



**Sacramento
Housing &
Redevelopment
Agency**

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

CONSENT
June 26, 2007

**Honorable Mayor and
Members of the City Council**

Title: Housing Trust Fund Annual Report

Location/Council District: Citywide

Recommendation: Receive and file.

Contact: Jim Hare, Assistant Director, 440-1313

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.

Housing Trust Fund Annual Report

Attachment 3 charts financial information for the funds for 2006, 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.

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 2006, expenditures totaling \$1,777,142 were made for five projects with 312 HTF units and 814 total units. Note that this production is also reported in the annual report to the state Department of Housing and Community Development.

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: Not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(4)].

Committee/Commission Action: Staff presented this report to the Sacramento Housing and Redevelopment Commission on June 6, 2007.

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

Financial Considerations: The City has collected a total of \$22,614,934 in fees, interest and loan income since the inception of the fund in 1989. A total of \$14,266,938 has been expended for projects and \$1,780,144 for administration (eight percent of total fees), including fees caused by litigation challenging the ordinance's adoption. The 2006 end balance was \$6,567,852. After subtracting for projects with budgeted expenditures (projects in process), the balance available for new projects is \$5,903,808. This does not include projects for which approval is pending.

Housing Trust Fund Annual Report

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

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:

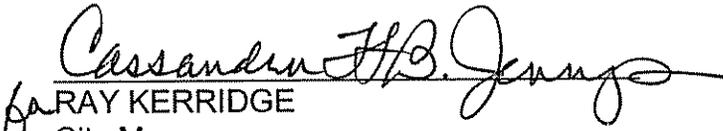

RAY KERRIDGE
City Manager

Table of Contents

Report	pg. 1
Attachments	
1 Background	pg. 4
2 HTF Fee Schedule	pg. 5
3 2006 HTF Financial Information	pg. 6
4 2006 HTF Expenditures	pg. 7

Housing Trust Fund Annual Report Background

The City Housing Trust Fund (HTF) ordinance, which includes a North Natomas Housing Trust Fund, was adopted in 1989 to raise 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 reasonable distance of the employment-generating uses that pay housing trust fund fees which is defined in the ordinance as being within a seven-mile radius. 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 to ensure that the Fund kept pace with housing construction costs. The annual increase in the San Francisco construction cost index was 7.79% for the period from March 2006 to 2007. As result, the Housing Trust Fund fees have been automatically adjusted to reflect this increase.

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.

Housing Trust Fund fees will increase on July 1, 2007. Housing Trust Fund fees apply to new non-residential development (including reuse/rehabilitation that results in a change in use). Projects that apply for permits on and after July 1, 2007, will be subject to the increased fee.

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 (2006)	New Fee Level (7/1/06)
Office	\$1.84	\$1.98
Hotel	\$1.74	\$1.88
Research and Development	\$1.56	\$1.68
Commercial	\$1.47	\$1.58
Manufacturing	\$1.15	\$1.24
Warehouse/Office*	\$0.67	\$0.72
Warehouse	\$0.50	\$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 (7/1/06)
Highway Commercial	\$2.01	\$2.17
Community/Neighborhood Commercial	\$1.51	\$1.63
Office/Business	\$1.51	\$1.63
M-50	\$1.28	\$1.38
M-20	\$1.06	\$1.14
Light Industrial	\$0.82	\$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.

2006 City Housing Trust Fund Financial Information

		<u>2006</u>
Beginning Balance		\$5,188,125
Fees Collected	\$2,913,727	
Interest	\$226,675	
Loan Repayment	\$204,225	
Total Income		\$3,344,627
Operations	\$187,758	
Projects	\$1,777,142	
Total Expense		<u>\$1,964,900</u>
End Balance		\$6,567,852
Remaining Project Budgets		
18 th and L Street		\$132,754
Silverado Creek Apartments		\$220,000
Valencia Point Apartments		\$100,000
St. Anton Building (21 st & L)		\$20,000
North Avenue Apartments		\$63,774
Del Paso Nuevo		\$122,516
Coral Gables		\$5,000
TOTAL		<u>\$664,044</u>
Balance Available for Projects		\$ 5,903,808

2006 City Housing Trust Fund Expenditures

Project Name	Address	HTF Units	Total Units	Total HTF Budgeted	2006 HTF Expenditure	Remaining Balance	Loan Maturity Date
18 th & L Street	1801 L Street	20	176	\$800,000	\$0	\$132,754	1/1/2036
Del Paso Nuevo	548 Ford Road	21	77	\$2,007,391	(\$71.19)	\$122,516	N/A
Coral Gables	31 Coral Gables	3	4	\$415,000	\$20,000	\$5,000	10/31/2035
Lemon Hill Townhomes	6000 Lemon Hill Avenue	6	76	\$768,713	\$768,713	\$0	12/1/2035
North Avenue Apartments	999 North Avenue	79	80	\$600,000	\$0	\$63,774	12/1/2034
Silverado Creek Apartments	8501 Bruceville Road	9	168	\$1,200,000	\$0	\$220,000	5/1/2031
St. Anton Building (21 st & L)	2110 L Street	8	65	\$385,000	\$88,500	\$20,000	12/11/2035
Valencia Point Apartments	Del Paso Road and Westlake Parkway	166	168	\$1,000,000	\$900,000	\$100,000	11/15/2036
	TOTAL	312	814	\$7,176,104	\$1,777,142	\$664,044	