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LEGAL SERVICES OF  NORTHERN CALIFORNIA

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October 23, 2007

*By hand-delivery*

Mayor Heather Fargo  
Vice-Mayor Kevin McCarty  
Councilmember Raymond L. Tretheway III  
Councilmember Sandy Sheedy  
Councilmember Steve Cohn  
Councilmember Robert King Fong  
Councilmember Lauren Hammond  
Councilmember Robbie Waters  
Councilmember Bonnie Pannell  
City of Sacramento  
915 "I" Street  
Sacramento, CA 95814

Re: The Sacramento Railyards Proposed Project, Draft Inclusionary Housing Plan

Honorable Mayor Fargo, Vice-Mayor McCarty and Councilmembers

Legal Services of Northern California ("LSNC") submits these comments on behalf of lower income households and individuals residing in and around the City of Sacramento regarding the above-referenced Draft Inclusionary Housing Plan ("draft plan") for the Sacramento Railyards proposed project ("project"). In short, we are very concerned because the draft plan does not comply with the fundamental requirements of the City's Mixed Income Housing Ordinance ("Ordinance") and other applicable laws.

The written staff report and staff's oral report at the Joint Meeting of Development Commissions of October 22, 2007 reveal that the project developer has not yet agreed to fully comply with the Ordinance. The draft plan's inconsistencies with the requirements of the Ordinance include permitting moderate income condominium units to count toward meeting the Ordinance's inclusionary requirements when "moderate" is not an income category defined or contemplated under the Ordinance. The draft plan also circumvents the Ordinance's inclusionary and off-site requirements by allowing the developer to build 1,000 market rate units in the first phase of development without setting aside any affordable units. Specifically, the current draft plan permits the developer to obtain some sort of inclusionary credit for units in an off-site development that the developer has had no hand in developing and that is located apparently outside of the relevant community plan area. As City staff indicated that the draft plan remains in negotiation and its contents are potentially shifting, LSNC reserves the right to comment further on additional inconsistencies in the draft plan vis a vis the Ordinance, as well as state redevelopment, general plan and fair housing laws. As several commissioners and members of the public requested at the October 22 Joint Meeting, we urge the City to provide ample time (certainly more than 72 hours) to review and analyze subsequent draft plans in order to ensure meaningful public participation.

Letter to Sacramento City Council re Railyards Project  
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With its 12,000 projected housing units and 15,000 largely service-oriented jobs, The Railyards project presents an unprecedented opportunity for a revitalization that will benefit *all* who live and/or work in Sacramento. Moving forward with a plan for so momentous a project that disregards the critical housing needs of lower income households, particularly those households whose members will fuel the revitalization project with their labor, would not only be unlawful, but unconscionable.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mona Tawatao', with a long, sweeping flourish extending to the right.

Mona Tawatao  
Regional Counsel



October 23, 2007

Mayor Heather Fargo  
Vice-Mayor Kevin McCarty  
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Sacramento City Council  
915 I Street  
Sacramento, CA 95814

Dear Mayor Fargo, Vice-Mayor McCarty and Council Members:

Thomas Enterprises submitted a draft Inclusionary Housing Plan to City staff on October 16<sup>th</sup> for development of the Railyards. This Inclusionary Housing Plan meets neither the legal requirements nor the spirit of the Mixed Income Housing Ordinance. At last night's Joint Commission meeting on the Railyards city staff said that they had received a new version of the Inclusionary Housing Plan that afternoon, but that plan has not been shared with the public.

The first draft of the Inclusionary Housing Plan deviates so significantly from the requirements of the Ordinance that it appears the developers are attempting to avoid their responsibilities to provide affordable housing.

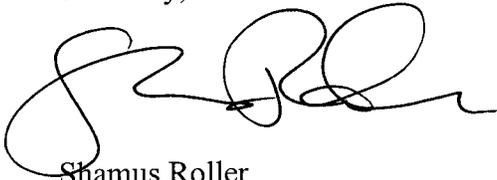
On an initial read-through, the following are some of our objections to the draft Inclusionary Housing Plan:

1. The plan proposes to allow the developer to meet the ordinance by developing condos at 5% low and 10% moderate income. This is wholly outside the ordinance. Moderate income units are not even part of the City's inclusionary ordinance.
2. The plan also proposes that Thomas Enterprises get a 150 unit credit for an SHRA project at 7<sup>th</sup> & H. The 7<sup>th</sup> and H development is not a part of the Railyard's development project, is not being developed by Thomas Enterprises and has no connection to the Railyard Development besides being located adjacent to it. The 7<sup>th</sup> and H project was planned as replacement units for the Marshall hotel as part of the City's SRO replacement policy. Giving Thomas Enterprises

3. credit for the SHRA development is not permitted under the ordinance, and essentially exempts the first 1000 Railyards units from the Inclusionary Ordinance
4. The Inclusionary Plan would allow housing for very low income individuals to be placed off-site. The Ordinance only allows off-site construction for projects that are exclusively single family homes. This project does not fit into that exception. On-site housing is an essential element of Inclusionary Housing and ensures integrated communities.
5. Thomas wants full Inclusionary credit for senior and special needs housing, regardless of whether the units are affordable to low and very low income households. While SHA supports housing for seniors and other special needs housing, a development specifically for wealthy seniors does not meet the requirements of the Ordinance.
6. SHA also has concerns that the financing scheme proposes to draw money from other redevelopment zones, and would exempt the Railyards project from paying Housing Trust Fund Fees on the non-residential portion of the development.

The Sacramento Housing Alliance sees great potential in the Railyards development and supports in-fill and high density urban housing. However, the needs of working families and other low income individuals must be taken into consideration. The Mixed Income Housing Ordinance outlined a vision for new growth areas in Sacramento. That vision included socio-economic and racial integration and transit oriented development. We see no reason to deviate from that vision for the Railyards.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shamus Roller', with a large, stylized initial 'S'.

Shamus Roller  
Executive Director