

Meeting Date: 5/24/2016

Report Type: Staff/Discussion

Report ID: 2016-00431

Title: Housing Trust Fund and Mixed Income Housing Ordinance Annual Report

Location: Citywide

Recommendation: Receive and file.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Presenter: Christine Weichert, Assistant Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing & Redevelopment Agency

Division: Sacramento Housing & Redevelopment Agency

Dept ID: 99991011

Attachments:

1-Description/Analysis

2-City HTF Annual Report

3-City MIHO Annual Report

City Attorney Review

Approved as to Form

Sheryl Patterson

5/13/2016 4:13:12 PM

Approvals/Acknowledgements

Department Director or Designee: La Shelle Dozier - 5/9/2016 7:45:07 AM

Description/Analysis

Issue: This report provides information on the status of the City Housing Trust Fund for calendar year 2015 and the City Mixed Income Housing Ordinance for November and December 2015.

Housing Trust Fund - The City of Sacramento (City) Housing Trust Fund (HTF) Ordinance (No. 1989-013) was adopted by the City Council (Council) on March 7, 1989. The HTF Ordinance imposes a fee for nonresidential development projects to fund affordable housing near employment centers. The Sacramento Housing and Redevelopment Agency (SHRA) administers these funds on behalf of the City. See Attachment 2 for the Housing Trust Fund Annual Report for 2015.

Mixed Income Housing Ordinance - On September 1, 2015, the Council repealed Chapter 17.712 of the City Code and adopted a revised citywide Mixed Income Housing Ordinance (No. 2015-0029) effective November 1, 2015 (Ordinance). The revised Ordinance requires an affordable housing impact fee for all new housing units and large subdivisions to assist with the provision of housing for a variety of incomes and family types. See Attachment 3 for the Mixed Income Housing Ordinance Annual Report for 2015. The fee-generated revenue is placed in the citywide Housing Trust Fund and is used to develop affordable housing units with the goal of increasing the supply available for lower income workers. In order to implement the revised Ordinance, SHRA is preparing Mixed Income Housing Program Guidelines and will return to the Council for approval.

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

Environmental Considerations:

California Environmental Quality Act (CEQA): The specific actions herein consist of the filing of a report and are not a project as defined by the California Environmental Quality Act (CEQA) Guidelines Section 15378 (b)(5); therefore, environmental review is not required. There are no federal actions associated with these reports; therefore, the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: Not applicable

Commission Action: At its meeting of May 4, 2016, the Sacramento Housing and Redevelopment Commission received the information presented in this report.

Rationale for Recommendation: Pursuant to the Mitigation Fee Act (Government Code 66000 et. seq.), SHRA is required to provide an annual report to the Council on revenue and production generated by the City Housing Trust Fund. Pursuant to the revised Mixed Income Housing Ordinance (No. 2015-0029), SHRA is required to provide an annual report to the City Council, the Planning and Design Commission and the Sacramento Housing and Redevelopment Commission on the status of activities generated by the housing impact fee.

Financial Considerations: Since the inception of the HTF fund in 1989, the City has collected a total of \$36.3 million in HTF fees, interest, and loan income. A total of \$30.1 million has been expended for projects and \$2.6 million for administration, approximately seven percent of total revenues. The balance remaining at the end of 2015 was \$3.6 million. After subtracting for projects with approved budgeted expenditures, as of December 31, 2015, the balance available for new projects is \$2.8 million. November 1, 2015, was the effective date of the revised Mixed Income Housing Ordinance. The City did not collect any housing impact fees in November or December 2015.

Local Business Enterprise (LBE), M/WBE (Minority/Women Business Enterprises)/Section 3 and First Source Considerations: Not applicable.

City of Sacramento Housing Trust Fund
Annual Report
for
January 1, 2015 to December 31, 2015

Sacramento Housing and Redevelopment Agency
May 2016

HOUSING TRUST FUND ANNUAL REPORT FOR 2015

The City of Sacramento (City) Housing Trust Fund (HTF) ordinance was adopted in 1989 to provide local financing for affordable housing near employment centers. Fees on non-residential development generate the revenue based on an economic nexus analysis which determined that the construction of commercial developments 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, developments 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 (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 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.

Pursuant to the Mitigation Fee Act (Government Code 66000 et. seq.), this report provides the public with information on revenue and production generated by the City Housing Trust Fund for calendar year 2015.

Citywide Developments (Excluding North Natomas)

As of April 15, 2016

Building Type/HTF Fee Level (Fee/SqFt)	
Office	\$2.48
Hotel	\$2.35
Research and Development	\$2.10
Commercial	\$1.98
Manufacturing	\$1.55
Warehouse/Office*	\$0.90
Warehouse	\$0.68
*Warehouse buildings with a minor portion (25% maximum) of the space improved for incidental office use.	

North Natomas Developments

As of April 15, 2016

Use*/ HTF Fee Level (Fee/SqFt)	
Highway Commercial	\$2.71
Community/Neighborhood Commercial	\$2.04
Office/Business	\$2.04
M-50	\$1.73
M-20	\$1.43
Light Industrial	\$1.11
Highway Commercial	\$2.71
*Each nonresidential development will be subject to a fee which is based on the applicable North Natomas community plan land use category.	

The following 2015 City Housing Trust Fund Financial Information tables provide financial information for the fund in 2015, including:

- beginning and ending balance
- revenue, including the amount of fees collected, interest earned, and income from loan repayments
- amount of expenditures for developments and operations
- amount budgeted, but not expended, for developments
- balance available for new developments

2015 City Housing Trust Fund Financial Information

Beginning Balance (2015)	
	\$ 2,393,300

Income	
Fees Collected	\$ 916,249
Interest	\$ 33,472
Loan Repayment	\$ 1,159,435
Marshall Hotel SRO Fees	\$ 72,960
Total Income	\$ 2,182,116

Expense	
Developments	\$ 914,480
Operations	\$ 45,066
Total Expense	\$ 959,546

Remaining Development Budgets	
Total	\$ 857,797

Balance Available for Developments	
	\$ 2,758,073

The interest earnings include both interest earnings from the investment pool and interest earned from the interest portion of loan repayments on loans made with the Housing Trust Funds. The substantial increase in loan repayment income can be largely attributed to the payoff of the Del Paso Nuevo Phase IV home construction loan of \$942,811 principal and interest.

The 2015 City Housing Trust Fund Expenditures table below identifies current HTF developments, expenditures, and balance available. For each development, the chart also identifies the HTF restricted units, the total number of housing units, and the loan maturity date. In 2015, an expenditure totaling \$914,480 was made for one development with 20 single family HTF units and 37 total units. The 700 Block of K development did not have any residential expenditures in 2015.

2015 City Housing Trust Fund Development Expenditures

Development	Address	HTF Units	Total Units	Total HTF Budgeted	HTF 2015 Expenditure	Remaining Balance	Loan Maturity Date
Del Paso Nuevo Phase IV	Hayes Avenue Vicinity	20	37	\$ 975,000	\$ 914,480	\$ 67,797	5/1/2017
700 Block of K	700 K St	5	137	\$ 790,000	\$ 0	\$ 790,000	10/1/2071
TOTAL		25	174	\$ 1,765,000	\$ 914,480	\$857,797	

The City Housing Trust Fund Developments table identifies all properties which received Housing Trust Funds and the total number of units produced.

City Housing Trust Fund Developments

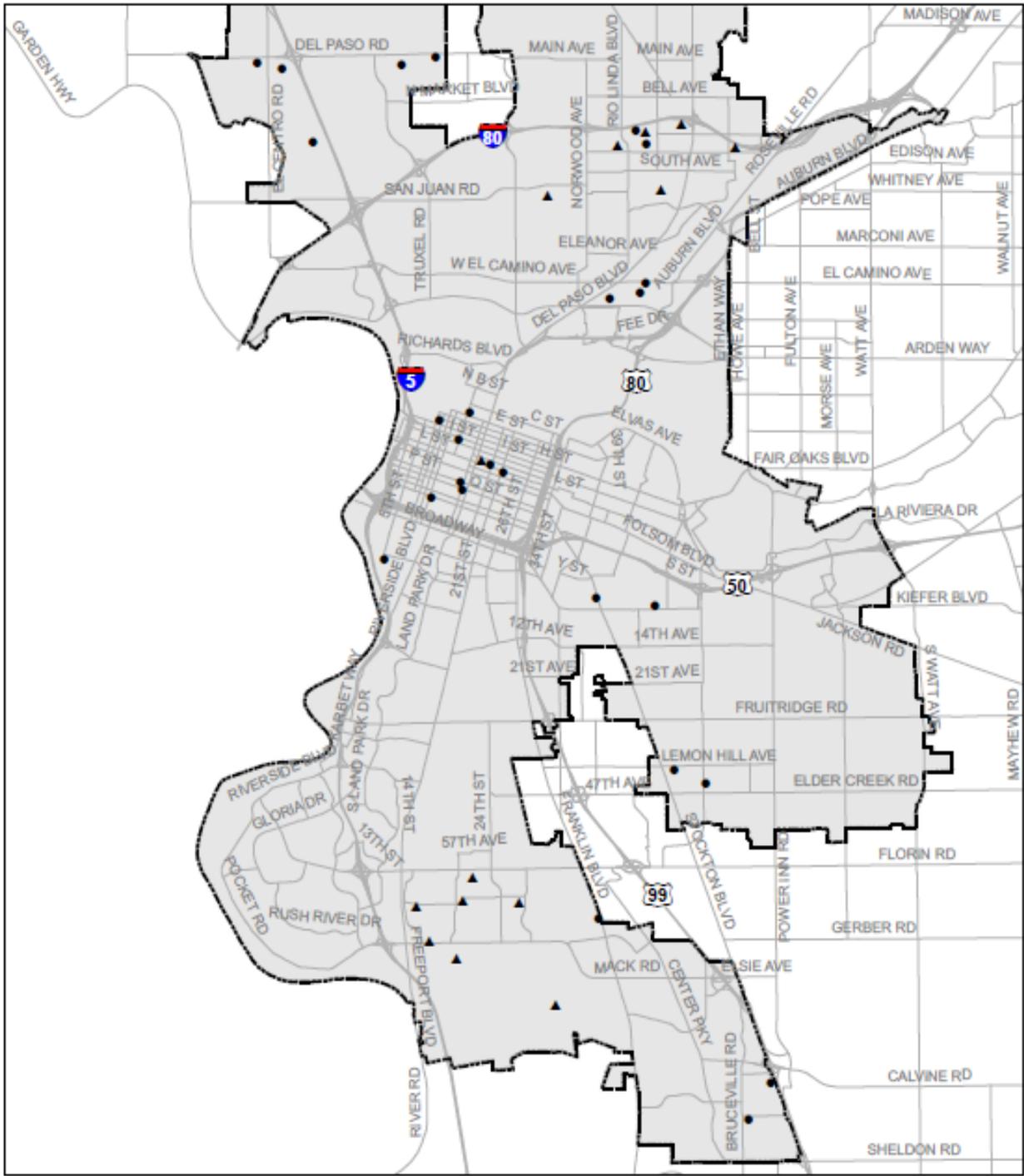
Project Status	Project Name	Total Units
Completed	1048 Jean Avenue	1
Completed	10th and T	13
Completed	1100 Harris Avenue	1
Completed	1221 Rivera Drive	1
Completed	1440 Rene Avenue	1
Completed	1500 Q Street	6
Completed	18th & L Mixed-Use Development	176
Completed	2151 68th Avenue	1
Completed	2221 63rd Avenue	1
Completed	2761 Utah Street	1
Completed	3836 Dayton St.	1
Completed	63 Butterworth Ave.	1
Under Construction	700 Block	137
Completed	729 Morrison Avenue	1
Completed	7445 Carella Drive	1
Completed	7588 Red Willow Street	1
Completed	7672 Manorside Drive	1
Completed	7860 Deerhaven Way	1

Completed	7th & H	150
Completed	Atrium Court Apartments	224
Completed	Copperstone Village	103
Completed	Coral Gables Apartments	4
Completed	Danbury Park	140
Completed	Del Paso Nuevo	54
Completed	Del Paso Nuevo Unit 2	23
Under Construction	Del Paso Nuevo Unit 4	37
Completed	Fremont Mews	119
Completed	Kelsey Village	20
Completed	Kennedy Estates Apartments	98
Completed	La Valentina	81
Completed	Land Park Woods	75
Completed	Lemon Hill Townhomes	74
Completed	Morrison Point Subdivision	22
Completed	North Avenue Apartments	80
Completed	Pensione K Apartments	137
Completed	Phoenix Park	360
Completed	Phoenix Park II	182
Completed	Ridgeway Studios	22
Completed	Silverado Creek Apartments	168
Completed	St Anton Building	64
Completed	Surreal Estates, Ink	11
Completed	Terracina Gold, Village 1 And 3	160
Completed	Terracina Gold, Village 2	120
Completed	Terracina Meadows Apartments	156
Completed	Valencia Point	168
Completed	Victory Townhomes/Evergreen Estates	76
Completed	Willow Glen	135
TOTAL UNITS		3,409

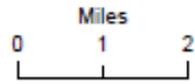
Parties interested in receiving notices of meetings at which this report is heard may request to be placed on a notification list. Notice of the time and place of the meeting will be mailed 15 days prior to the meeting. Written requests should be made to SHRA and are valid one year from the date on which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



Housing Trust Fund Expenditures



- City of Sacramento
- ▲ Single Family Housing Trust Fund Project
- MultiFamily Housing Trust Fund Project



SHRA GIS
April 15, 2016

City of Sacramento Mixed Income Housing Ordinance
Annual Report
for
November 1, 2015 to December 31, 2015

Sacramento Housing and Redevelopment Agency

May 2016

MIXED INCOME HOUSING ORDINANCE REPORT FOR 2015

On September 1, 2015, the City Council (Council) repealed Chapter 17.712 of the City Code known as the Mixed Income Housing Ordinance (No. 2000-039) and adopted a revised citywide Mixed Income Housing Ordinance (No. 2015-0029) effective November 1, 2015 (Ordinance). As part of this revision, the City contracted with a consultant to perform a residential nexus analysis which demonstrates the relationship between the development of market rate residential units and the need for additional affordable housing. The revised Ordinance requires an affordable housing impact fee for all new housing units and large subdivisions to provide housing for a variety of incomes and family types. The fee-generated revenue is placed in a citywide Housing Trust Fund and used to develop affordable housing units with the goal of increasing the supply available for lower income workers.

Pursuant to subsection 17.712.070 of the revised Ordinance, this annual report provides affordable housing production since the adoption of the revised Ordinance during the report period encompassing November and December 2015.

The current fee is reflected below:

Housing Impact Fee

Housing Type	November 1, 2015 Fee (per Square Foot)
Single-unit and duplex dwellings (less than 20 dwelling units per net acre)	\$2.58
High density single-unit and duplex dwellings (20 dwelling units per net acre or more*)	\$0.00
Multi-unit dwellings (less than 40 dwelling units per net acre)	\$2.58
High density multi-unit dwellings (40 dwelling units per net acre or more*)	\$0.00
Conversion of a nonresidential building to a residential use	\$0.00
Dwelling units in the Housing Incentive Zone (See Figure 1)	\$1.11

*"Net acre" for the purposes of this fee, means the total area of a site excluding portions that cannot be developed, such as public and private streets, and open space.

Statement of Income, Expenses and Disbursements

There were no fees collected, expenditures, or disbursements under the revised Ordinance during November and December 2015.

Projects Generating Fee Revenue

There were no developments generating fee revenue under the revised Ordinance during November and December 2015.

Production Accomplished

There were no developments constructed or assisted under the revised Ordinance during November and December 2015.

Future Funding

Funds collected in the future will be used for the construction of affordable housing approved by the Sacramento City Council and consistent with the Sacramento Housing and Redevelopment Agency Multi-Family Lending and Mortgage Revenue Bond Policies.

Recommended Changes to Chapter 17.712

There are no recommended changes at this time.

Adjustments to the Fee

The fees established pursuant to this section shall be adjusted automatically to take into consideration inflation on July 1 of each year by a factor equal to the percentage increase, if any, in the construction cost index for San Francisco (based on 1913 U.S. average = 100) during the 12 months ending on the preceding March 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The planning director shall be responsible for calculating the adjustment, if any, to the fees and shall advise the city clerk of the amended fees.