

RESOLUTION NO. 2006-504

Adopted by the Sacramento City Council

June 27, 2006

ADOPTING AN INCLUSIONARY HOUSING PLAN FOR THE SOMERSET DEVELOPMENT PROJECT FOR THE PROPERTY LOCATED AT 5102 & 5104 EHRHARDT AVENUE, SACRAMENTO, CALIFORNIA (APN: 117-0132-001, -002 & -004) (P04-256)

BACKGROUND

- A. The Mixed Income Housing Policy, adopted in the City of Sacramento Housing Element and required by the City's Mixed Income Housing Ordinance, requires that ten percent of the units in a residential project be affordable to very low income households and five percent to low income households;
- B. The City Council conducted a public hearing on June 27, 2006 concerning the above Inclusionary Housing Plan, and based on documentary and oral evidence submitted at the public hearing, the Council hereby finds:

The proposed Plan is consistent with Chapter 17.190 of the City Code which requires an Inclusionary Housing Plan setting forth the number, unit mix, location, structure type, affordability and phasing of the Inclusionary Units in the residential development;

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

- Section 1. The City Council adopts the Inclusionary Housing Plan for the Somerset development project, attached hereto as Exhibit A.
P04-256

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Exhibit A: Inclusionary Housing Plan – 6 Pages

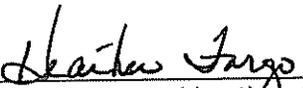
Adopted by the City of Sacramento City Council on June 27, 2006 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: Tretheway.



Mayor, Heather Fargo

Attest:



Shirley Concolino, City Clerk

Exhibit A – Inclusionary Housing Plan

INCLUSIONARY HOUSING PLAN for the SOMERSET DEVELOPMENT

January 26, 2006

Introduction

Kimball Hill Homes California Incorporated is the owner of 13.8 +/- acres in the City of Sacramento on which it proposes to construct a single family residential development ("Development Project") of 169 units identified as Somerset Kimball Hill Homes California Inc, is the developer ("Developer") representing the property. This Inclusionary Housing Plan ("Plan") shall bind and the benefits shall inure to the Owners, its successors in interest and assignees.

The Mixed Income Housing Policy adopted in the City of Sacramento Housing Element and required by the City's Mixed-Income Housing Ordinance ("Ordinance"), City of Sacramento City Code Chapter 17.190, requires that ten percent (10%) of the units in a Residential Project be affordable to very low income households and five percent (5%) to low income households (the "Inclusionary Requirement" and "Inclusionary Units").

Pursuant to the City Code section 17.190.110 (B), an Inclusionary Housing Plan must be approved prior to or concurrent with the approval of legislative entitlements for the Development Project. City Code section 17.190.110 (A) sets forth the number, unit mix, location, structure type, affordability and phasing of the Inclusionary units in the Residential Project. This document constitutes that Plan, and, as supplemented and amended from time to time, is intended to begin implementation of the Inclusionary Requirement. All future approvals for the Development Project, including tentative maps, subsequent tentative maps, planned development permits, special permits, site development plans, and plan review shall be consistent with this Inclusionary Housing Plan.

The Inclusionary Requirement for the Residential Project will be set forth in more detail in the Inclusionary Housing Agreement(s) executed by the Developer and the Sacramento Housing and Redevelopment Agency ("SHRA") and recorded against all the residential land in the Development Project. The Inclusionary Housing Agreement(s) will describe with particularity the site and building schematics and the phasing requirements linking the affordable and market rate units, pursuant to Section 17.90.110 C.

Number of Inclusionary Units

The Developer, or its successors and assignees, shall construct or cause to be constructed a number of dwelling units affordable to Low Income Households ("Low Income Units") equal to five percent (5%) and Very Low Income Households ("Very Low Income Units") equal to ten percent (10%), as defined in the Sacramento City Code section 17.190.020, of the total number of housing units approved for the Residential Project. Based upon current project proposals of 169 residential units, the Inclusionary Requirement is seventeen (17) Very Low Income Units and eight (8) Low Income Units. If the project approvals are amended to increase the number of residential units in the Residential Project, this Plan will be amended to reflect a number equal to five percent (5%) Low Income Units and ten percent (10%) Very Low Income Units of the increased total residential units in the amended entitlements. If the project approvals are amended to decrease the number of residential units in the Residential Project, this Plan will be amended to reflect a number equal to five percent (5%) of Low Income Units and ten percent (10%) Very Low Income Units of the decreased total residential units in the amended entitlement. However, after a building permit has been issued for a structure or Master Parcel which contains Inclusionary Units, those Units will be constructed and maintained as Inclusionary Units pursuant to the terms of Chapter 17.190 of the City Code, regardless of any subsequent reduction in the number of approved total residential units.

Tenure

The Inclusionary Housing Units shall consist of "for sale" units only

Size and Bedroom Count

The Inclusionary Housing units shall include two and three bedroom for sale units. The Inclusionary Housing Agreement(s) will include the following units for the housing product lines offered at this community

TABLE 1

| Model | Total Units | Total Inclusionary Units | Type of Unit | Size (Sq Ft.) | Number of Bedrooms |
|--------------|-------------|--------------------------|-----------------|---------------|--------------------|
| A | TBD | 14 | Very Low Income | 1005 | 2 |
| B | TBD | 3 | Very Low Income | 1133 | 3 |
| A | TBD | 3 | Low Income | 1005 | 2 |
| B | TBD | 5 | Low Income | 1133 | 3 |
| TOTAL | 169 | 25 | | | |

All units will be Elevation "A" It should be noted that these are proposed unit sizes and product for the Somerset development, Kimball Hill Homes has not finalized product for the development At the time of execution of the IH Agreement, the final square footage and model descriptions will be set pursuant to the final community product type, so long as the IH units do not decrease in size The lots that are indicated on Exhibit 1 will be reserved for affordable units in accordance with Table 2.

Location of Inclusionary Units

The Inclusionary Units shall be located throughout the Development Project consistent with that indicated in Table 2 Specific lot designations are identified in the tentative map attached to this plan, and subject to revisions pursuant to Section 17 190 110 of the Mixed Income Ordinance

TABLE 2

| Lot Number | Type of Unit | Size (Sq Ft) | Number of Bedrooms |
|------------|-----------------|--------------|--------------------|
| 21 | Low Income | 1005 | 2 |
| 22 | Low Income | 1133 | 3 |
| 37 | Low Income | 1005 | 2 |
| 38 | Very Low Income | 1133 | 3 |
| 42 | Very Low Income | 1005 | 2 |
| 43 | Low Income | 1133 | 3 |
| 46 | Very Low Income | 1005 | 2 |
| 47 | Very Low Income | 1005 | 2 |
| 50 | Low Income | 1133 | 3 |
| 51 | Very Low Income | 1005 | 2 |
| 60 | Very Low Income | 1005 | 2 |
| 61 | Very Low Income | 1005 | 2 |
| 70 | Very Low Income | 1005 | 2 |
| 71 | Very Low Income | 1005 | 2 |
| 76 | Very Low Income | 1133 | 3 |
| 77 | Very Low Income | 1005 | 2 |
| 80 | Very Low Income | 1005 | 2 |
| 84 | Very Low Income | 1133 | 3 |
| 85 | Very Low Income | 1005 | 2 |
| 130 | Low Income | 1005 | 2 |
| 131 | Low Income | 1133 | 3 |
| 160 | Low Income | 1133 | 3 |
| 164 | Very Low Income | 1005 | 2 |
| 165 | Very Low Income | 1005 | 2 |
| 169 | Very Low Income | 1005 | 2 |

Specific lots for Inclusionary Housing units are designated in Exhibit 1 At the time of execution of the IH Agreement, the final square footage and model descriptions will be

set pursuant to the final community product type, so long as the IH units do not decrease in size. The lots that are indicated on Exhibit 1 will be reserved for affordable units.

Marketing of Units

The Developer will use their typical newspaper, internet, toll free number and signage to market this community. Information will be available in the on-site sales office regarding the availability of Inclusionary Housing. SHRA will also advertise the units on their website and at the Developer's request with their list of qualified lenders. Ultimately is the Developer's obligation and secure enough qualified buyer's for SHRA to hold appropriate lottery drawings.

Affordability Requirements

The for-sale Inclusionary Units shall be restricted to occupancy by Low Income and Very Low Income Households. Low Income Households shall have gross incomes, at the time of initial occupancy that does not exceed eighty percent (80%) of the Sacramento area median income, adjusted for family size. Very Low Income Households shall have gross incomes, at the time of initial occupancy that does not exceed fifty percent (50%) of the Sacramento area median income, adjusted for family size. The sales price of the units will be set so that low income and very low income households can qualify for the purchase of the for-sale units. The sales price will be set such that no more than thirty-five percent (35%) of the gross annual household income of the given income group will be allocated to housing costs. As part of the Inclusionary Housing Agreement, SHRA will provide the Developer with a schedule of maximum sales prices affordable to income ranges.

Sales prices of units will be outlined in the Inclusionary Housing Agreement. The units will be sold initially at an affordable housing price to a low income or very low income household with a first time home buyer. An SHRA 30-year note will govern the home's resale, allowing SHRA one hundred twenty days to refer an income-eligible buyer after notification of the owner's intent to sell. If an income-eligible purchaser is not found, the home may be resold, provided that SHRA recaptures the difference between the home's market value and its affordable housing price as well as any other City or SHRA contributions. The owner occupant will receive his or her initial equity in the home and a portion of the home's appreciated value. The terms of this arrangement will be outlined in the Inclusionary Housing Agreement between SHRA and the Developer. The process by which the for-sale units are to be priced, sold and monitored are detailed in the "Guidelines for the Sale of Inclusionary Housing", adopted by the City Council on April 29, 2004.

Phasing of Development of the Inclusionary Units

The Inclusionary Units shall be developed concurrently with the development of the Development Project. The nature of the concurrency is defined by a series of linkages between approvals of the market rate units and the development of the Inclusionary Units.

MARKET RATE HOUSING / INCLUSIONARY HOUSING LINKAGES

| Market Rate Activity | Inclusionary Approval Linkage |
|---|--|
| Approval of legislative entitlements and project-level applications submitted with Legislative entitlements | Approval of Inclusionary Housing Plan |
| Approval of final map(s) for single family Residential Project | Execution of Inclusionary Housing Agreement by Kimball Hill Homes and SHRA |
| Recordation of each final map for the Residential Project | Recordation of the IH Agreement(s) of each final map for the Residential Project |
| Issuance of building permits in excess of 65% of the market rate units in the single family Residential Project | Issuance of building permits for 100% of the Inclusionary Housing Unit requirement |

Amendment and Administration of this Housing Plan

This Inclusionary Housing Plan shall be administered by the Planning Director with the advice of the Executive Director of SHRA. The Planning Director may make minor administrative amendments to the text of this Plan as provided in Sacramento City Code section 17 190 110 (B) (3)

