report

Attachment 1

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. Attachment 2 identifies current and future 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 (FY 2011)	Fee Schedule (FY 2012)
Office	\$2.21	\$2.25
Hotel	\$2.09	\$2.14
Research and Development	\$1.87	\$1.91
Commercial	\$1.76	\$1.80
Manufacturing	\$1.38	\$1.41
Warehouse/Office*	\$0.80	\$0.82
Warehouse	\$0.60	\$0.61

* 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 (FY 2011)	Fee Schedule (FY 2012)
Highway Commercial	\$2.42	\$2.47
Community/Neighborhood Commercial	\$1.82	\$1.86
Office/Business	\$1.82	\$1.86
M-50	\$1.54	\$1.57
M-20	\$1.27	\$1.30
Light Industrial	\$0.99	\$1.01

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



2011 City Housing Trust Fund Financial Information

2011

Beginning Balance		\$8,342,844
Fees Collected	\$255,282	
Interest	\$118,144	
Loan Repayment	\$242,628	
Total Income		\$616,054
Projects	\$4,914,370	
Operations	\$61,584	
Total Expense		<u>\$4,975,954</u>
End Balance		\$3,982,944
Remaining Project Budgets		
Del Paso Nuevo		\$472
La Valentina		\$200,000
Future Projects		
Kelsey Village Apartments		\$500,000
Greenfair		\$2,358,254
TOTAL		<u>\$3,058,726</u>
Balance Available for Projects		\$924,218



2011 City Housing Trust Fund Expenditures

Project Name	Address	HTF* Units	Total Units	Total HTF Budgeted	2011 HTF Expenditure	Remaining Balance	Loan Maturity Date
Del Paso Nuevo	Various APN's	35	68	\$1,639,945	\$462	\$472	N/A
La Valentina	12 th Street and D Street	18	81	\$3,535,000	\$2,734,780	\$200,000	11/18/2065
7 th & H	7 th Street and H Street	150	150	\$3,200,000	\$1,870,000	\$0	3/1/2068
Greenfair*	5505 Broadway	18	45	\$3,645,641	\$309,128	\$2,358,254	N/A - Grant
	TOTAL	221	344	\$12,020,586	\$4,914,370	\$2,558,726	

*Units proposed to be restricted based on assisted resources expended.