



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2671  
[www. CityofSacramento.org](http://www.CityofSacramento.org)

PUBLIC HEARING  
**December 13, 2005**

Honorable Mayor and  
 Members of the City Council

**Subject:** Appeal of Beazer Homes Inclusionary Housing Plan Amendments (P05-144)

**Location/Council District:**

The Machado Estates subdivision is located at 3600 Airport Road, and the Riverdale North subdivision is located south of San Juan Road, north of Interstate 80 and west of Interstate 5. Council District 1.

**Recommendation:**

Staff is forwarding the recommendation from the City Planning Commission denying the appeal of revisions to the Beazer Homes Inclusionary Housing Plans.

**Contact:** Greg Bitter, Senior Planner, 808-7816; David Kwong, Interim Planning Manager, 808-2691

**Presenters:** Greg Bitter, Senior Planner, 808-7816

**Department:** Development Services Department

**Division:** Planning Division

**Organization No:** 4875

**Summary:**

Beazer Homes has requested amendments to the approved Inclusionary Housing Plans for the Machado Estates (P04-114) and Riverdale North (P02-138) projects.

The Machado Estates residential project (P04-114) was approved by the City Council on January 27, 2005, and the Riverdale North residential project was approved by the City Council on May 3, 2005. Both of these projects are being developed by Beazer Homes. One of the entitlements approved with both projects was an Inclusionary Housing Plan. The applicant wishes to amend the approved Inclusionary Housing plans for both project sites by moving only the very low income units to a recently approved multi-family development in the Natomas Field Planned Unit Development (see Vicinity Map, page 5). Although staff recommended approval of the Inclusionary Housing Plan revision, the Planning Commission denied it.



**Committee/Commission Action:**

On October 13, 2005, the City Planning Commission voted (3 ayes and 2 noes) on an intent motion to deny the request. On October 27, 2005, the City Planning Commission voted (4 ayes, 0 noes and 2 abstentions) to deny the proposed Inclusionary Housing Plan amendments.

During the October 13, 2005 deliberations, the City Planning Commission determined the applicants had not made a compelling case for the Inclusionary Housing Plan amendments. The Planning Commission did not find the argument that finding qualifying families is "difficult" was justification to amend the plans. Furthermore, the Commission indicated that while it may be difficult to find qualifying families, the applicants have not attempted to implement the existing plans and do not know if these plans can be successful. Finally, the Commission determined the proposed site for the relocation of the very-low units was inferior to the location identified in the original plans.

**Background Information:**

The Machado Estates residential project (P04-114) was approved by the City Council on January 27, 2005, and the Riverdale North residential project was approved by the City Council on May 3, 2005. Both of these projects are being developed by Beazer Homes. One of the entitlements approved with both projects was an Inclusionary Housing Plan. The applicant wishes to amend the approved Inclusionary Housing Plans for both project sites by moving the very low income units to a recently approved multi-family development in the Natomas Field Planned Unit Development (see Vicinity Map, page 5). The applicant has indicated the Sacramento Housing and Redevelopment Agency (SHRA) has a difficult time finding families that meet the very low income thresholds and qualify for financing of "for sale" residential units.

The amendments to these Inclusionary Housing Plans will not change the phasing or linkages of the inclusionary housing units, nor will it change the number of units provided. The total number of inclusionary units for the Machado Estates project is 12 units (8 very low income units and 4 low income units). As a result of this project, the very low income units will be moved to the high density site in the Natomas Field PUD and the 4 low income units will remain as for-sale units in Machado Estates. The total number of inclusionary units for the Riverdale North project is 81 units (54 very low income units and 27 low income units). As a result of this project, the very low income units will be moved to the high density site in the Natomas Field PUD and the 27 low income units will remain as for-sale units in Riverdale North subdivision.

SHRA and planning staff have reviewed the proposed amendments to the Machado Estates and Riverdale North Inclusionary Housing Plans (IHP) and found the proposed changes to be acceptable under the City's Mixed Income Housing Ordinance. The Machado Estates and Riverdale North projects represent some of the first attempts to provide "for-sale" housing units to families that meet the requirements to be considered very low income (50% of median household income). Although the residential units are offered considerably lower than market rate, SHRA is having a difficult time finding families that can both meet the income requirements and qualify for financing of these

affordable housing units. In addition, very low income families that can qualify for financing are prohibited from realizing any equity increases in the homes, thereby reducing the attractiveness of purchasing a home.

The proposed amendments to the IHPs will relocate the required 62 (8 from Machado Estates and 54 from Riverdale North) very low income units to the high density site within the Natomas Field PUD. The high density site in the Natomas Field PUD is being developed by USA Properties as a multi-family senior apartment complex. This project has been approved under the Planning Director Special Permit process.

On November 2, 2005, the applicant appealed the Planning Commission's decision to the City Council. The applicant's grounds for appeal include: 1) there is a need for affordable senior housing in the City, and the proposed amendments will provide for affordable low-income rentals for seniors; 2) SHRA has concluded the proposed amendments are acceptable under the City's Mixed Income Housing ordinance; and 3) there is no community opposition to the proposal. The applicant's appeal is included as Attachment 2 (pages 6-9) to this report.

**Financial Considerations:**

This project has no fiscal considerations.

**Environmental Considerations:**

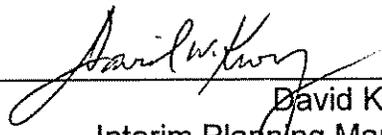
Previous Environmental Documents were prepared and approved by the City Council for Machado Estates (P04-114) on January 27, 2005, and for Riverdale North (P02-138) on May 3, 2005. The Environmental Services Manager has found that pursuant to the CEQA Guidelines (Section 15162), no subsequent environmental review is required for this project. In addition, the Mitigation Monitoring Plans for both projects are not affected by this project and will be implemented for both projects.

**Policy Considerations:**

The Machado Estates residential project (P04-114) and the Riverdale North residential project (P02-138) were determined to be consistent with the City General Plan, North Natomas Community Plan, SMART Growth Principles and City Strategic Plan. The proposed project does not change the fundamental design of either of these projects. The proposed amendments to the inclusionary housing plans are consistent with the City's Mixed Income Housing Ordinance regarding the provision of off-site inclusionary housing. Chapter 17.190.060(A) of the City Code states that "The inclusionary housing obligation of an exclusively single-family project may be satisfied in whole or part by development of inclusionary units on another site located within the same new growth area and within the same community plan area as the exclusively single-family project." The proposal would meet this requirement as the Machado Estates and Riverdale North projects are within the same community plan area as the Natomas Field site. Denial of the appeal is consistent with the City's Strategic Plan 3-year goal of "increasing opportunities for all Sacramento residents to live in safe and affordable housing."

**Emerging Small Business Development (ESBD):**

City Council approval of these proceedings is not affected by City policy related to the ESBD Program. No goods or services are being purchased.

Respectfully Submitted by:   
David Kwong  
Interim Planning Manager

Approved by:   
William Thomas  
Director, Development Services

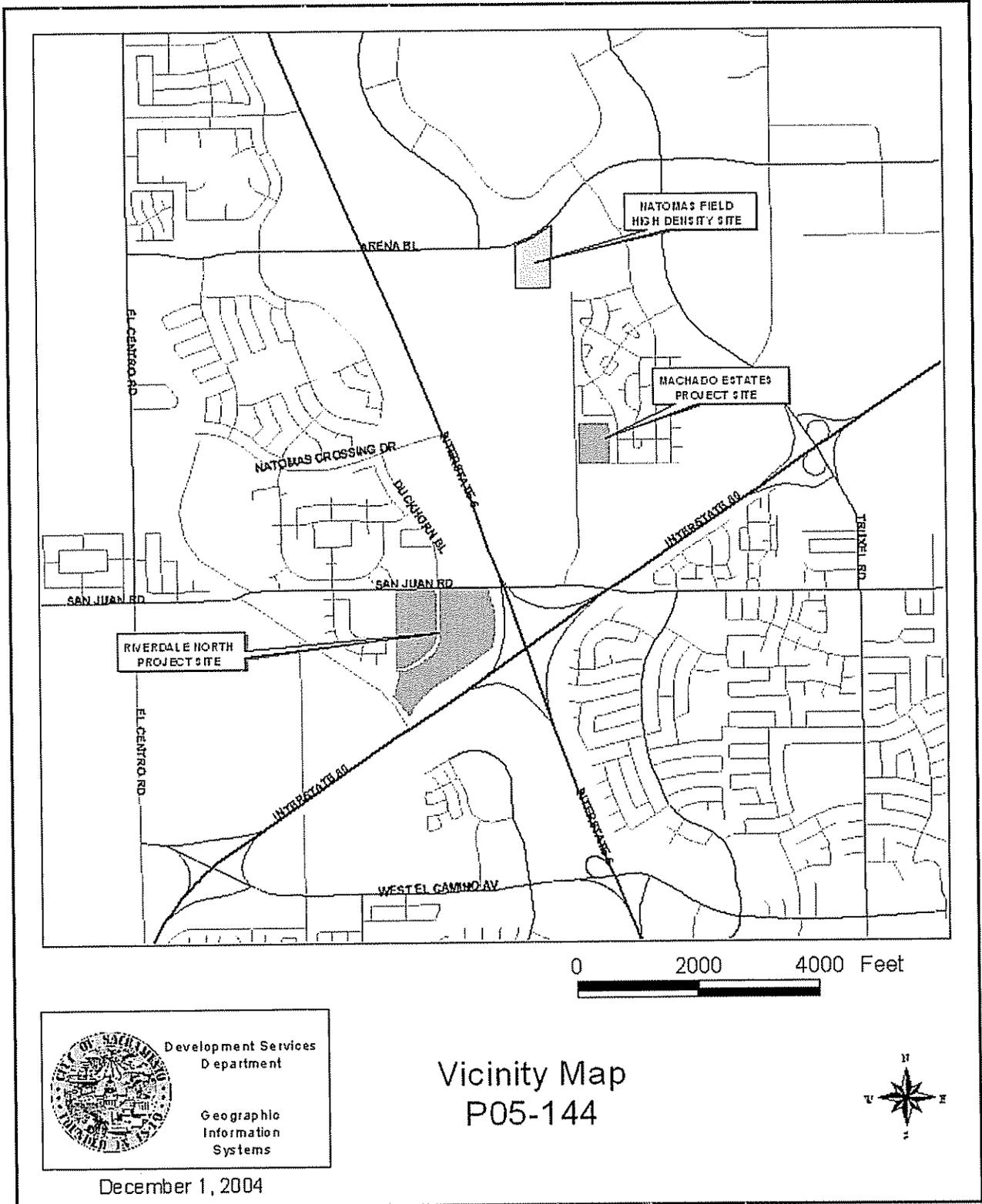
Recommendation Approved:

  
ROBERT P. THOMAS  
City Manager

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Attachment A- Vicinity Map



Attachment B - Applicant's Appeal Form

CITY OF SACRAMENTO

DEVELOPMENT SERVICES DEPARTMENT  
 915 I Street, New City Hall, 3<sup>rd</sup> Floor  
 Sacramento, CA 95814

PLANNING DIVISION  
 916-808-5419

APPEAL OF THE DECISION OF THE  
 SACRAMENTO CITY PLANNING COMMISSION

DATE: 11/02/05

TO THE PLANNING DIRECTOR:

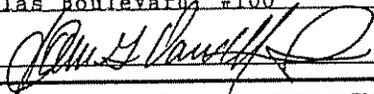
I do hereby make application to appeal the decision of the City Planning Commission on  
10/27/05 (hearing date), for project number (P#) P05-144 when:

- Special Permit for \_\_\_\_\_
- Variance for \_\_\_\_\_
- "R" Review for \_\_\_\_\_
- Other \_\_\_\_\_ for Inclusionary Housing Plan Amendments

was:  Granted by the City Planning Commission  
 Denied by the City Planning Commission

Grounds For Appeal: (explain in detail, you may attach additional pages)

See Attached

- ⇒ Property Location: Riverdale North, Machado Estates, Natomas Field  
(see attached map)
- ⇒ Appellant: Beazer Homes Daytime Phone: (916) 773-6499  
(please print)
- ⇒ Address: 3721 Douglas Boulevard #100
- ⇒ Appellant's Signature: 

<b>THIS BOX FOR OFFICE USE ONLY</b>			
FILING FEE:	<input checked="" type="checkbox"/> \$1,192.00 By Applicant	RECEIVED BY: <u>Sally Shore</u>	DATE: <u>11-3-05</u>
	<input type="checkbox"/> \$298.00 By Third Party		
Distribute Copies To: CAS; DK; Project Planner; Mae Saetern (original & receipt)		Forwarded to City Clerk: _____	
P# <u>05-144</u>			

Attachment B - Applicant's Appeal Form

**GROUNDS FOR APPEAL**

On October 13, 2005, the City of Sacramento Planning Commission passed a Motion of Intent to Deny Agenda Item 17, File number P05-144, regarding Beazer Homes' plans for Inclusionary Housing Plan revisions to Machado Estates and Riverdale North.

On October 27, 2005, the Planning Commission, on consent, adopted the Notice of Decision and Findings of Facts for Denial regarding Beazer Homes' suggested housing revisions.

As the October 27, 2005, Staff Report indicates, the proposed amendments to these Inclusionary Housing Plans will not change the phasing or linkages of the inclusionary housing units, nor will it change the number of units provided. Rather, the proposed amendments would relocate the 8 very-low income units from Machado and the 54 very-low income units from Riverdale North to the high-density site in the approved Natomas Field PUD. The 4 low income units at Machado and the 27 low income units at Riverdale North will remain as on-site for-sale units. (October 27, 2005, Staff Report, p. 3.) These proposed amendments are acceptable under the City's Mixed Income Housing Ordinance and have been approved by Sacramento Housing and Redevelopment Agency ("SHRA") Staff. Moreover, there has been no community opposition to the amendments.

Further, Sacramento seniors qualifying as "very-low income" have a readily apparent need for affordable rental housing. According to the Sacramento General Plan Update, Technical Background Report, Housing Section 2.5, "market rents in Sacramento . . . are not affordable to very-low income [households]," and newly built rentals are "generally affordable only to households with moderate incomes." (General Plan Update, Housing Section 2.5, pp. 2.5-7 to 2.5-8, 2.5-11.) In other words, "new apartments are clearly beyond the reach of very low . . . income households." (*Id.*, at p. 2.5-11.) The lack of affordable low-income rentals for seniors is of particular concern because the number of very-low income seniors in Sacramento is rapidly expanding, and the affordable for-rent senior housing market is not meeting either the existing or growing need.

As stated by the California Department of Aging, the elderly population in Sacramento County is projected to increase by 100-149% between 1990 and 2020. According to *A Profile of Older Adults in Sacramento County*, prepared by the Sacramento County Adult and Aging Commission, the older adult population "is expected to grow at a disproportionately high rate" in comparison to other age groups, and roughly 25% of that population will be renters. (*Profile of Older Adults*, pp. 4, 8.) In addition to this growth rate, seniors currently face several challenges finding and keeping rental housing. For instance, it is difficult for senior renters to find safe housing in a desirable neighborhood, and senior renters are more likely to lose their rental due to rate increases. (*Profile of Older Adults*, p. 20.) "For older adults on fixed incomes . . . high rental

Attachment B - Applicant's Appeal Form

costs in relation to income make the difference between an older adult's ability to age comfortably in place and enjoy a good quality of life or a significantly reduced standard of living and possible homelessness " (*Ibid*) In California, 52% of very-low income renters already pay more than 50% of their income for rent, and they compete for only 62 affordable units for every 100 very low income renters. (U.S. Department of Housing and Urban Development Testimony ) This is, in part, due to a loss of over one million units of low-cost rental housing in the past decade. (*Increasing Shortage of Affordable Rental Housing In America*, p. 2.) The rapidly expanding senior population will put even more strain on an already stressed rental market for very low income senior renters.

Currently, no affordable senior units have been constructed in North Natomas to accommodate this growing need. Over 14,000 units have been approved for occupancy in North Natomas, approximately 750 units of which are affordable housing units. Yet, no affordable senior units have been developed to date. One market-rate age restricted apartment complex in Natomas, Carefree Senior Living at 5601 Natomas Boulevard, is nearing completion, but the market rents at this development are above what is affordable to a low and very-low income senior citizens on a fixed income. Rents at Carefree Senior Living range from a low of \$850 per month to over \$1,600 per month.

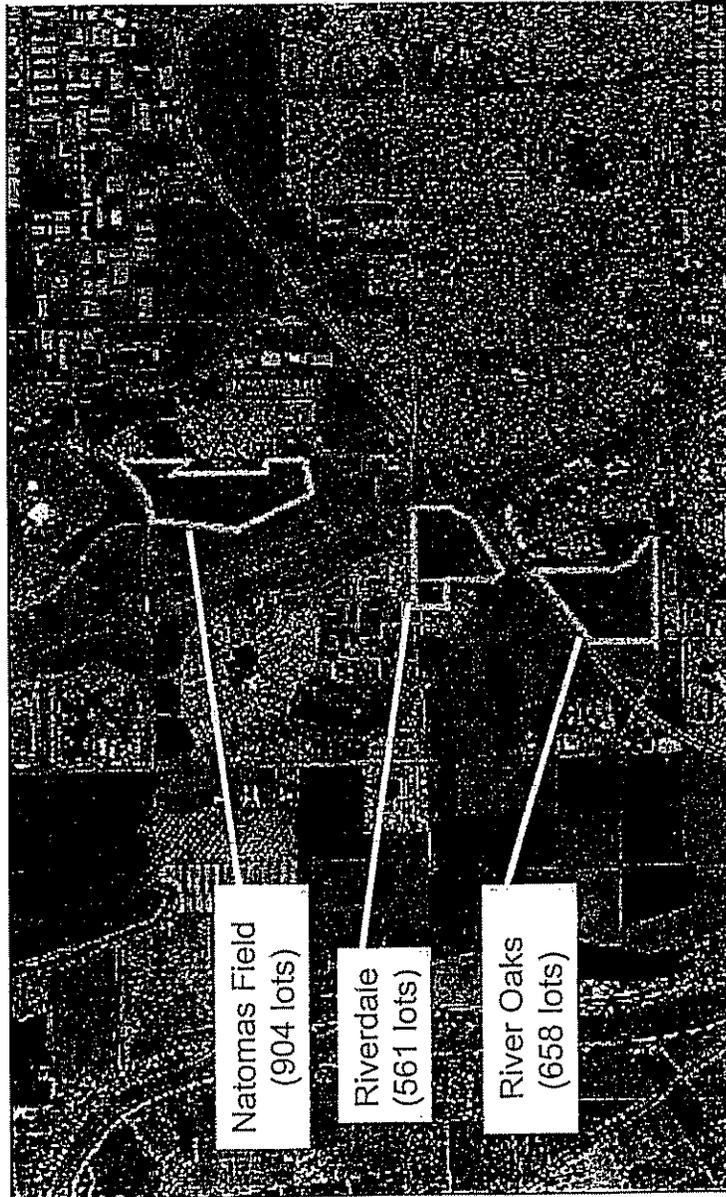
According to USA Properties Fund, the family rental market in North Natomas is currently saturated and the affordable family rental housing is soft. Vacancy rates are higher than normal and properties are offering move-in specials to fill units. USA has indicated it could not justify additional family rentals in Natomas at this time. However, USA's internal market analysis has determined an immediate unmet need and long term demand in North Natomas for affordable senior housing.

At Beazer's 200-unit Vintage project at Natomas Field, where the proposed amendments will shift the very-low income units, the vast majority of the rents will be in a range between \$550 and \$675 per month with 13 units at approximately \$800 per month. Beazer Homes' suggested revision of the Inclusionary Housing Plans to transfer very-low income housing to the Vintage project will create much-needed rental housing for very-low income seniors in the Sacramento region and will alleviate some strain on the declining very-low rental housing market.

In light of this evidence, and the fact that the requested amendments comply with the Inclusionary Housing Ordinance, are supported by SHRA, and have not drawn any opposition from the community, we respectfully urge you to reconsider the Planning Commission denial of the requested Inclusionary Housing Plan amendments

Attachment B - Applicant's Appeal Form

Natomas Aerial View



Attachment C - Amended Inclusionary Housing Plan for Machado Estates

**INCLUSIONARY HOUSING PLAN**  
**The Machado Property**  
**Approved January 27, 2005**  
**Amended \_\_\_\_\_**

**Introduction**

Beazer Homes is the owner and developer (the "Developer") of certain real property in the City of Sacramento known as the Machado Project on which it proposes to construct an exclusively single family development (the "Development Project") including 78 single family home sites (the "Residential Project").

The Mixed Income Housing Ordinance, City of Sacramento Municipal Code Chapter Title 17 (Zoning), 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 Residential Project proposed by the Developer includes 78 single family homes sites. 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, the Inclusionary Requirement is eight (8) Very Low Income Units and four (4) Low Income Units. If the project approvals are amended to increase the number of residential units in the Residential Project, this Plan

Attachment C - Amended Inclusionary Housing Plan for Machado Estates

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 very low income Inclusionary Housing Units shall consist of rental units located off-site and the low income Inclusionary Housing Units shall consist of for-sale units located on-site.

**Size and Bedroom Count**

The very low income rental Inclusionary Housing Units shall include one and two bedroom senior apartment units. The low income for-sale Inclusionary Housing units shall include two and two bedroom plus loft units. This allocation of rental and for-sale units will accommodate diverse family sizes. The Inclusionary Housing Agreement(s) sets forth the precise bedroom mix and unit size as follows:

TABLE 1

Model (sq. ft.)	#of Bedrooms	# of Inclusionary Units	Type of Unit
816 (Elevation "A")	2	2	Low Income For Sale Unit
1194 (Elevation "A")	2 + loft	2	Low Income For Sale Unit
582	1	4	Very Low Income For Rent Unit
750	2	4	Very Low Income For Rent Unit
<b>Total</b>		<b>12</b>	

**Location of Inclusionary Units**

The low income for-sale Inclusionary Units shall be located throughout the Development Project consistent with the specific lot designations identified in Table 2 and shown in Attachment 1, and subject to revisions pursuant to Section 17.190.110 of the Mixed Income Ordinance.

TABLE 2

Model (sq. ft.)	Number of Inclusionary Units	Type of Unit	Lot Number
816	2	Low Income	2, 31
1194	2	Low Income	21, 38
<b>TOTAL</b>	<b>4</b>		

## Attachment C - Amended Inclusionary Housing Plan for Machado Estates

The very low income rental Inclusionary Units will be included in an affordable rental apartment community to be constructed on the Natomas Field project, located near the southeast intersection of Arena Boulevard and East Commerce Way in the Natomas Field subdivision (see map attached as Attachment 2 showing location of the Machado Project in relation to the off-site location.) The parcel is owned by JB Homes and Beazer Homes is the developer representing the residential portion of the project. Beazer Homes will facilitate the transfer of a parcel of this site to an affordable housing developer.

**Planning Director's Findings (for Off-site Location)**

The Planning Director has made the following findings with regard to this off-site location, and has determined that the proposal is in conformity with Section 17.190.060 of the Sacramento City Code.

Standard for Approval: More cost-effective solution or superior location. The location of Natomas Field is superior to an affordable development on the Natomas Park Commons site because it is directly adjacent to a shopping center, elementary school, and a community park. The Machado property does not have this complement of features. The primary financing sources for the affordable development – the California Debt Limit Allocation Committee and the California Tax Credit Allocation Committee – also give priority to these location features.

Number of Inclusionary Units: The maximum potential very low income inclusionary housing units to be required from the Machado development, a figure derived from the actual number of units for the site, is 8 units affordable to very low-income households, all of which can be accommodated on the Natomas Field Multi-family Project. The Natomas Field Multi-family Project development is proposed to include 200 affordable senior apartments.

Site Suitability: The site is suitable and zoned for apartments, is located adjacent to parks, schools, and transit, and is graded and improved with streets and utility services, as described previously. The development of the Natomas Field Multi-family Project as an affordable senior housing development does not trigger the over-concentration provisions of Section 17.190.110 because the site is surrounded by current and proposed single family development and there are no existing nearby income-restricted projects. The site is zoned R-3 (PUD), is graded, and is improved with streets and utility services. It is not encumbered by Habitat Conservation Plan issues.

Site Identification and Regulatory Status: The off-site location, the Natomas Field Multi-family Project, has been identified. As part of the Natomas Field PUD, it has received its legislative entitlements. With regard to the phasing requirements of the ordinance, the affordable housing developer will be submitting an application for a Planning Director's Special Permit concurrent with the build out of the Machado site.

Attachment C - Amended Inclusionary Housing Plan for Machado Estates

Planning Director Action: The Inclusionary Housing Plan will become a condition of approval of the applicable legislative entitlements for the Machado property.

Implementation: The ordinance's requirement for timely, contemporaneous development has been met in part by Beazer Home's ownership of the off-site location and its having entered into a contract for sale to an affordable housing developer, USA Properties. The off-site developer is proposing that SHRA approve the issuance of tax-exempt mortgage revenue bonds and an application to the California Debt Limit Allocation Committee in March 2006. At the time of closing of the bond financing, ownership of the land will have been transferred from Beazer Homes to USA Properties. Prior to transfer of title, an Inclusionary Housing Agreement will be recorded against the site.

Marketing of Units

The Developer will use their typical newspaper, internet, toll free number and signage to market the low income for sale units to this community. Information will be available in the on-site sales office regarding the availability of Inclusionary Housing and this will also be incorporated into internet advertising for the project.

Affordability Requirements

The rental Inclusionary Units shall be restricted for thirty years to occupancy by Very Low Income Households. Very Low Income Households shall have gross incomes that do not exceed fifty percent (50%) of the Sacramento area median income adjusted for family size.

Monthly Affordable Rents (including utility allowances) of the rental Inclusionary Units shall be restricted Very Low Income Households. A unit whose occupancy is restricted to a Very Low Income Household has a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of the Sacramento area median income, adjusted for family size. Median income figures are those published annually by the United States Department of Housing and Urban Development.

The for-sale Inclusionary Units shall be restricted to occupancy by 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. The sale price of the units will be set so that 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 household with

Attachment C - Amended Inclusionary Housing Plan for Machado Estates

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 owners, 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.

**Incentives**

Pursuant to Section 17.190.040 of the Ordinance, the City may make available a variety of incentives to offset the cost of providing inclusionary housing units. Subsection A allows the provision of fee waivers or deferrals for inclusionary housing units. The City of Sacramento has created a fund for development fee reductions for the inclusionary units in the amount of \$4,000 for very low income inclusionary housing units and \$1,000 for low income inclusionary housing units. The Machado project will be using \$32,000 of these fee reductions for the very low income multi-family inclusionary units as follows:

Affordability Level	# of Units	Fee Reduction/Unit	Total Fee Reduction
Very Low Income	8	\$4,000	\$32,000
Low Income	0	\$1,000	\$0
<b>TOTAL</b>	<b>109</b>		<b>\$32,000</b>

**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
Recordation of final map(s) for single family Residential Project	Execution/recordation of Inclusionary Housing Agreement by Beazer Homes and SHRA

Attachment C - Amended Inclusionary Housing Plan for Machado Estates

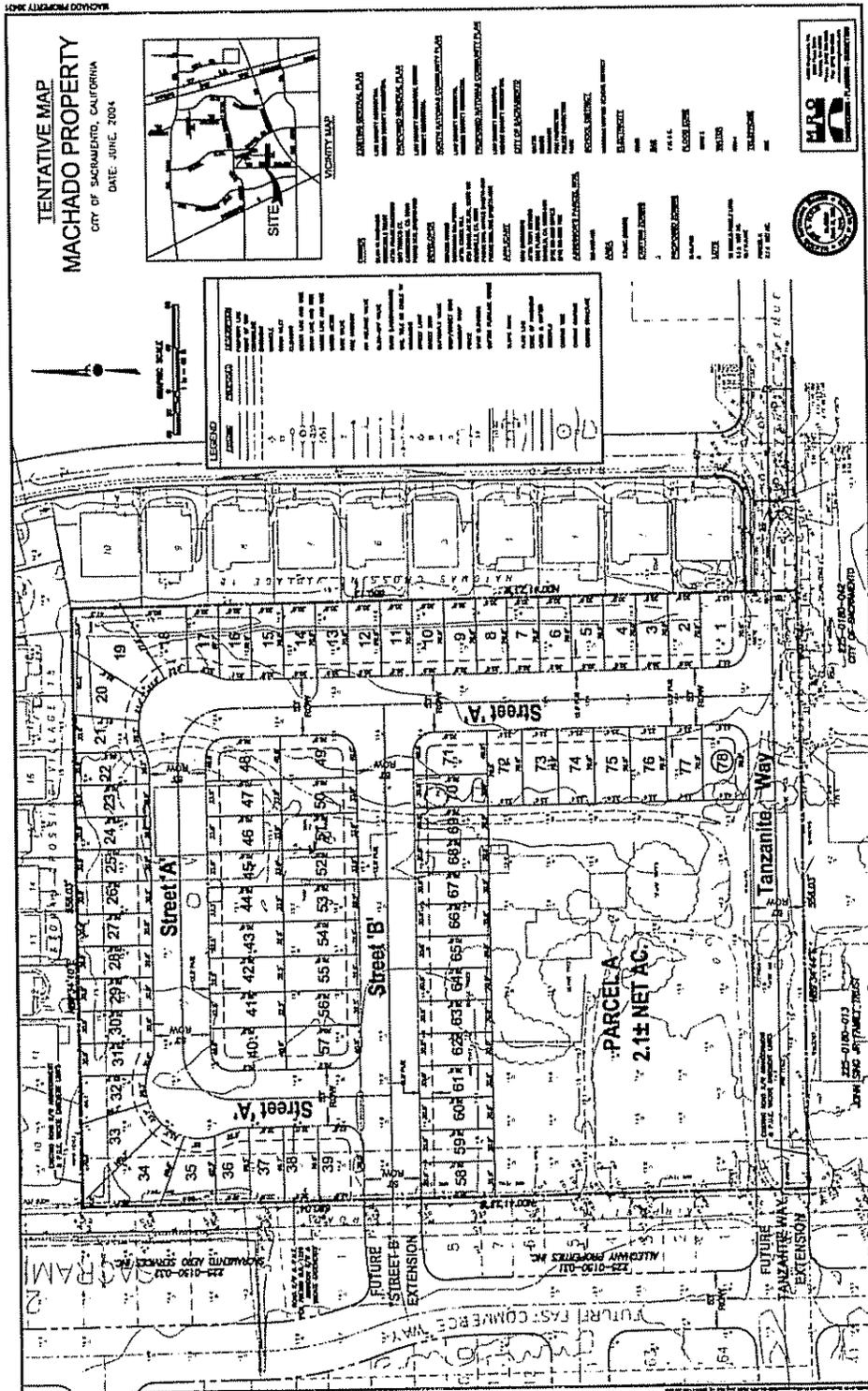
<b>Market Rate Activity</b>	<b>Inclusionary Approval Linkage</b>
Issuance of building permits in excess of 65% of single family Residential Project.	Issuance of building permits for 100% of low income for sale Inclusionary Housing Unit requirement
Release of Inclusionary Housing Agreement from single family Residential Project for first 65% of single family market rate units.	Approval of project level entitlements for the Natomas Field Multi-family development on the off-site location.
Release of Inclusionary Housing Agreement from single family Residential Project for final 35% of single family market rate units.	Issuance of building permits for 100% of very low income for rent Inclusionary Housing units on the off-site location.

**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 17.190.030.

Attachment C - Amended Inclusionary Housing Plan for Machado Estates

Attachment 1



Attachment D - Amended Inclusionary Housing Plan for Riverdale North

**INCLUSIONARY HOUSING PLAN  
RIVERVIEW 5-6-7 DEVELOPMENT  
(RIVERDALE NORTH)  
Approved May 3, 2005  
Amended September 22, 2005**

**Introduction**

Gateway South, LLC is the owner of River View 5 and 6 in the City of Sacramento on which Beazer Homes (Developer) will be constructing a mixed-use development including residential units. Beazer Homes is the owner of River View 7 in the City of Sacramento on which it is proposed to construct a mixed-use development including residential units. This plan proposes an aggregate of these three properties (River View 5-6-7) into a mixed-use development ("Development Project") of 537 residential units identified as Riverdale North. An Inclusionary Housing Plan and legislative entitlements were approved for this project by City Council on May 3, 2005. This is an amendment to the original Plan.

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.

## Attachment D - Amended Inclusionary Housing Plan for Riverdale North

**Number of Inclusionary Units**

The Residential Project proposed by the Developer includes 537 single family homes sites. 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, the Inclusionary Requirement is fifty-four (54) Very Low Income Units and twenty-seven (27) 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 very low income Inclusionary Housing Units shall consist of rental units located off-site and the low income Inclusionary Housing Units shall consist of for-sale units located on-site.

**Size and Bedroom Count**

The very low income Inclusionary Housing Units shall include one and two bedroom senior apartment units. The for-sale Inclusionary Units shall include two bedroom units. This allocation of rental and for-sale units will be accommodate diverse family sizes. The Inclusionary Housing Agreement(s) set forth the precise bedroom mix and unit size as follows:

## Attachment D - Amended Inclusionary Housing Plan for Riverdale North

TABLE 1

Model	Size (Sq. Ft.)	Number of Bedrooms	Total Inclusionary Units	Type of Unit
40 X 88	968	2	5	Low Income For-Sale Unit
Pull-a-part	975	2	9	Low Income For-Sale Unit
30 X 70	816	2	10	Low Income For-Sale Unit
40 X 70	1103	2	3	Low Income For-Sale Unit
Model A	582	1	27	Very Low Income For-Rent Unit
Model B	750	2	27	Very Low Income For-Rent Unit
<b>Total</b>			<b>81</b>	

All for-sale residential units will be Elevation "A".

**Location of Inclusionary Units**

The low income for-sale Inclusionary Units shall be located throughout the Development Project consistent with the specific lot designations identified in Table 2 and shown in Attachment 1, and subject to revisions pursuant to Section 17.190.110 of the Mixed Income Ordinance

TABLE 2

Model	No. of Inclusionary Units	Type of Unit	Lot Numbers
40 X 88 (alley) lots	5	Low Income	69,352,353,294,313
Townhomes	9	Low Income	373,453,446,465,435,478,423,491,502
30 X 70 lots	10	Low Income	45,24,53,59,78,131,107,208,215,282
40 X 70 lots	3	Low Income	28,112,124
<b>TOTAL</b>	<b>27</b>		

The very low income For-Rent Inclusionary Units will be included in an affordable rental apartment community to be constructed on the Natomas Field project, located near the southeast intersection of Arena Boulevard and East Commerce Way in the Natomas Field subdivision (see map attached as Attachment 2 showing location of the Riverview 5-6-7 project in relation to the off-site location.) The parcel is owned by JB Homes and Beazer Homes is the developer representing the residential portion of the project. Beazer Homes will facilitate the transfer of a parcel of this site to an affordable housing developer, USA Properties

## Attachment D - Amended Inclusionary Housing Plan for Riverdale North

**Planning Director's Findings (for Off-site Location)**

The Planning Director has made the following findings with regard to this off-site location, and has determined that the proposal is in conformity with Section 17.190.060 of the Sacramento City Code.

Standard for Approval: More cost-effective solution or superior location. The location of Natomas Field is superior to an affordable development on the Riverview 5-6-7 site because it is directly adjacent to a shopping center, elementary school, and a community park. The Riverview 5-6-7 project does not have this complement of features. The primary financing sources for the affordable development – the California Debt Limit Allocation Committee and the California Tax Credit Allocation Committee – also give priority to these location features.

Number of Inclusionary Units: The maximum potential very low income inclusionary housing units to be required from the Riverview 5-6-7 development, a figure derived from the actual number of units for the site, is 54 units affordable to very low-income households, all of which can be accommodated in the Natomas Field project, Vintage at Natomas Field. The Vintage at Natomas Field development is proposed for 200 affordable apartments. The site is zoned R-3 (PUD), is graded, and is improved with streets and utility services.

Site Suitability: The site is suitable and zoned for apartments, is located adjacent to parks, shopping, and transit, and is graded and improved with streets and utility services, as described previously. The development of the Vintage at Natomas Field as an affordable housing development does not trigger the over-concentration provisions of Section 17.190.110 because the site is surrounded by current and proposed single family development and there are no existing nearby income-restricted projects.

Site Identification and Regulatory Status: The off-site location, Vintage at Natomas Field (in the Natomas Field PUD), has been identified. As part of the Natomas Field PUD, it has received its legislative entitlements. With regard to the phasing requirements of the ordinance, the affordable housing developer will be submitting an application for a Planning Director's Special Permit concurrent with the build out of the Natomas Field site.

Planning Director Action: The Inclusionary Housing Plan will become a condition of approval of the applicable legislative entitlements for the Riverview 5-6-7 property.

Implementation: The ordinance's requirement for timely, contemporaneous development has been met in part by Beazer Home's ownership of the off-site location and its having entered into a contract for sale to an affordable housing developer, USA Properties. The off-site developer is proposing that SHRA approve the issuance of tax-exempt mortgage revenue bonds and an application to the California Debt Limit Allocation Committee in March 2006. At the time of closing of the bond financing, ownership of the land will have been transferred from Beazer Homes to USA Properties.

Attachment D - Amended Inclusionary Housing Plan for Riverdale North

Prior to transfer of title, Beazer Homes will record a covenant running with the land to ensure that no less than the required number of inclusionary housing units will be built and maintained on the Riverview 5-6-7 project. An Inclusionary Housing Agreement will also be recorded against the site.

**Marketing of Units**

The Developer will use their typical newspaper, internet, toll free number and signage to market the low income for sale units to this community. Information will be available in the on-site sales office regarding the availability of Inclusionary Housing and this will also be incorporated into internet advertising for the project.

**Affordability Requirements**

The rental Inclusionary Units shall be restricted for thirty years to occupancy by Low Income Households and Very Low Income Households. Low Income Households shall have gross incomes that do not exceed eighty percent (80%) of the Sacramento area median income, adjusted for family size. Very Low Income Households shall have gross incomes that do not exceed fifty percent (50%) of the Sacramento area median income adjusted for family size.

Monthly Affordable Rents (including utility allowances) of the rental Inclusionary Units shall be restricted to Low Income Households and Very Low Income Households. A unit whose occupancy is restricted to a Low Income Household has a monthly rent that does not exceed one-twelfth of thirty percent (30%) of eighty percent (80%) of the Sacramento area median income, adjusted for family size. A unit whose occupancy is restricted to a Very Low Income Household has a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of the Sacramento area median income, adjusted for family size. Median income figures are those published annually by the United States Department of Housing and Urban Development.

The for-sale Inclusionary Units shall be restricted to occupancy by Low Income Households. Low Income Households shall have gross incomes, at the time of initial occupancy, that do not exceed eighty percent (80%) of the Sacramento area median income, adjusted for family size. The sale price of the units will be set so that 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 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 owners, intent to sell. If an income-eligible purchaser is not found, the home may be

Attachment D - Amended Inclusionary Housing Plan for Riverdale North

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.

**Incentives**

Pursuant to Section 17.190.040 of the Ordinance, the City may make available a variety of incentives to offset the cost of providing inclusionary housing units. Subsection A allows the provision of fee waivers or deferrals for inclusionary housing units. The City of Sacramento has created a fund for development fee reductions for the inclusionary units in the amount of \$4,000 for very low income inclusionary housing units and \$1,000 for low income inclusionary housing units. The Riverview 5, 6, 7 project will be using \$382,000 of these fee reductions for the very low income multi-family inclusionary units as follows:

Affordability Level	# of Units	Fee Reduction/Unit	Total Fee Reduction
Very Low Income	54	\$4,000	\$216,000
Low Income	0	\$1,000	\$0
<b>TOTAL</b>	<b>109</b>		<b>\$216,000</b>

**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
Recordation of final map(s) for single family Residential Project.	Execution/recordation of Inclusionary Housing Agreement by Beazer Homes and SHRA
Issuance of building permits in excess of 65% of single family Residential Project.	Issuance of building permits for 100% of low income for sale Inclusionary Housing Unit requirement.

Attachment D - Amended Inclusionary Housing Plan for Riverdale North

<b>Market Rate Activity</b>	<b>Inclusionary Approval Linkage</b>
Release of Inclusionary Housing Agreement from single family Residential Project for first 65% of single family units.	Approval of project level entitlements for the Vintage at Natomas Field development on the off-site location
Release of Inclusionary Housing Agreement from single family Residential Project for final 35% of single family units.	Issuance of building permits for 100% of very low income for rent Inclusionary Housing units on the off-site location

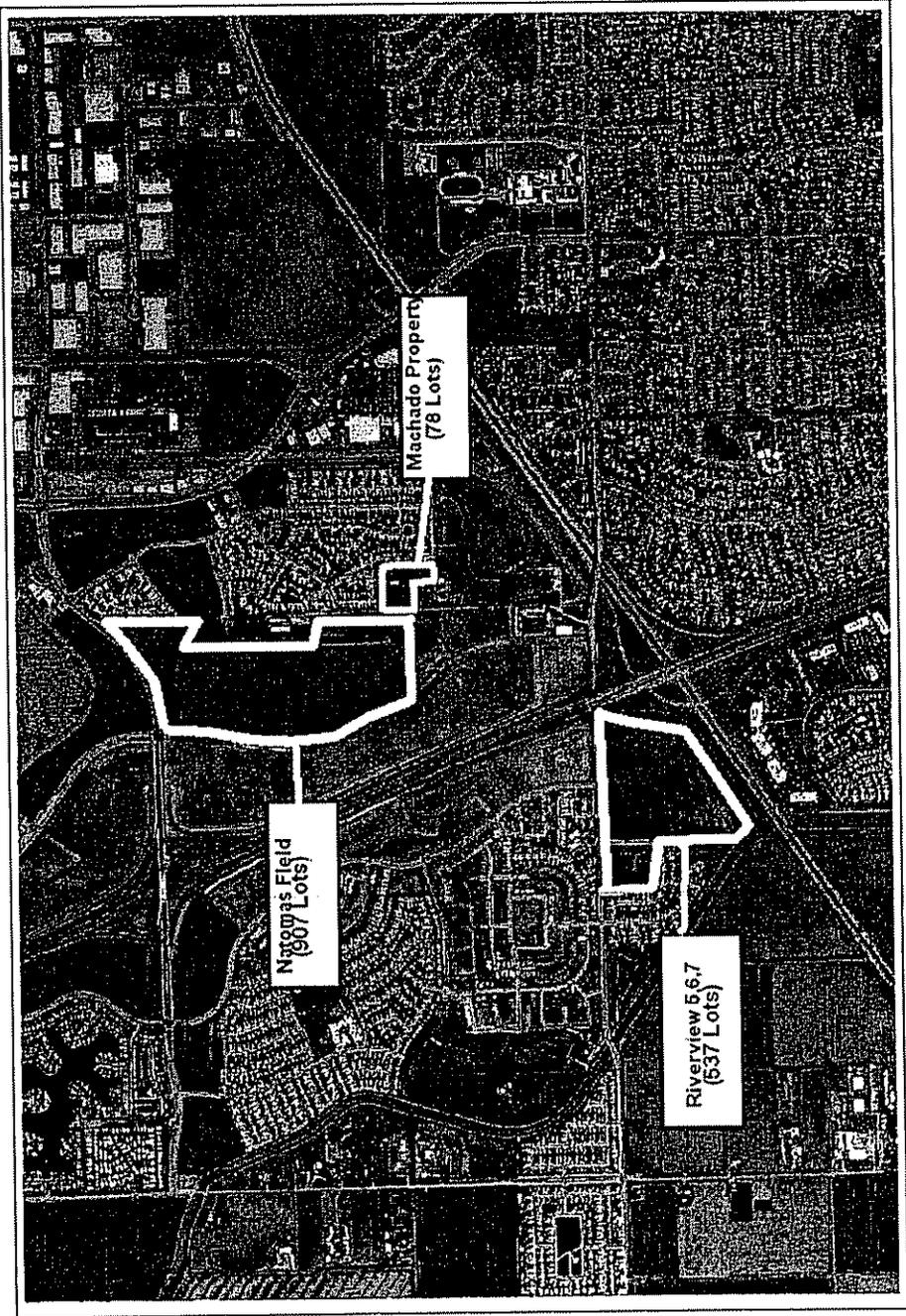
**Amendment and Administration of this Housing Plan**

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 17.190.030



Attachment D - Amended Inclusionary Housing Plan for Riverdale North

Attachment 2



Attachment E - Applicant's Project Justification

Justification Statement for Revision of Riverdale North Inclusionary Housing Plan

Beazer Homes requests that the approved Inclusionary Housing Plans (IHP) for Riverdale North and Machado be revised to allow Beazer to satisfy its affordable housing obligation with the senior income restricted housing planned for the Natomas Field project.

The Natomas Field project was recently approved with a 200 unit senior facility for low and very low income seniors. As there is huge demand for this product, and a low demand for very low income "for sale" units, Beazer proposes to move the very low income "for sale" units from Riverdale North and Machado to the senior facility at Natomas Field. Beazer proposes to leave on site the low income "for sale" units at both the Riverdale North and Machado projects. This senior facility will satisfy the IH Plan for Natomas Field and also the proposed revisions for Machado and Riverdale North. The total IH requirement for these three projects is 171 units. This senior facility is proposed for 200 units which will provide 29 additional IH units over the required number for mitigation of these three projects.

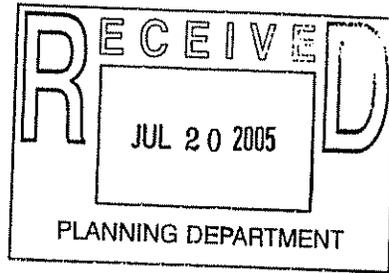
The original IH Plans for Riverdale North and Machado scattered "for sale" units for low and very low income buyers throughout the project site. The revisions include:

	<b>Current</b>	<b>Revised</b>
Riverdale North	537 total units 81 IH units 54 VLI for sale 27 LI for sale	537 total units 81 IH units 54 VLI senior rentals 27 LI for sale
Machado	78 total units 12 IH units 8 VLI for sale 4 LI for sale	78 total units 12 IH units 8 VLI senior rentals 4 LI for sale

It has been increasingly difficult for SHRA to place families in "for sale" units for very low income families. The lack of success results from the fact that it is difficult for very low income people to qualify for financing and they are therefore more likely to rent than purchase housing. Even a very low income person who qualifies for financing cannot take advantage of any increased equity in the home until the thirty-first year of ownership.

**P05-144**  
**9-7-05**

Attachment F - SHRA letter for Machado Estates



July 19, 2005

Stacia Cosgrove  
 Sacramento City Planning Department  
 1231 I Street, Room 300  
 Sacramento, CA 95814

Dear Stacia,

I am writing in regards to the Machado project, City Planning file number P04-114. As you know, this project is subject to the City's Mixed Income Housing Ordinance.

One December 16, 2004, the Sacramento Housing and Redevelopment Agency (SHRA) recommended approval of the Inclusionary Housing Plan ("Plan") for this project. The Plan was then approved by the Sacramento City Council on January 27, 2005. The developer has requested an amendment to this Plan allowing the provision of the eight very low income units off-site in a multi-family rental project.

SHRA has received and reviewed the enclosed amended Inclusionary Housing Plan for the Machado project. Our staff has found the plan acceptable under the ordinance, and is now forwarding it to the City for final review.

If you have any questions, please call me at (916) 440-1399, ext. 1420.

Sincerely,

A handwritten signature in cursive script that reads "Emily Halcon".

Emily Halcon  
 Development Services

Cc: Carol Hill, Beazer Homes

Enclosure

PO Box 1834  
 Sacramento CA 95812-1834  
 916-444-9210  
 www.shra.org

Attachment G - SHRA Letter for Riverdale North



September 7, 2005

Greg Bitter  
Sacramento City Planning Department  
915 I Street  
Sacramento, CA 95814

Dear Greg,

I am writing in regards to the Riverview 5-6-7 project, City Planning file number P02-138. As you know, this project is subject to the City's Mixed Income Housing Ordinance.

On March 8, 2005, the Sacramento Housing and Redevelopment Agency ("SHRA") recommended approval of the Inclusionary Housing Plan ("Plan") for this project. The Plan was then approved by the Sacramento City Council on May 3, 2005. The developer has requested an amendment to this Plan allowing the provision of the 54 very low income units off-site in a multi-family rental project.

SHRA has received and reviewed the enclosed amended Inclusionary Housing Plan for the Riverview project. Our staff has found the plan acceptable under the ordinance, and is now forwarding it to the City for final review.

If you have any questions, please call me at (916) 440-1399, ext. 1420.

Sincerely,

*Emily J. Halcon*  
 Emily Halcon  
 Development Services

Carol Hill, Beazer Homes

Enclosure

PO Box 814  
 Sacramento CA 95812-814  
 916 444-7210  
 www.shra.org

**RESOLUTION NO.**

Adopted by the Sacramento City Council

December 13, 2005

**NOTICE OF DECISION AND FINDINGS OF FACT TO DENY THE APPEAL AND THE AMENDMENTS TO THE INCLUSIONARY HOUSING PLANS APPROVED FOR THE MACHADO STATES (P04-114) AND RIVERDALE NORTH (P02-138) PROJECTS. MACHADO ESTATES SUBDIVISION IS LOCATED AT 3600 AIRPORT ROAD; RIVERDALE NORTH SUBDIVISION IS LOCATED SOUTH OF SAN JUAN ROAD, NORTH OF INTERSTATE 80 AND WEST OF INTERSTATE 5, SACRAMENTO, CALIFORNIA. (P05-144) (APN: VARIOUS)**

**BACKGROUND**

- A. On October 13, 2005, the City Planning Commission denied the Amendments to the Inclusionary Housing Plans for Machado Estates and Riverdale North;
- B. On December 13, 2005, the City Council heard and considered evidence in the above-mentioned matter.

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

- Section 1. At the regular meeting of December 13, 2005, the City Council heard and considered evidence in the above entitled matter. Based on verbal and documentary evidence at said hearing, the City Council took the following actions for the location listed above:
  - A. Denied the Amendments to the Inclusionary Housing Plans for Machado Estates and Riverdale North.

These actions were made based upon the following findings of fact and subject to the following conditions:

**FINDINGS OF FACT**

- A. Inclusionary Housing Plan Amendment: The Amendments to the Inclusionary Housing Plans for Machado Estates and Riverdale North are hereby **denied** based upon the following findings of fact:
  - 1. Approval of the amendments to the inclusionary housing plans are not necessary to facilitate the development of the Machado Estates or

Riverdale North projects, are not consistent with the provisions of the Mixed Income Housing Ordinance (Chapter 17.190 of the City Code) and will inhibit the city's ability to enforce compliance with the Mixed Income Housing Ordinance (Chapter 17.190 of the City Code).

2. The land proposed for off-site development is not suitable from the perspectives of size, configuration, physical characteristics, physical and environmental constraints, access, location, adjacent use, and other relevant planning criteria, in that the proposed project would not provide inclusionary units on-site, would unnecessarily concentrate inclusionary units at one site and does not provide for a mix of housing opportunities.