



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www. CityofSacramento.org

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STAFF REPORT
February 28, 2006

Honorable Mayor and
Members of the City Council

Subject: Affordable Housing Workshop (M05-109)

Location/Council District: Citywide/All Districts

Recommendation:

City Planning staff recommends that the City:

1. Begin the update of the Housing Element early in order to address the major housing policy issues facing Sacramento and to align the timing with that of the General Plan update;
2. Develop and present a series of housing workshops for Council and the public throughout 2006 in concert with the General Plan policy workshops; and
3. Allocate funds for consultant services to assist with the housing workshops, the Housing Element update, and with subsequent policy or program implementation.

Contact: Jim McDonald, AICP, Senior Planner, (916) 808-5723; Desmond Parrington, Associate Planner, (916) 808-5044

Presenters: Steve Peterson, Principal Planner (916) 808-5981; Carl Guardino, Silicon Valley Leadership Group (408) 501-7864; Greg Paquin, The Gregory Group (916) 983-2584; Beverly Fretz-Brown, SHRA-retired (916) 440-1347; Desmond Parrington, Associate Planner, (916) 808-5044.

Department: Development Services

Division: Planning

Organization No: 4827

Summary:

As part of the adoption of the General Plan Vision & Guiding Principles in November 2005, Council directed staff to return with a series of policy workshops on issues related to the General Plan. This is the first in that series of proposed workshops. Based on input from the public and a focus on housing by the Council, City staff has added a total of four additional workshops specifically on housing policy issues. This is also the first of the housing workshops. The remaining General Plan workshops, including the

additional housing workshops, are expected to occur over the course of 2006. Refer to Attachment 1 for the full outline of planned policy workshops. These workshops are designed to establish policy direction for the General Plan and the Housing Element.

This workshop is designed to:

- 1) Provide an overview of the real estate market including a discussion of current and future housing prices and rents;
- 2) Discuss the growing affordability gap and the challenge of providing affordable housing;
- 3) Review City accomplishments as well as remaining challenges; and
- 4) Identify next steps.

At the conclusion of this workshop, City staff will recommend the allocation of funding and staff time to develop the subsequent housing policy workshops and utilize consultant services to begin the Housing Element update as well as implement any subsequent policy or program recommendations.

Committee/Commission Action:

None. Staff has notified the Development Oversight Commission, Planning Commission, and SHRA Commission members of this workshop and has invited them to attend. Subsequent workshops will be presented to the commissions prior to Council.

Background Information:

The purpose of these housing policy workshops is to address Council Strategic Plan goals (refer to Attachment 1) and develop a comprehensive approach to affordable housing issues in Sacramento. As many other California jurisdictions have experienced, the challenge of addressing a community's affordable housing needs affects not only low- and moderate-income households, but also residents, businesses, and developers, among others. Policies and programs that assist one group may inadvertently impact another. Similarly, policies that promote one goal can undermine other City goals. Thus, these workshops are designed to provide an overview of major housing policy issues; educate the public about affordable housing issues; evaluate the effectiveness of existing City goals, policies, and programs; establish priorities; and elicit public input on these issues in hopes of developing a collaborative solution to the challenges that face Sacramento and the region. Upon direction from Council, staff will begin the Housing Element update and develop a set of recommendations for changes or improvements to existing City housing policies and programs with Council's goal to "increase housing opportunities for all Sacramento residents to live in safe and affordable housing."

Introduction: A Collaborative Approach to the Challenge of Affordable Housing

Speaker: Carl Guardino, Silicon Valley Leadership Group (www.svlg.net)

Carl Guardino is President and CEO of the Silicon Valley Leadership Group (SVLG). The Leadership Group is a public policy trade association that represents 195 of Silicon Valley's most respected private sector employers. Known throughout the region as a consensus builder, Mr. Guardino took a unique approach to the challenge of affordable housing. By bringing together business, public agencies, housing advocates, and developers, Mr. Guardino helped to create the Housing Action Coalition in order to advocate for housing that is relatively affordable for Silicon Valley workers. The Coalition includes over 150 groups and individuals and uses its collective voice to advocate for affordable housing proposals in that region.

The work of Mr. Guardino and the Silicon Valley Leadership Group resulted in the creation of the Santa Clara County Housing Trust. Contributions from private citizens, employers and employer foundations, County government and from all 15 Santa Clara County towns and cities established the Trust as a major funder of affordable housing options in that region. Coupled with the Housing Action Coalition, the work of these organizations has resulted in the approval of 72 housing projects, representing more than 41,000 new homes in 17 different Silicon Valley cities. The projects provide a mix of affordable, market rate, and single-room occupancy units.

Housing Market Overview

Greg Paquin, The Gregory Group (www.thegregorygroup.com)

Greg Paquin is President of The Gregory Group, a real estate information and consulting firm serving the Sacramento region. Mr. Paquin is an expert on housing market information and trends and his research is frequently cited by the *Sacramento Bee* in their regional real estate analyses.

Mr. Paquin will provide an overview of current and future trends in the housing market in both Sacramento and the region. Like the rest of California, Sacramento has seen a significant increase in both housing prices and rents over the last six years. Mr. Paquin will identify current price trends and provide an evaluation of where the housing market is going now that the sales rate has declined recently. Mr. Paquin will also identify key changes in the housing market, including changing land and construction costs as well as changes to homeownership finance, and will discuss how the housing industry and homebuyers have responded to these changes. For additional information, please refer to Attachment 2.

The Gap in Housing Affordability

Speaker: Beverly Fretz-Brown, Sacramento Housing and Redevelopment Agency, Retired

Beverly Fretz-Brown is the former Director of Housing Policy for the Sacramento Housing and Redevelopment Agency (SHRA). The following is a summary of her presentation. For additional information, please refer to Attachment 3.

Housing affordability in Sacramento has declined because the incomes of current residents have not kept pace with the increases in housing prices. The attached presentation tracks three distinct groups whose housing choices are limited by the lack of affordable housing:

- The “almost homeowners,” who may be able to afford new or converted condominiums or the new luxury apartments being built in new growth areas and downtown;
- The “workforce majority,” encompassing the large number of retail, office, medical, and communications employees who comprise 40 percent of the new jobs in the region; and
- Low-wage workers, including food service, hotel/motel clerks, maintenance personnel and a variety of health care supportive services, who often pay half of their incomes for rent.

The lack of affordable housing impacts communities in different ways. Scholars point to “housing-induced poverty” – when high housing costs seriously reduce the amount of funds a family needs for food, clothing, medical expenses, and education, creating more demand on local free food distribution and other services. The National Association of Home Builders studied “The Geography of Housing Affordability,” pointing to the lack of affordable housing in the ring of job-rich suburbs in metropolitan areas, including Sacramento. Picturing a donut, they found affordable housing in the donut hole (often sections of central cities, where it is also diminishing) and in the outlying suburbs, creating long and expensive commutes. They were particularly concerned that a community’s “human infrastructure” - its teachers, police, and nurses – were no longer able to live near their work because of the shortage of housing affordable to them.

Strategically thinking, the City of Sacramento has adopted many different strategies to deal with this issue. It has sought partners in the development community to help create affordable housing in new growth areas through the successful Mixed-Income Housing Program; initiated community-based strategies to improve existing homes and apartments in lower income neighborhoods; provided individual assistance, such as downpayment loans; and intervened to prevent the loss of housing through support services and other assistance.

These and other strategies, and the difficulties of wrestling with their priorities, will be the subject of future workshops.

City Housing Successes and Remaining Challenges

As a result of the rapid rise in land costs, construction costs, and increased demand, housing prices in the Sacramento region have risen dramatically over the last six years. As a result, affordable housing for workers has become a significant challenge. This is especially the case for those with entry-level or minimum wage jobs.

City staff recently prepared the 2004 Housing Element Annual Report (refer to Attachment 4). Under State law the City is required to prepare an annual report each year detailing the progress it has made during the prior year in meeting its Housing Element goals. As discussed in the Housing Element Annual Report, the City has implemented a wide variety of policies and programs over the years in order to try to address the challenge of providing affordable housing. These include:

- First-time homebuyer programs;
- Housing Trust Fund;
- Mixed-Income Ordinance;
- Redevelopment programs;
- Rehabilitation programs; and
- Affordable housing preservation, financing, and acquisition.

The City has made substantial progress not only in meeting our share of the regional housing need, but also in providing a wide variety of housing types to serve different ages, households, lifestyles, and income levels. Since 2000, the City has added over 17,500 housing units to our inventory, including approximately 7,600 units affordable to low- and moderate-income households, through new development and substantial rehabilitation. Yet, despite these programs, affordability remains a significant challenge, not only for Sacramento, but also for every city and county in our region and in our state.

Next Steps

The Housing Element is the primary chapter of the General Plan that focuses on housing needs in Sacramento and how the City will address the challenge of affordable housing given expected population growth over the next few years. The Housing Element establishes key housing goals and policies for the City and includes implementation actions to make these a reality.

Due to the requirements of State law, the Housing Element is on a different schedule than the General Plan. The City's current Housing Element is for the period from 2002 to 2007. Our next Housing Element is due to the State on June 30, 2008; however, the document takes approximately a year and a half to prepare given the amount of information required and the need for effective community outreach.

In order to address the housing policy issues in a comprehensive manner and to align these policy discussions with those in the General Plan, the Housing Element can commence earlier than required. Staff recommends that the City begin the Housing Element update early so that an effective strategy to address the challenge of providing affordable housing can be planned. This action would enable staff to align the Housing Element update with the schedule for the General Plan update, which is already underway. Furthermore, as part of the Housing Element, staff recommends the addition of at least three more housing policy workshops.

Financial Considerations:

The Housing Element update, the housing policy workshops, and implementation programs associated with this effort would involve the need for consultant services and additional staff time not originally envisioned as part of the scope and budget for the General Plan update. The budget amount for this project is estimated to be \$200,000. The funding for the update is included in the Development Services Unfunded Initiatives request and other sources of funding are also being investigated.

Environmental Considerations:

Not a project under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(4).

Policy Considerations:

Strategic Plan Implementation: The workshop is consistent with the City of Sacramento Strategic Plan, specifically by addressing the goal to increase housing opportunities for all Sacramento residents to live in safe and affordable housing.

General Plan: The housing workshop is consistent with the recently adopted 2030 General Plan Vision and Guiding Principles.

Housing Element: This workshop and recommended actions are consistent with the goals and policies of the City's 2002-2007 Housing Element.

Smart Growth Principles: This housing workshop and the recommended actions associated with it are consistent with the City's Smart Growth Principles, especially principle # 3, which encourages the creation of a range of housing opportunities and choices, and principle # 5, which discourages urban sprawl, promotes infill development and the concentration of development in the urban core of the region, and promotes the equitable distribution of affordable housing and social services.

SACOG Regional Compact for Production of Affordable Housing: The SACOG Regional Compact was adopted by Council on July 27, 2004. This workshop is consistent with the aim of the Regional Compact, which is designed to foster the production of affordable housing throughout the six-county region.

Emerging Small Business Development (ESBD):

No goods or services are being purchased under this report.

Respectfully Submitted by: 
Steve Peterson, Principal Planner

Approved by: 
Carol Shearly
Director of Planning

Recommendation Approved:

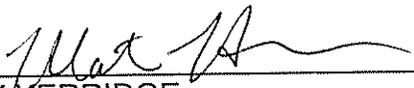

RAY KERRIDGE
Interim City Manager

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Attachment 1

CITY OF SACRAMENTO STRATEGIC PLAN

MISSION OF STATEMENT

The City of Sacramento's mission is to protect, preserve, and enhance the quality of life for present and future generations.

VISION STATEMENT

Sacramento will be the most livable city in America.

THREE-YEAR GOALS

- Improve and expand public safety
- Achieve sustainability and *enhance* livability
- Increase opportunities for all Sacramento residents to live in safe and affordable housing
- Expand economic development throughout the city

CORE VALUES

(not in priority order)

The City of Sacramento values...

Our Customers

We are here to serve our customers. We treat our customers with respect, concern, and appreciation.

Our Employees

We treat each other with respect. We actively seek employee involvement, commitment, and ideas for positive change. We genuinely encourage employees to have balanced lives.

Attachment 2 General Plan Policy Issues 2006 Workshop Series

The following schedule outlines major policy issues involved in the General Plan, including several key goals of Council's 2005 – 2008 Strategic Action Plan, which will be presented to the Council over the next year. In general, these would be informational workshops that would discuss major policy issues, constraints, and policy trade-offs. These workshops would involve extensive noticing and would also serve to educate the public about these critical issues. In most cases, outreach and refinement of these issues would occur after this series of policy workshops for the General Plan update.

With the exception of the SRO Report, the Ten-Year Plan to End Chronic Homelessness, and the Housing Trust Fund Nexus Study, housing workshops beyond the first workshop would be contingent upon Council direction for an earlier update of the Housing Element and the allocation of funding for consultant assistance with that task.

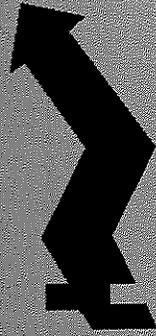
Workshop	Topic [Lead Agency]
Workshop 1: February 28, 2006	Housing Element – Policy Issues Workshop A [City] Housing Market Overview <ul style="list-style-type: none"> ▪ Current and Future Housing Trends ▪ The Challenge of Affordability ▪ Current City Policy, Programs, and Accomplishments
Workshop 2: March 2006	Level of Service Issue and Transportation Impact Study [City]
Workshop 3: March 28, 2006	Sustainability Agenda Workshop [City]
Workshop 4: April 4, 2006	Housing Element – Policy Issues Workshop B [City/SHRA] Condominium Conversion Ordinance Issues & Opportunities [City] Housing Trust Fund Nexus Study Workshop [SHRA] SRO Policy and Financing Initiative (<i>May be presented separately from this workshop</i>) [SHRA]
Workshop 5: May 2006	General Plan Land Use Amendments - Interim Processing Protocols [City]
Workshop 6: April-May 2006	Housing Element – Policy Issues Workshop C Ten-Year Plan to End Chronic Homelessness [SHRA]
----- June 2006: General Plan Town Hall Forums -----	
Workshop 7: June 2006	Downtown Strategy Workshop [City]

- Workshop 8: Land Use Alternatives
September 2006 Selection of preferred Land Use Alternative [City]
- Workshop 9: Housing Element – Policy Issues Workshop D [City/SHRA]
December 2006 Mixed Income Ordinance Workshop [City/SHRA]
Extremely Low-Income Housing Issues and Options¹ [City/SHRA]
Mobile Home Park Conversion – Tenant Protections Workshop [City]
- Workshops 10 & 11 Draft General Plan Policies [City]
Early 2007 Includes Housing Element Policies and Action Items/Priorities

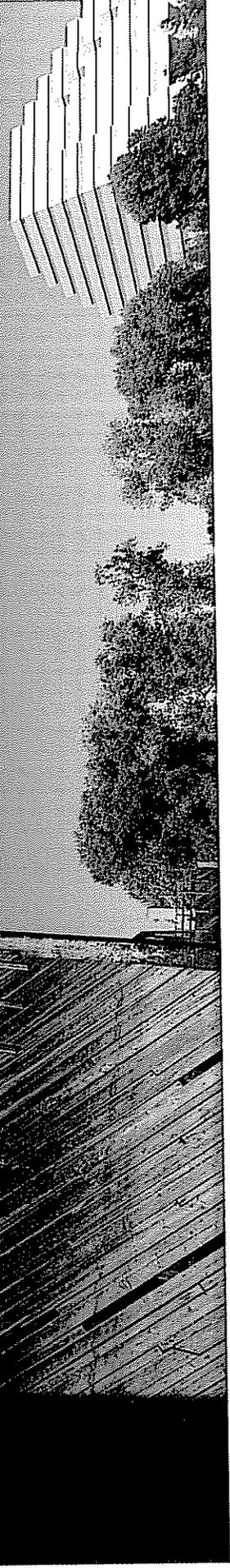
¹ Extremely low-income housing issue may also be addressed in conjunction with the Ten-Year Plan to End Chronic Homelessness and the SRO Report.

Attachment 3

Sacramento Housing 2005



THE
GREGORY
GROUP



Sacramento 2005



NEW HOUSING



Sacramento Region-New Housing

	4 th Qtr 2004	3 rd Qtr 2005	% Change
Average Price	\$471,987	\$489,329	3.7%
Quarter sold	3,621	1,549	-57.2%
Quarter Sales Rate	1.28	0.45	--
YTD Sold	17,155	14,094	-17.8%
Unsold Inventory	1,460	3,299	126.0%
Weeks of Unsold Inventory	4	10	--

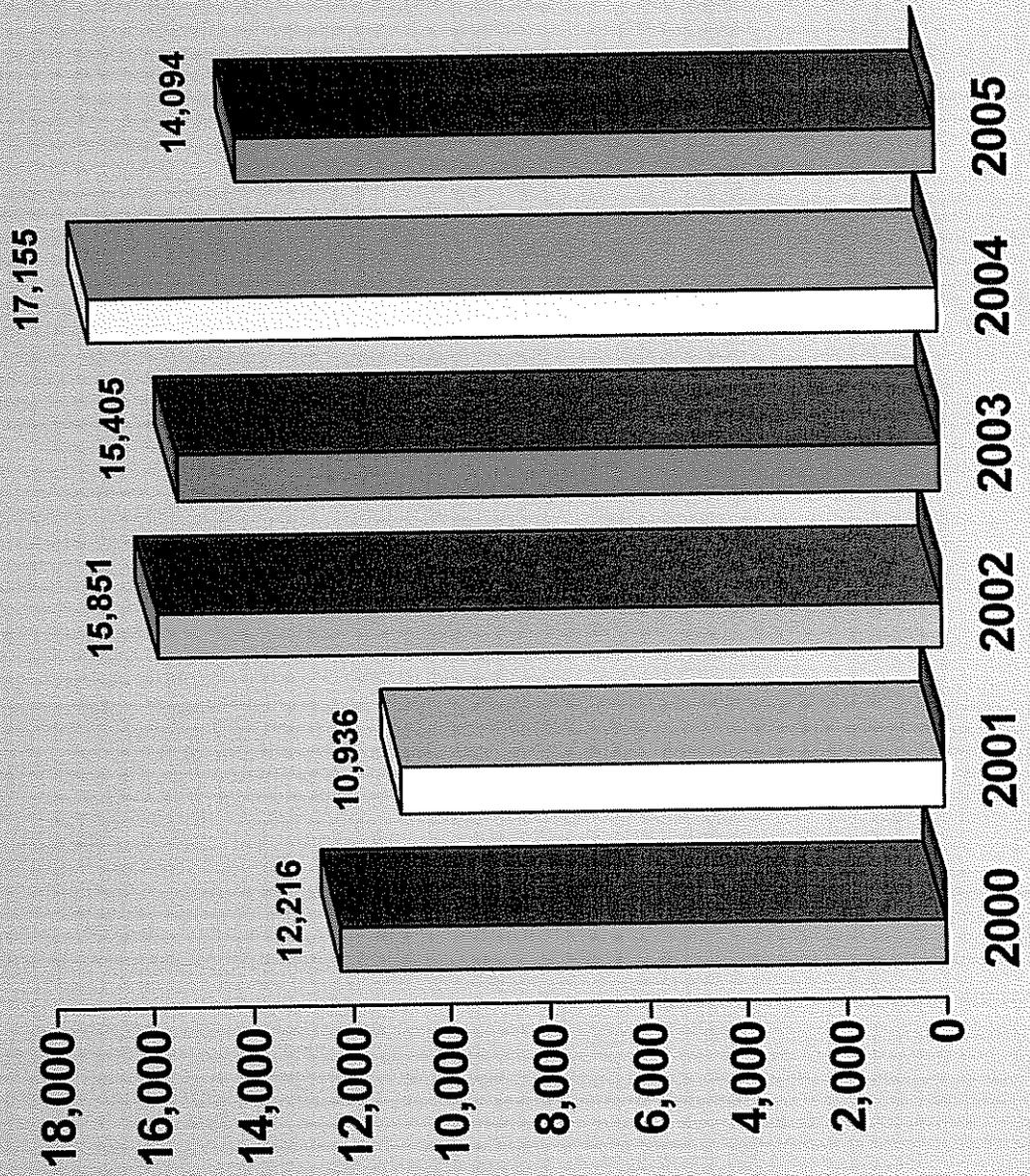
Sacramento Region-New Housing

	4 th Qtr 2004	4 th Qtr 2005	% Change
Detached Homes 4,000 – 7,000 sf lots			
Average Price	\$425,169	\$470,094	10.5%
Number of Sales	2,696	784	-70.92%
Detached Homes <4,000 sf lots			
Average Price	\$366,748	\$387,368	5.6%
Number of Sales	140	293	109.2%
Attached Homes			
Average Price	\$271,921	\$309,737	13.9%
Number of Sales	200	275	37.5%

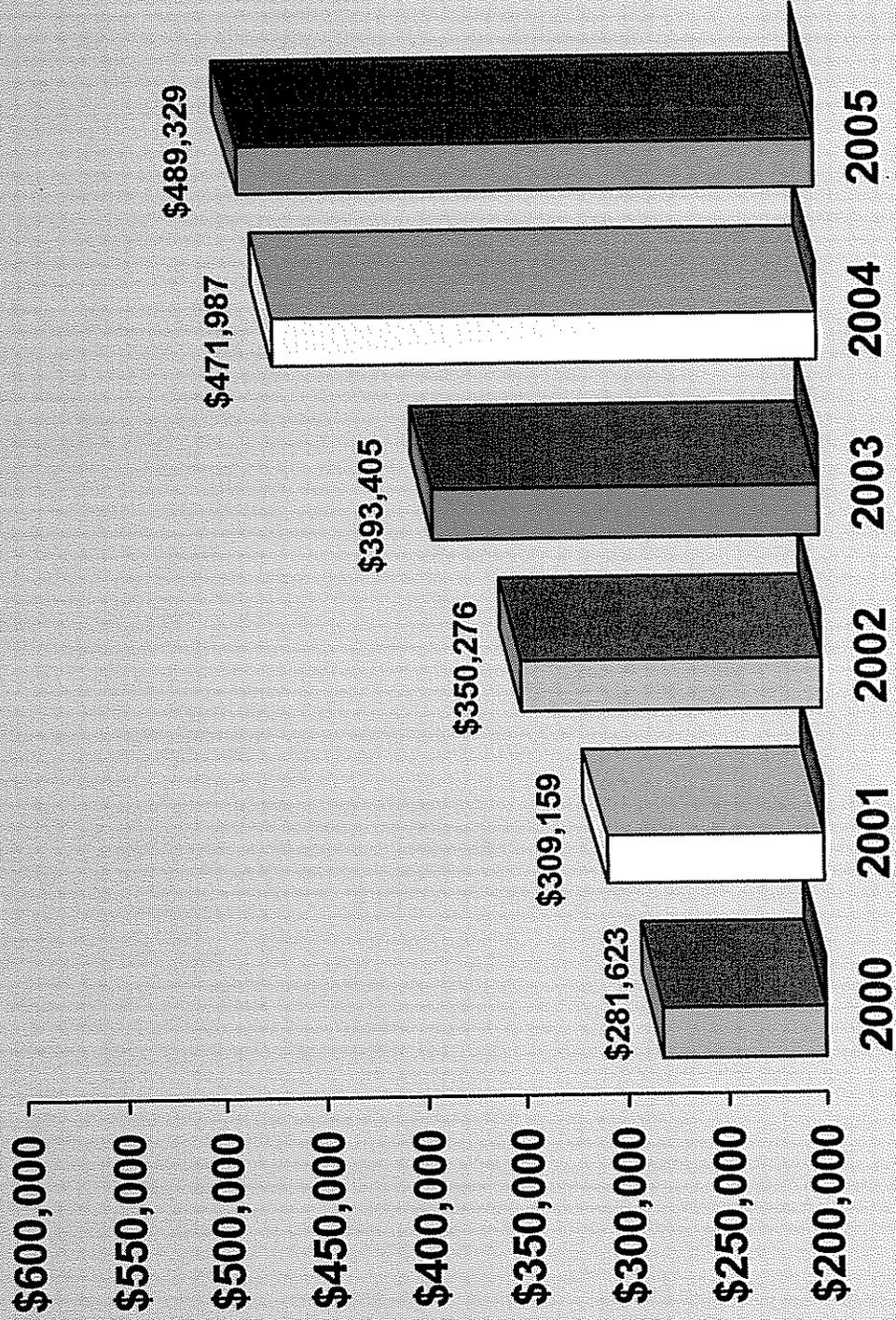
Sacramento Region-New Housing

	4 th Qtr 2004	4 th Qtr 2005	% Change
Average Incentive	\$4,752	\$9,034	90.1%
Minimum Incentive	\$500	\$800	60.0%
Maximum Incentive	\$30,000	\$80,000	166.67%
Plans With Incentives	792	931	17.5%

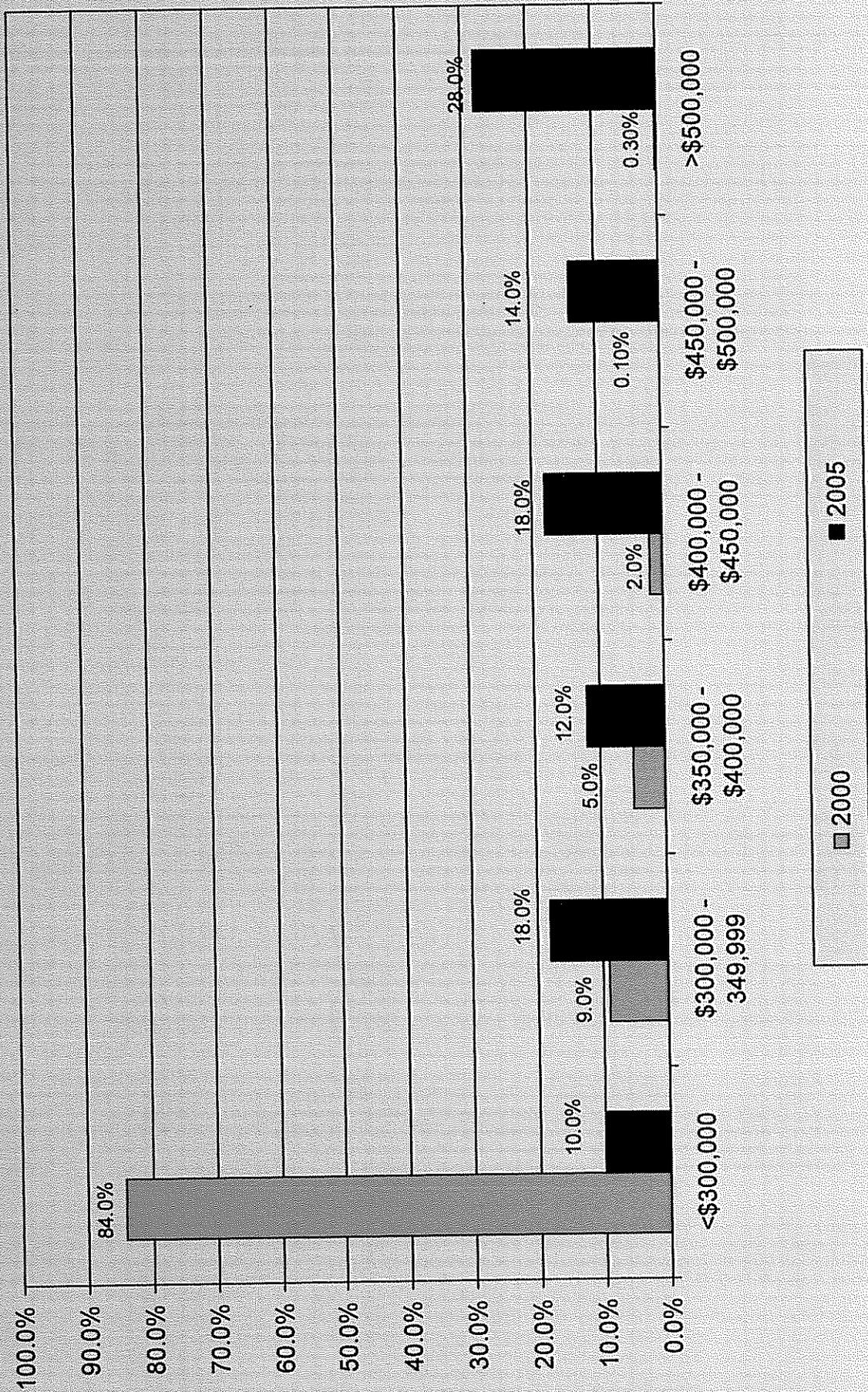
Sacramento--New-Home Sales



Sacramento-New-Home Pricing



Sacramento Sales by Price Range



Historical <4,000 sf lots-Sacramento

	2002	2003	2004	2005
# of Projects	9	5	6	27
Avg. Lot Size	3,263	3,295	2,788	2,681
Total Sales	423	739	494	1,304
Avg. Sales Rate	1.90	3.20	2.10	1.61
% Region Sales	2.7%	4.8%	2.8%	9.2%
Avg. Price	\$261,144	\$289,890	\$362,371	\$382,150

Attached Historical-Sacramento

	2002	2003	2004	2005 YTD
# of Projects	2	5	12	38
Average Density	8.0 du/ac	12.0 du/ac	15.3 du/ac	16.0 du/ac
Total Sales	129	332	842	2,187
Avg. Sales Rate	0.72	3.91	2.81	0.56
% Region Sales	0.86%	2.20%	4.91%	15.5%
Avg. Price	\$322,561	\$275,455	\$271,921	\$309,737

Builder Ranking 4th Qtr 2005

• Beazer Homes	7.3%
• KB Homes	6.7%
• DR Horton	6.7%
• Centex Homes	4.5%
• US Hones	3.9%
• Elliot Homes	3.9%
• Morrison Homes	3.7%
• Pulte Homes	3.7%
• John Laing Homes	3.4%
• Forecast Homes	3.1%

County Analysis

	Average Price	Quarter Sold	Quarter Sales Rate
El Dorado County	\$684,754	50	0.27
Placer County	\$554,967	206	0.27
Sacramento County	\$464,641	929	0.58
Yolo County	\$544,462	102	0.14
Sutter/Yuba Counties	\$366,260	262	0.58

Community Analysis

	Average Price	Quarter Sold	Quarter Sales Rate
Lincoln	\$522,877	146	0.40
Rocklin	\$551,231	23	0.25
Roseville	\$590,395	37	0.14
Elk Grove	\$548,574	45	0.38
Laguna	\$487,953	141	0.42
Folsom	\$472,955	41	0.24
Natomas	\$361,159	291	1.12
Rancho Cordova	\$510,307	235	0.75

Community Analysis

	Average Price	Quarter Sold	Quarter Sales Rate
West Sacramento	\$499,771	10	0.05
Linda	\$357,999	53	0.68
Plumas Lakes	\$402,150	87	0.51

Sacramento Region -- Proposed

	Total Units Planned	Total Units with Final Map Approval	Total Units with Tentative Map Approval	Total Units Submitted
El Dorado County	1,077	46	1,031	0
Placer County	38,303	0	6,535	31,768
Sacramento County	43,496	439	3,504	39,553
Yolo County	10,992	435	1,121	9,436
Yuba County	33,191	1,704	3,923	27,564
Sutter County	993	160	787	46
Sacramento Region	128,052	2,784	16,901	108,367

Natomas Market Area

	4th Qtr 2004	4th Qtr 2005	% Change
Average Price	\$423,490	\$361,159	-14.7%
Quarter Sold	480	291	-39.4%
Quarter Sales Rate	1.48	1.12	--
Attached Projects	2	6	200.0%
Average Price	\$272,213	\$304,157	11.7%
Quarter Sold	71	97	36.6%
Quarter Sales Rate	2.73	1.24	--
Detached Projects	23	14	-39.1%
Average Price	\$435,016	\$393,378	-9.6%
Quarter Sold	409	194	-52.6%
Quarter Sales Rate	1.37	1.07	--

❖ Trends

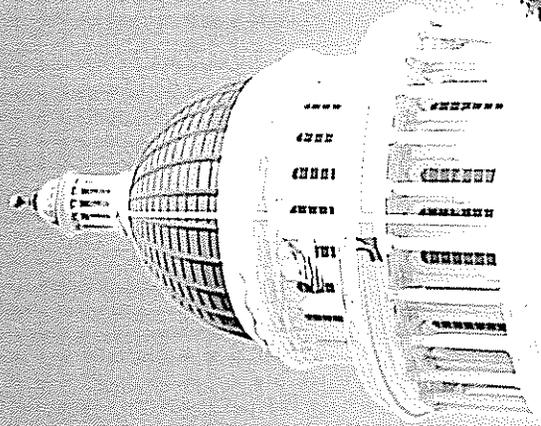
- Pricing decreases
- Slowdown in sales
- Increase in inventory
- Increase in incentives

❖ However:

- Strong Employment
- Strong GDP Growth
- Consumer Confidence

❖ Challenges

- Infrastructure
- Lot Supply
- Lot Pricing
- Product

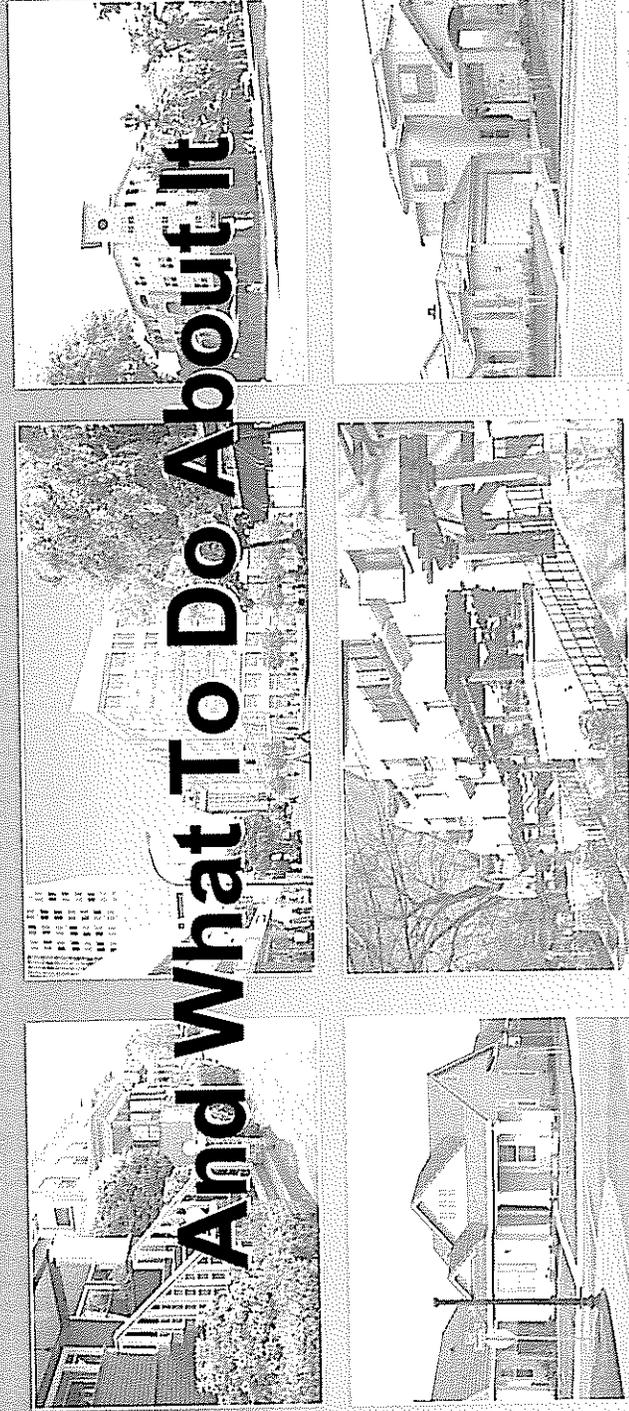


www.thegregorygroup.com

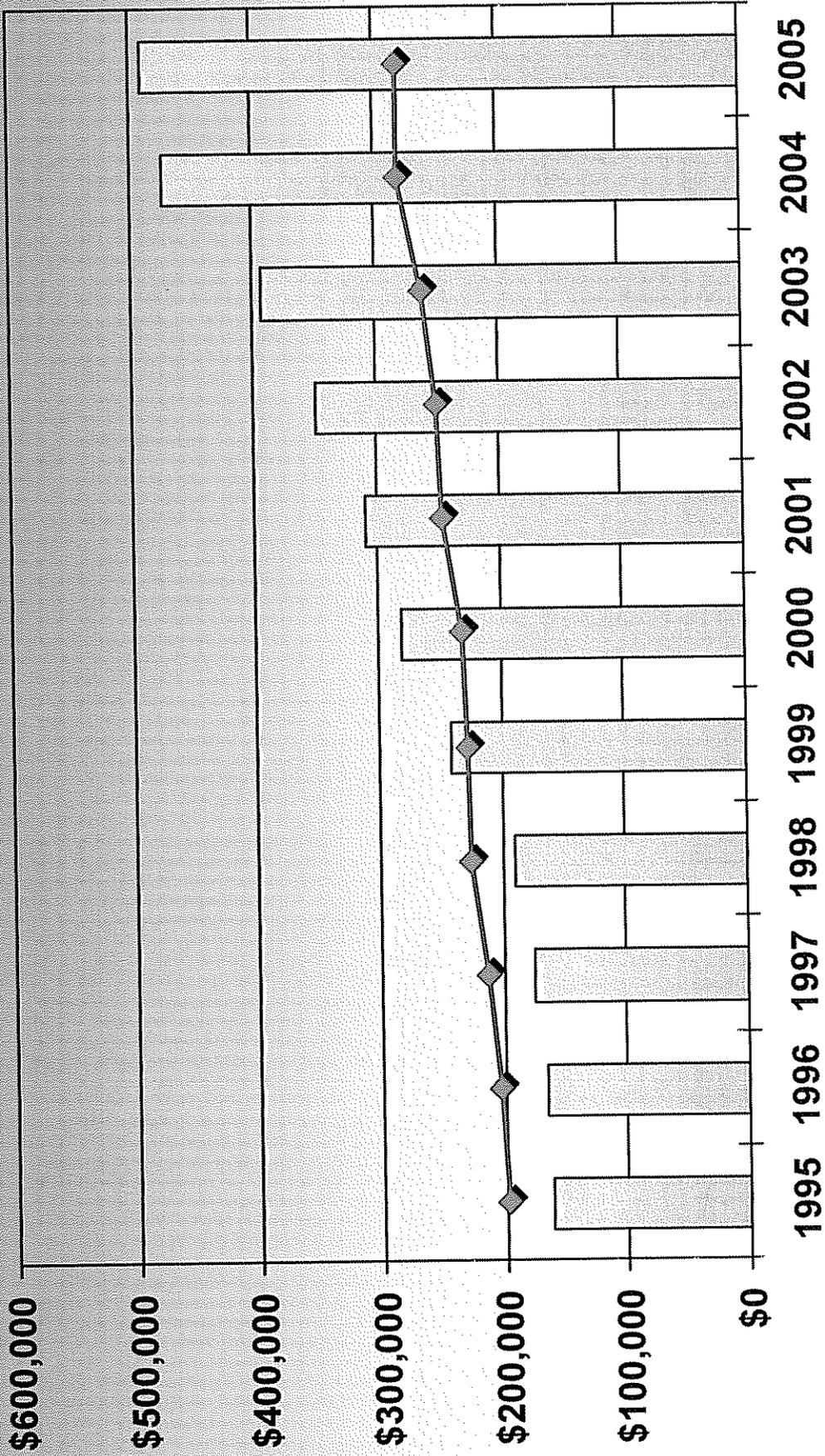
info@thegregorygroup.com

Attachment 4

The Gap in Housing Affordability

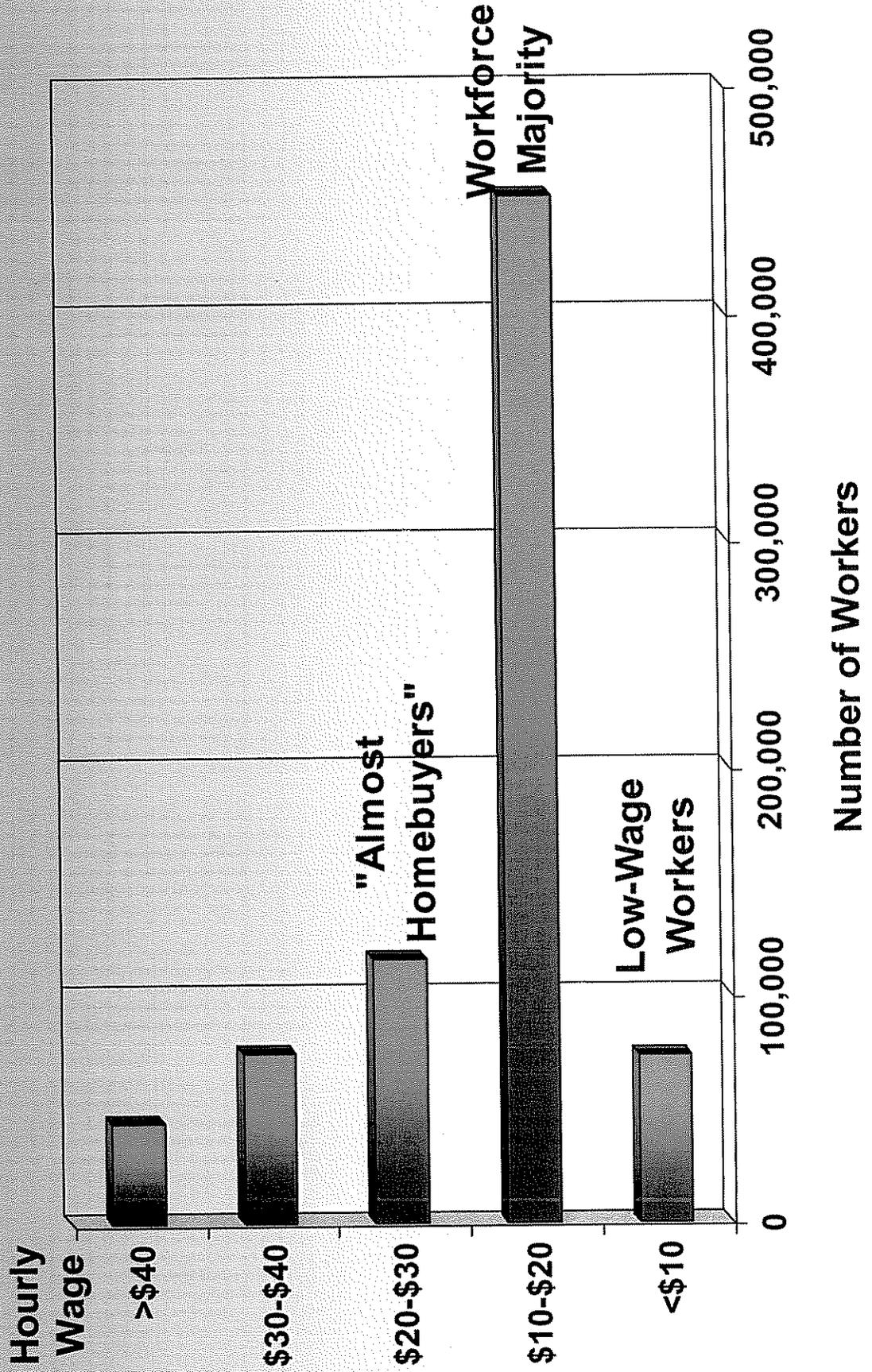


Housing Costs



New Home Prices
 Affordable Mortgage

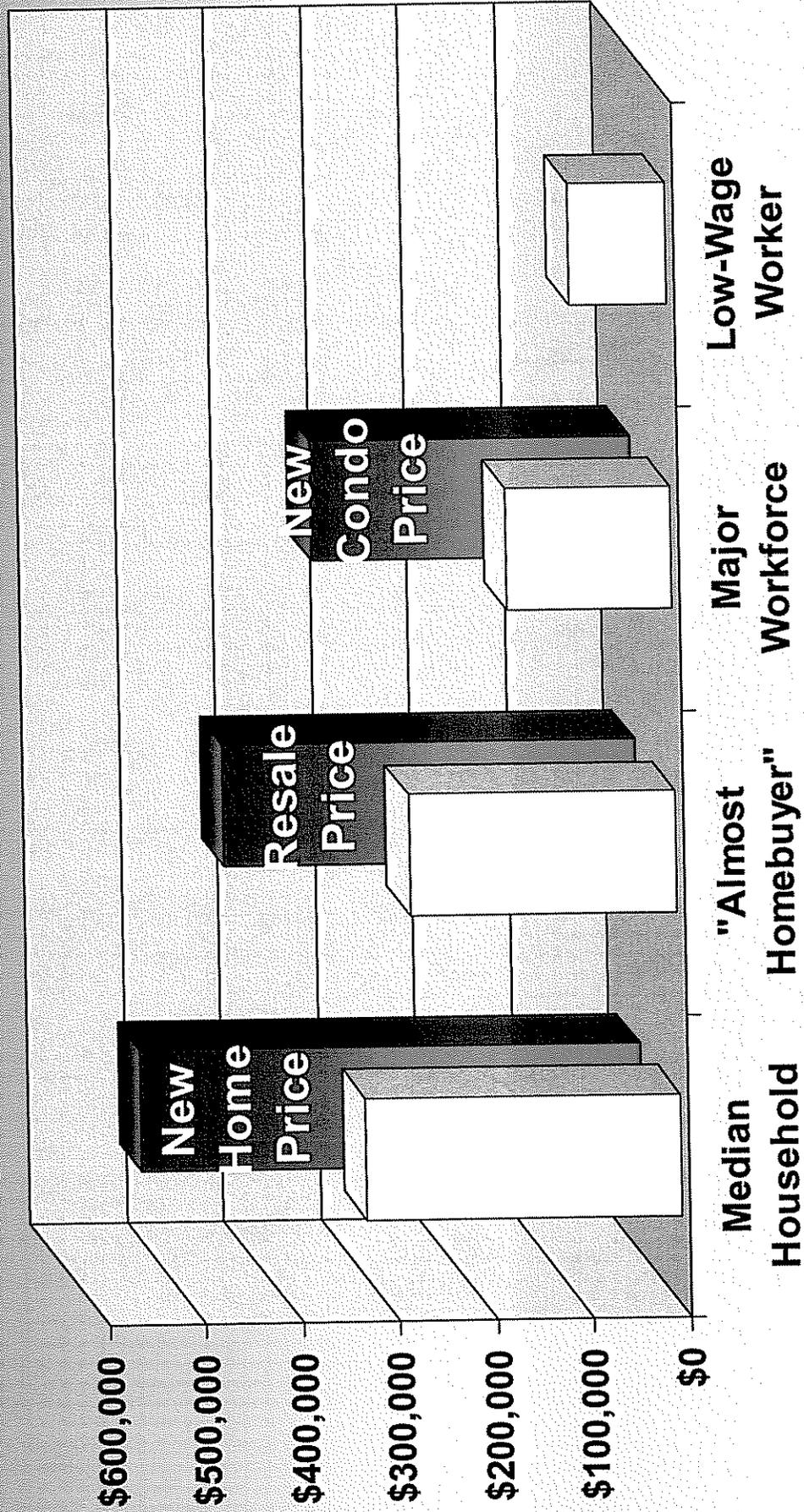
Annual Full Time Workers in Sacramento MSA



Housing Choices

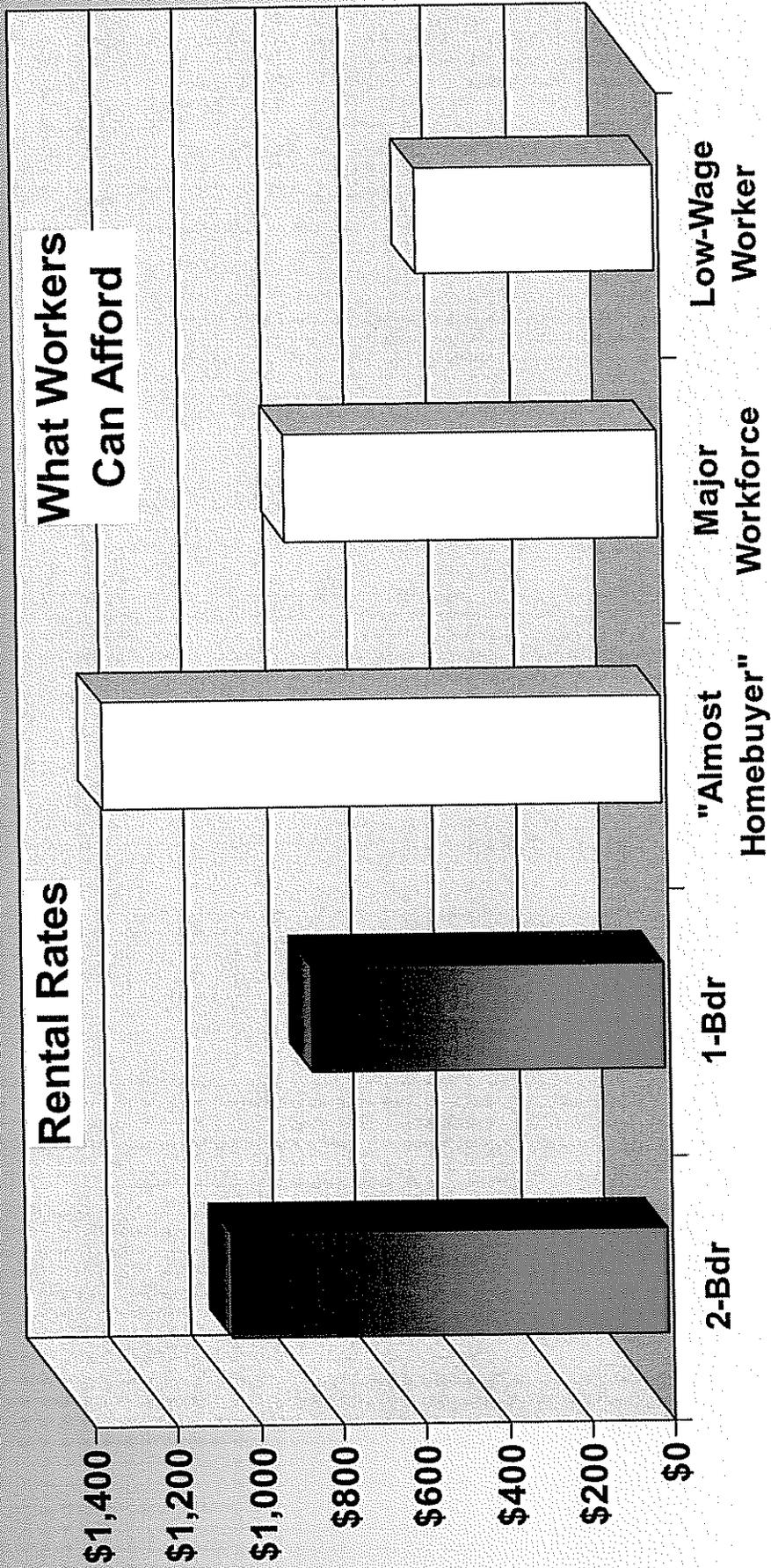
- **Almost Homebuyers**
 - Elementary teachers, police and sheriff patrols, office managers, computer specialists, LPNs
- **Workforce Majority**
 - Retail workers, secretaries, appliance repairers, construction laborers, auto mechanics, truck drivers
- **Minimum wage**
 - Food service, hotel/motel clerks, personal care, groundskeepers, part-time employees

Homeownership Affordability



What Workers Can Afford
 What Housing Costs

Rental Affordability

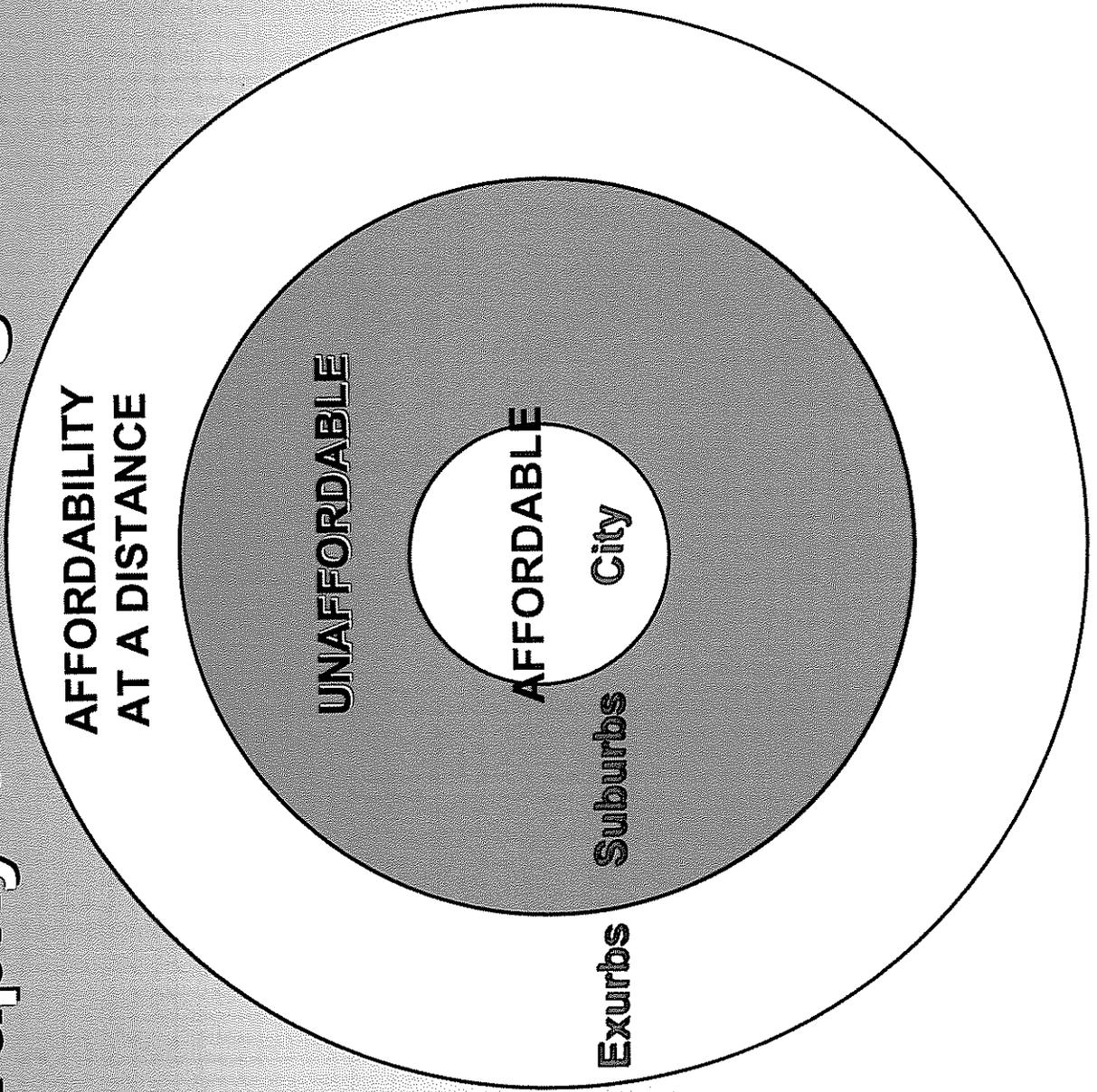


■ Rental Rates □ What Workers Can Afford

Impacts

- Housing-Induced Poverty
 - Can't Pay for Food, Clothing, Medical Treatment, Schooling
- Overcrowding
- Long Commutes
 - Move to More Affordable Areas, “Commuting Wage”
- Worst Case: Homelessness
 - Effect of High Cost and Low Supply

Geography of Housing Affordability



“What Is To Be Done?” Strategies for Affordable Housing

Strategies for Affordable Housing

Increasing Supply

- **Private Initiatives**
 - Employer-Assisted Housing
 - Meeting the Market with Different Housing Types
- **Planning Tools**
 - Adequate Land Supply
 - The Blueprint – Housing near Jobs and Transit
 - Infill Strategies
- **Development-Based Ordinances**
 - Mixed-Income Housing
 - Housing Trust Fund
 - Density Bonus

Strategies for Affordable Housing

Preserving Existing Housing

- **Rehabilitating Housing in Existing Neighborhoods**
- **Extending Affordable Housing Covenants**
- **The Challenge:**
 - Stimulate Diversity in Income and Housing Type without Losing Affordability

Strategies for Affordable Housing

Income-Boosting Strategies

- **Providing Individual Assistance for “Almost Homebuyers”**
 - Downpayment Assistance, Second Loans
 - Savings Plans While Renting
 - Decreases Vulnerability to Market Swings
- **Providing Individual Assistance to Renters**
 - 30,000 Persons Housed with Vouchers
- **Preventing Loss of Housing**
 - Supportive Services, Case Management, Emergency Help

Community Investments

- **Financing Considerations**

- ✓ Priorities
- ✓ Financing Sources
- ✓ Depth of Subsidies
- ✓ Homebuyers and Renters
- ✓ Different Housing Types
- ✓ Smart Growth and Infill

Attachment 5

City of Sacramento 2004 Annual Progress Report on Implementation of the Housing Element

Executive Summary

Upon adoption of its Housing Element, the City is required to submit annual reports to the State on our progress in achieving our housing goals and implementing our housing programs. The report covers three main topics:

1. Progress in meeting the Regional Housing Need
2. The effectiveness of the Housing Element in attainment of the City's housing goals and objectives
3. Progress toward mitigating governmental constraints identified in the Housing Element

Foremost among the City's Housing goals is our commitment to our share of the regional housing needs allocation or RHNA as well as our housing programs. The RHNA is an allocation from SACOG that establishes the number of new units needed, by income category, to accommodate expected population growth over the planning period of the Housing Element. Table A summarizes our progress in meeting our RHNA targets by income level.

**Summary Table A
Regional Housing Needs Allocation
City Accomplishments as of 12/2004**

Income Level (% of AMI) ¹	2000 – 2007 RHNA Targets	Remaining Need (as of 12/2004) ²	Percent Completed
Very Low (0-50%)	772 units	0	100%
Low (51-80%)	2,791 units	1,736	37%
Moderate (81-120%)	4,714 units	0	100%
Above Moderate (120%+)	11,036 units	0	100%
Total	19,313 units	1,736	88%

Notes: 1) AMI = Area Median Income. In 2005, the AMI for a family of four in Sacramento County was \$64,100; 2) RHNA targets met through the construction of or substantial rehabilitation of housing units. Based on building permit data from Development Services Department and SHRA for the period from 2000 – 2004.

As shown in Table A, the City has already made substantial progress in meeting its share of the regional housing need. Based on City staff analysis, the City has already achieved its share of the regional allocation for very low-, moderate-, and above moderate or upper-income households. The one area where the City still faces challenges meeting its share of the RHNA was in the category of housing for low-income households or those earning between 51 and 80 percent of the area median income (AMI).

The City has also taken significant steps forward in the implementation of its Housing Element programs. The full report identifies the progress the City has made for each program identified in the Housing Element. Finally, the 2004 Housing Element Annual Report provides an overall program assessment and a review of the steps that the City has taken to remove constraints to housing production such as reducing review and processing times.

City of Sacramento Annual Progress Report On Implementation of the Housing Element

Jurisdiction: City of Sacramento
Address: 915 I Street, New City Hall, Sacramento, CA 95814
Contact: Steve Peterson **Title:** Principal Planner
Phone: (916) 808-5981

Report Period: January 1, 2004 **To:** December 31, 2004

A. Progress in meeting Regional Housing Need

The following discussion provides the total number of building permits issued during calendar year 2004, the affordability of those units, and a comparison of the City's regional housing needs allocation (RHNA) to the housing units developed in 2004.

1. Total Number of Housing Permits Issued

For the 2000-2007 Housing Element cycle, the City of Sacramento was assigned by SACOG its share of the regional housing needs allocation or RHNA. Under the Housing Element requirements, the City needs to identify sufficient sites for, and encourage the production of, 19,313 housing units by 2007 as shown in Table 1. Between 2000 and 2001, the City issued building permits for the development of 4,612 housing units, which were subtracted from the City's overall RHNA. As a result, the remaining RHNA during the preparation and adoption of the City's Housing Element was 14,701 units.

**TABLE 1
2000-2007 REGIONAL HOUSING NEED**

Income Level	2007 Need	2000-2001 Units Produced ¹	Remaining Units Needed (2002-2007)
Very Low	772 units	194 units	578 units
Low	2,791 units	55 units	2,736 units
Moderate	4,714 units	1,789 units	2,925 units
Above Moderate	11,036 units	2,574 units	8,462 units
TOTAL	19,313 units	4,612 units	14,701 units

Note: 1. While the RHNA covers the period from June 2000 to 2007, the 2002-2007 Housing Element was due to the state Housing and Community Development Department (HCD) in 2002. Thus, housing units produced from June 1, 2000 until December 31, 2001 were subtracted from the City's 2000-2007 RHNA.

Between January 1, 2004 and December 31, 2004, the City of Sacramento issued building permits for 4,915 housing units (refer to Table 2). This represents approximately 69 percent of the City's remaining need (i.e., the regional housing needs allocation less the units constructed in 2000 and 2001).

Of those 4,915 permits, 3,137 were for single-family homes, while 1,774 were for multi-family units (refer to Table 2). Four (4) permits were issued for new mobile homes during this same period. Of the multi-family units, 97 percent of the permits issued were for units in projects with five or more units. During the same 12-month period, 46 single-family homes and 58 apartment units were demolished. Based on the location of 22 of the single-family units that were demolished, these were likely affordable to above moderate residents. The remaining single-family units were primarily located in North Sacramento, with given housing prices in 2004 were likely affordable to moderate-income households (based on a Sacramento County median income level of \$64,100 for a family of four in 2004). None of the units were income-restricted. The majority of the 58 demolished apartment units were located in North Sacramento, indicating these apartments were likely affordable to moderate-income households, none of these apartment units were income-restricted.

**TABLE 2
BUILDING PERMITS ISSUED BY HOUSING TYPE -
2004**

Housing Type	Permits Issued	Demolitions
Single-Family	3,137	46
Multi-Family 2-4 units	61	58
Multi-Family 5+ units	1713	0
Mobile Home	4	0
TOTAL	4,915	104

Source: City of Sacramento, Permits Plus, September 2005

2. *Affordability of Housing Units*

The following table shows the total number of housing units by income level that received some type of public assistance from the City of Sacramento and the Sacramento Housing and Redevelopment Agency (SHRA) in 2004. The type of public assistance provided may have included Community Development Block Grant (CDBG) funds, HOME funds, housing trust fund monies, redevelopment set-aside funds, tax credit allocations, mortgage revenue bonds, fee waivers, or other types of assistance. A substantial portion of the assistance went to support new construction or substantial rehabilitation. All of the very low, low, and moderate-income units were deed-restricted. Only those identified in the row labeled "Other Non-Restricted Units" did not have some type of deed or income restriction.

**TABLE 3
SUMMARY OF PUBLICLY ASSISTED HOUSING UNITS - 2004**

Income Category	Total	New Construction	Substantial Rehabilitation	Owner Assistance
Very Low-income Units	287	153	18	116
Low-income Units	278	102	64	112
Moderate-income	50	2	4	44
Other Non-Restricted Units	335	333	2	0
TOTAL	950	590	88	272

Note 1: Owner assistance refers to down payment assistance and minor rehabilitation aid.
Source: Sacramento Housing and Redevelopment Agency (SHRA), September 2005.

3. Comparison with Regional Housing Needs Allocation

In terms of meeting the City's share of its remaining regional housing needs allocation for the 2002-2007 period, Table 4 identifies the City's allocation, the number of units built, rehabilitated and demolished in 2002, 2003, and 2004. The income category assigned to each unit was based on whether the unit had a deed restriction or not. If it did not then the building permit valuation and location information was used to determine its affordability. For rental units, rental rate information for 2004 was derived from several sources including the Sacramento Bee classifieds, Rentclicks, and ForRent.com. Demolished units are added back to the City's regional housing needs allocation. The income category of the demolished unit was determined by building valuation and location.

The "Remaining RHNA" is the remaining units that need to be built in order to meet the City's share of its regional housing need. The "percent completed" column show the percent of the regional housing needs allocation (RHNA) that the City achieved in 2002, 2003, and 2004.

TABLE 4
COMPARISON WITH REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

Income Category	2002-2007 RHNA ²	Units Built			Substantial Rehab ³			Demos			Remaining RHNA ⁴	Percent Completed
		2002	2003	2004	2002	2003	2004	2002	2003	2004		
Very Low (0-50% AMI)	578	260	263	153	398	17	18	0	0	0	0	100%+
Low (51-80% AMI)	2,736	196	106	102	2	36	64	59	5	3	1,736	37%
Moderate (81-120% AMI)	2,925	1,423	1,707	950	6	5	4	17	16	79	0	100%+
Above Moderate (120%+ AMI)	8,462	1,409	2,856	3,953	5	4	2	8	6	22	0	100%
Total	14,701	3,288	4,932	5,158	411	89	88	84	27	104	1,736	88%

Note: 1) AMI = Area Median Income. 2) Reflects 2000-2007 allocation, minus units constructed in 2000 and 2001. Refer to Table 4-10 in the 2002-2007 Housing Element. 3) These units qualify under AB 438 and may be subtracted from the RHNA. 4) Remaining Regional Housing Needs subtracting units built and rehab, and adding in housing unit demolitions (demos). 5) There were 531 units affordable to very-low income households that are in excess of the City's RHNA target. Since these are also affordable to low-income households, they have been credited to the City's low-income portion of the RHNA and were subtracted from the 2,736 allocation. Similarly, the excess of moderate-income units has been credited toward the City's above-moderate allocation since these units are affordable to that income group.

Source: City of Sacramento, 2005 and SHRA, 2005.



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During 2004, the City made significant progress in meeting the needs of very low-, moderate-, and above moderate or upper-income households, as shown in Table 4. Based on City staff analysis, the City has already achieved its share of the regional allocation for very low-, moderate-, and above moderate or upper-income households. The one area where the City still faces challenges meeting its share of the regional housing need was in the category of housing for low-income households or those earning between 51 and 80 percent of the area median income (AMI). Similar to 2003, the majority of the apartment complexes built in Sacramento in 2004 were built in North Natomas. While many of the units were built at the target densities established for the area, most of the units had rents in excess of \$1,000. With the exception of those units created for low-income households through the City's Mixed Income Ordinance, most of these units were not affordable to low-income households. Based on conversations with SHRA and City Development Services staff several other projects are in the pipeline that will provide several hundred additional affordable housing units in the City's new growth areas. While the North Natomas area is coming close to achieving more of a balance between single family and multi-family residential uses, as in 2003, affordability remains a challenge both in that area and throughout the city.

B. The effectiveness of the housing element in attainment of the community's housing goals and objectives

The City has continued to make progress in attaining the goals and objectives set forth in its 2002-2007 Housing Element. The following provides a program-by-program report on the status of the City's efforts as well as an overall assessment of those efforts. In addition, this section contains an evaluation of the City's progress in meeting its quantified objectives.

1. Housing Program Status Report

The following is a program-by-program review of the status of housing programs identified in the City's 2002-2007 Housing Element. These programs are organized by related housing goal. The status of each program is identified in **bold** text.

Housing Supply

- 1.1 Maintain and expand the amount of residentially designated and zoned lands within the City with particular attention to expanding the range and mix of housing sites in new growth areas, areas of opportunity for development or reuse, and existing or potential improvement program areas, as designated in the General Plan. Designate sites through the General Plan, Community and Specific Plan amendment process, rezoning process, redevelopment plan amendment process, and the annexation pre-zoning process. New Growth Areas include North Natomas, Airport Meadowview and South Sacramento; Existing and Potential Improvement Areas include older commercial corridors in North Sacramento, South Natomas and South Sacramento; Areas of Opportunity for Development or Reuse include the Railyards/Richards area, Curtis Park Railyards, and R Street Corridor.

<u>Responsible Entity:</u>	City Planning/City Council/ Downtown Department/SHRA
<u>Time frame:</u>	On-going. Jacinto Creek, Railyards/Richards Boulevard Area, North Natomas and R Street Corridor plans adopted.
<u>Desired Result:</u>	Create planned opportunities for an additional 10,000 new housing units.

Status:

Currently, the City is comprehensively updating its General Plan as well as the South Area Community Plan. (The new South Area Community Plan combines the Airport-Meadowview area with the western portion of the South Sacramento area.) In both these plans, the City is looking at expanding and enhancing opportunities for residential development, including affordable housing opportunities. Many of the new land use designations that the City is considering for the new General Plan and South Area Plan are mixed-use designations which will allow housing with other uses in many more areas of Sacramento. Furthermore, the City is looking closely at residential opportunities in the Railyards area and other redevelopment areas as well as the City's commercial corridors. For example, on November 4, 2003, Council adopted the Commercial Corridor Revitalization Strategy, which included zoning code amendments to encourage housing on commercially zoned properties. City staff is currently working with landowners to rezone properties in the Northgate Commercial Corridor to Residential Mixed-Use (RMX) to encourage housing close to services.

- 1.2 Apply location, site, and design criteria for the evaluation of suitable sites for medium to high-density residential development. The City should seek to optimize multi family opportunities on sites meeting the following criteria: (a) proximity to public transit or bus service (b) proximity to commercial and social services (c) parcel size and configuration which enhances the feasibility of development (d) lack of physical constraints (noise, wetlands) (e) provision for a variety of housing types and affordable housing opportunities and (f) other criteria deemed appropriate including integration of multi family units within the larger adjacent neighborhood. Apply the criteria to evaluate rezoning proposals involving multi-family development.

Responsible Entity: City Planning/City Council

Time frame: On-going

Desired Result: Continue to review multi-family site criteria to evaluate suitability for higher density land uses

Status: The City continues to review multi-family site criteria when identifying suitable sites for higher density development. The City has done this as part of its planning efforts at light rail stations and is using such criteria as part of the development of the General Plan land use diagram. For example, the City created a Transit Overlay Zone to encourage higher-density housing and other appropriate uses within ¼ mile of transit stations in Sacramento. The City also adopted a Light Rail Station Ordinance, which encourages transit-supportive uses, including high-density housing and residential mixed-use, while restricting non-transit supportive uses. The Ordinance made

housing easier near light rail stations including allowing housing in light industrial zones.

- 1.3 Initiate sphere of influence revision studies and annexation proposals. Continue Comprehensive Annexation Program for land within existing Sphere of Influence. Apply Mixed Income Housing Ordinance to newly annexed areas.

Responsible Entity: City Planning/City Council and LAFCo
Time frame: Spring 2004
Desired Result: Addition of 2,550 potential housing units within annexation area.
Status: **The City attempted to annex the Freeport area in 2005, but the voters in that area rejected this. The Panhandle annexation in the north will likely be completed in 2006/2007. All of these sites are expected to provide substantial opportunities for additional housing development. The City is currently involved in the annexation of the Greenbriar area, which is immediately adjacent to the North Natomas Community Plan area. When developed, this area will likely include 3,500 residential units at densities ranging from 7 du/ac to 29 du/ac. The average density for the project is over 14 du/ac. This will help facilitate the construction of a range of housing types in these areas, including affordable housing since all these areas are subject to the City's Mixed Income Ordinance.**

- 1.4 Develop and maintain a system for inventorying all available surplus land and evaluate their suitability for affordable housing production.

Responsible Entity: Public Works Department and City Planning
Time Frame: Spring 2004
Desired Result: Complete inventory of city surplus lands suitable for affordable housing production
Status: **The Planning Division regularly tracks vacant and surplus land as part of its Housing and Population Report. This analysis is done using GIS. The report tracks vacant land and surplus land as well as near-term development (i.e., applications in the pipeline). The Planning Division provides a semi-annual report on land and development. In addition, the City completed an assessment of available of surplus land for residential use in 2005 as part of the preparation of the Land Use Element for the General Plan update.**

- 1.5 Update financing and phasing plans, as appropriate, to assure the timely provision of infrastructure to new growth and redevelopment project areas, including but not limited to the North Natomas and the Railyards /Richards Boulevard area. Consider housing affordability in addition to other criteria in the imposition and spreading of infrastructure costs and the structuring of the payment of such costs.

Responsible Entity: City Finance/Pubic Works/ City Planning/ City Council
Time frame: Ongoing
Desired Result: Amend financing plan for North Natomas and Railyards.
Status: **On August 2, 2005, the City updated and amended the financing plan for North Natomas to ensure that infrastructure is in place to facilitate development. Changes to the financing plan for the Railyards are not expected to be made until a couple of years from now. In addition, as part of the General Plan update, the City is preparing an infrastructure and financing plan that will evaluate ways to provide financing to provide and improve infrastructure citywide. This plan is expected to be completed in 2007. The City is also working on a focused Capital Improvement Plan (CIP) to better coordinate and focus funding in key infill areas.**

- 1.6 Develop standard noise attenuation measures and standards to meet noise standards for residential infill sites.

Responsible Entity: City Planning, Environmental Division
Time frame: Ongoing
Desired Result: Implement standard noise mitigation measures to streamline environmental review process.
Status: **The noise mitigation measures have been implemented and are used by the City's environmental services section to streamline environmental review during the development application process.**

- 1.7 Amend the Artist's Live/Work Space Ordinance permitting live/work and residential loft use in all residential and nonresidential zones subject to compliance with development standards

Responsible Entity: City Planning/City Council
Time frame: Fall 2002
Desired Result: Amend zoning code to allow more flexibility in the type of Live/Work housing.
Status: **Due to current staff workload, these amendments are not expected to be completed until 2006. However, changes were made in 2005 to the City's zoning code to encourage the development of second units and setbacks were reduced to encourage residential infill development. Review in PUD districts was streamlined to promote development in these areas. Finally, home occupation permits are now issues concurrently with business licenses to facilitate live/work uses.**

- 1.8 Implement the Transit For Livable Communities (TLC) Recommendations for the South Line, Folsom Line, and the Northeast Line Light Rail Station areas to promote residential mixed-use development.

Responsible Entity: City Planning/City Council
Time frame: Fall 2002 – Fall 2005
Desired Result: Plan amendments and rezoning to increase residential holding capacity by approximately 14,500-22,000 new units.

Status: **The City has developed a work plan for all its light rail stations. This plan addresses land use, infrastructure, and urban design among others. The City is now in the process of implementing the TLC Recommendations at several light rail stations, including the 65th Street Station area and at the Swanston Station. In addition, all four of the stations on the South Line are being analyzed as part of the South Area Community Plan update. Through the Community Plan update, the City will be evaluating land use, infrastructure, and urban design at these stations and will be developing policies to promote residential mixed-use development at these four South Line stations as well as at other stations in the City. Land use changes and rezonings are expected to be complete by 2007. The City also recently received grant funding from Caltrans to develop urban design plans for light rail station areas on the northeast line, which should facilitate the development of housing near light rail stations.**

1.9 Implement and rezone appropriate sites to Employment Center (EC) zone, that allows residential in a business park setting (with a maximum 25% of acreage towards residential use). This would apply the EC zone developed in the North Natomas Community Plan Area or a citywide basis.

Responsible Entity: City Planning /City Council
Time frame: Contingent upon rezoning requests or in conjunction with community plan/general plan amendments
Desired Result: Applications of EC land use in appropriate locations near future transit stations and transportation corridors to integrate residential projects with large employment uses.

Status: **As part of the General Plan update, the City is looking at extending the EC designation or a similar mixed-use designation that includes residential in combination with office uses throughout the City. This land use designation and zone will be extended as part of the Land Use Element and subsequent zoning code update. These will likely be extended Citywide in 2007.**

1.10 Continue to administer the Mobile Home Park regulations, regarding development of mobile home parks.

Responsible Entity: City Planning Department
Time frame: On-going

Desired Result: Administration of mobile home park regulations.
Status: **The City has continued to administer its mobile home regulations. However, the City is reviewing its mobile home park regulations including conversion issues and will be presenting this issue along with others in an affordable housing workshop with City Council in 2006.**

- 1.11 Provide programs to preserve or offer replacement housing to mobile home park tenants.

Responsible Entity: City Planning and SHRA
Time frame: As needed.
Desired Result: Coordinated replacement-housing requirements for displaced mobile home tenants.
Status: **The City continues to coordinate with SHRA on a regular basis regarding housing, mobile home parks, and replacement requirements. As noted above, the City is reviewing the need for a Mobile Home Park Conversion Ordinance.**

- 1.12 Consider modifications to the Condominium Conversion Ordinance that regulates the conversion of rental housing to condominiums and new condominium construction.

Responsible Entity: City Planning
Time frame: On-going existing program.
Desired Result: Allow some conversion of apartments in the Central City Community Plan Area and update vacancy rates. Maintain a reasonable balance of rental vs. ownership housing opportunities in multi-family housing.
Status: **Beginning in 2005, City staff began a series of workshops on the Condominium Conversion Ordinance and how it works. Based on feedback from Development Oversight Commission, Planning Commission and Council, staff may begin revisions to the ordinance to improve the process, but also to ensure that the City maintains a balance of rental and ownership opportunities. Furthermore, the City has completed vacancy rate reports for 2004 and 2005, which are a requirement of the Condominium Conversion Ordinance.**

- 1.13 Review and update the City's Emergency Shelter Site inventory to determine if the sites are adequate and developable.

Responsible Entity: City Planning
Time frame: Summer 2004.
Desired Result: Ensure the Emergency Shelter Site Inventory contains sites that are developable.
Status: **As part of the General Plan update, particularly in our Land Use and Housing Element updates, the City will**

assess the adequacy of our emergency shelter site inventory.

Housing Affordability

- 2.1 Participate in the Sacramento County Regional Sanitation Board's fee waiver and deferral program to reduce impact fees for very low and low-income housing developments and request waiver of fees for 200 very low-income units per fiscal year in the City and County of Sacramento or 5% of the residential building permits issued in the unincorporated County in the prior fiscal year, which ever is greater, and an extension from June 1, 2000 thru June 2002. There is no cap on deferrals.

Responsible Entity: SHRA/City Council
Time frame: MOU approved in 1998; Extension Fall 2002
Desired Result: Fee reductions for the development up to 200 qualified affordable housing units per year in the City and County.
Status: **Through the Regional Sanitation Board's fee waiver and deferral program, SHRA provided fee waivers and deferrals to 200 affordable units in 2004. Typically, every year SHRA uses all fee waivers allocated to it by the Regional Sanitation Board.**

- 2.2 To the extent feasible, continue to fund and administer the Affordable Housing Fee Reduction Program (or other financing mechanisms) and work with affordable housing developers other agencies and districts to review and reduce applicable processing and development impact fees for very low and low-income housing units.

Responsible Entity: Budget/City Planning/City Council
Time Frame: On-going
Desired Result: Fee reductions for up to 200 affordable housing units per year.
Status: **The City budgets \$500,000 annually for the Affordable Housing Fee Reduction Program. This program is used in conjunction with the City's Mixed Income Ordinance. The accomplishments of the Mixed Income are described later in this report.**

- 2.3 Adopt and implement a new fee reduction program for single-family infill neighborhoods

Responsible Entity: City Planning
Time frame: Adopted Jan. 2003, Implementation On-going
Desired Result: Reduce development costs for up to 30 single-family infill housing units per year in target infill areas.
Status: **The City adopted the Infill Fee Reduction program that provides fee reductions and other incentives for infill development. Developments can receive up to a maximum of \$5,000 in reduced fees. As a result of the prevailing wage laws (SB 975 of 2001 and Senate Concurrent Resolution No. 49 of 2003), concern has been raised that the fee reduction may trigger prevailing wages for infill projects that might not**

normally be required to provide prevailing wages. As a result, there has been little interest by developers for such fee reductions from the City.

- 2.4 Implement the City's Economic Development Bank to reduce sewer fees for infill housing.

Responsible Entity: City Planning/City Council/Regional Sanitation District
Time frame: On-going
Desired Result: Reduce fees for up to 1200 Infill Housing Units
Status: **The City is currently providing sewer credits through this program. In 2004, the City provided sewer credits to assist the development of approximately 435 units.**

- 2.5 Continue to utilize and implement Water Development Fee Waiver Program adopted in 1987.

Responsible Entity: City Planning/Utilities
Time frame: Ongoing
Desired Result: Distribute fee waivers for 50-100 Units annually.
Status: **The City provided water development fee waivers to approximately 256 infill housing units in 2004.**

- 2.6 Continue to provide housing information and referral services on affordable housing opportunities.

Responsible Entity: SHRA and Community Services Planning Council
Time frame: On-going existing program known as the Community Information Center (CIC)
Desired Result: Consolidated "one stop" information center for housing information regarding housing availability, programs and services.
Status: **SHRA has developed the multi-family rental resource on the web that provides people who are looking for affordable rental housing with a one-stop center for housing information (Go to: <http://www.shra.org/Content/Housing/AffordableHousingSite/AffHousingTOC.htm>). Similarly, the Community Services Planning Council has operated Infoline, a phone referral system for many years and has recently initiated Beehive, an online information and referral service for social services and housing. (Go to: <http://www.thebeehive.org/Templates/Housing/Level3NoRight.aspx?Pageld=1.886&LC=40&LG=1>). Sacramento Self Help Housing provides another valuable housing referral resource online with emphasis on housing resources for very low-income persons. (Go to: <http://www.sacselfhelp.org/>).**

- 2.7 Implement the Supportive Housing Loan Program in collaboration with the County Department of Human Assistance, Health and Human Services, and Mercy Housing.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: SHRA will continue to participate in the financing of housing for emancipated foster youth, AIDS/HIV, & other persons with special needs.
Status: **SHRA provides Community Development Block Grant funds to Mercy Housing who provides technical assistance to social service providers that wish to develop supportive housing for special needs groups such as emancipated youths, persons with HIV/AIDS, etc. This has proven to be effective in enhancing the capacity of service providers to own, manage and develop permanent supportive housing.**

- 2.8 Aggressively pursue financing and ownership alternatives to protect the quality of public housing, its services to residents, and its affordability to very low-income people.

Responsible Entity: SHRA
Time frame: Ongoing
Desired Result: Innovative approaches will be pursued to protect the financial viability and management of public housing, including modernization and substantial rehabilitation of 120 units and the sale of 60 single-family properties to existing tenants and work incentive programs.
Status: **In the City, SHRA performed several major rehabs on housing authority units in 2004. In addition, there were a number of other minor rehabs. SHRA also sold several housing authority units to existing tenants in 2004.**

- 2.9 Review and revise the program of operating assistance or pre-development grants for specific projects being carried out by qualified nonprofit housing corporations to create housing for special needs populations including the disabled. Funding is usually provided through CDBG or HOME.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: Authorize 1-2 awards per year to corporations to support vital projects particularly for housing for persons with special needs.
Status: **SHRA provided assistance and pre-development grants for four housing projects for special need persons; however, all of these were in the County of Sacramento. These projects were: McClellan Cottages with 83 affordable units, Saybrook with 61 units, Mather Community Campus with 45 to 60 additional units, and Bell Street Apartments with beds for 18 residents. Through Mercy Housing's technical assistance grant, assistance was provided to the multiple providers with potential developments throughout the City and County, including AIDS**

Housing Alliance, Transitional Living and Community Support, Cottages, Volunteers of America and numerous faith based organizations.

- 2.10 Involve the community at-large in participating in the annual update and five year Consolidated Plan for the expenditure of federal funds.

Responsible Entity: SHRA
Time frame: Annual
Desired Result: New community needs assessment to guide program funding.
Status: SHRA worked extensively with the community during the update of its 2003-2007 Consolidated Plan and One-Year Action Plan. This update included a new community needs assessment as well as a strategic plan which will guide the expenditure of CDBG, HOME, Emergency Shelter Grant (ESG) funds, and other funds during the 2003-2007 time frame. In addition, City staff expects to hold a workshop on key policy issues associated with affordable housing in the City in 2006. This workshop will include public involvement and outreach in preparation for the Housing Element update.

- 2.11 Maintain and enforce the City Preservation Ordinance as well as maintain financing opportunities for potential purchasers to preserve federally assisted housing with ~~HUD~~ HUD expiring Sec. 8 subsidies.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: Preserve affordability and rehabilitate 100 units per year in HUD expiring use projects.
Status: In 2004 the City Council approved a Housing Preservation Ordinance aimed at preserving federally subsidized affordable units. SHRA has been the lead agency responsible for ordinance implementation. Although six projects in the City were at risk of converting to market rate in 2004, no project did convert. Three at-risk projects in the county were preserved in 2004. All three projects preserved in the County received financial assistance from SHRA.

- 2.12 Promote partnerships between lending institutions, equity investors, developers, housing interest groups and the community to encourage sufficient availability of financing for affordable rental and ownership housing projects.

Responsible Entities: SHRA and local lenders
Time frame: On-going
Desired Result: Increase affordable housing lending through marketing efforts with regulated financial institutions and equity investors.

Status: SHRA has continued to work to promote partnerships among investors and developers to facilitate the development of affordable housing. SHRA markets and offers a number of assistance programs for developers of affordable housing. These include: Multi-Family Mortgage Revenue Bond (MRB) Program, Multi-Family Housing Lending Program Direct Loan Program, Investment Property Program, and the Vacant Lot Development Program, among others. SHRA also provides guides to developers on existing City and SHRA programs to help them with affordable development. In addition to printed materials, this information is made available on SHRA's website (www.shra.org).

- 2.13 Maintain flexibility in the use of housing set aside funds for very low, low, and moderate-income households in mixed income revitalization projects in existing and future redevelopment target areas through the Implementation Plans prepared pursuant to Article 16.5 of the Community Redevelopment Law.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: Production of 500 new and substantially rehabilitated affordable units by the year 2007 through Redevelopment Implementation Plans.
Status: As shown in the Tables earlier in this document, SHRA has used redevelopment set-aside funds in combination with other funding sources to assist in the construction or substantial rehabilitation of 337 low and very low-income units.

- 2.14 Apply to HELP, a new partnership program of the California Housing Finance Agency to acquire and rehabilitate seriously deteriorated problem properties.

Responsible Entity: SHRA
Time Frame: Received three HELP awards, Implementation 2003-2004.
Desired Result: Successfully apply for funds to acquire and rehabilitate problem properties under CHFA's HELP program; accomplish two projects during this time period.
Status: SHRA received three HELP grants from CHFA. One was for \$2 million and was to be used to address code violations and other nuisances at problem properties in the County. The other two grants were for \$1.5 million and \$1 million respectively. All of the grant funds for the City have been used for Phoenix Park. Phase 1 of the project is occupied and scheduled for completion in November of 2005. Phase 2 of the project is partially complete. Phase 2 is expected to be completed in February 2006. When complete, the project will include 360 affordable units.

- 2.15 Implement by ordinance a program to require a mix of housing by income levels in all new growth areas (Map 10-1), the Downtown and Curtis Park Railyards sites and annexation areas of the City. In all new development, 10% of all new housing shall be affordable to very low-income households and 5% affordable to low-income households. Affordability shall be assured for the longest feasible time, but not be less than 30 years.

The City shall adopt a program of regulatory and financial incentives. This program may include one or more of the following: public subsidies, density bonuses, expedited or preferential permit processing, interior finishes reductions, fee waivers or deferrals and public works modifications to allow cost savings to developers to meet the mixed income target. SHRA shall assist developers in applying for available financing and the City shall give these affordable units a priority for fee waivers and other incentives.

To the extent feasible, the mixed income program shall limit the total number of affordable units within any one project and encourage scattered site dispersal of smaller scale affordable housing.

To the extent that an applicable Community Plan establishes target average density and/or multiple housing type policies, projects shall generally be required to comply with the applicable target average density and/or multiple housing type requirements at the subdivision level to assure a variety of housing opportunities within each subdivision.

To incorporate affordable housing opportunities throughout the community, the City shall give preference to the following housing types: residential over retail uses, live-work units, granny flats and second units, a mix of duplexes and four-plexes, single-family zero lot line, z shaped lots and single-family patio homes.

<u>Responsible Entity:</u>	SHRA, City Planning, and City Council
<u>Time Frame:</u>	Adopted Oct. 2001 (Amendments in Summer 2003), Implementation
<u>Desired Result:</u>	900 very low and low-income units by 2007
<u>Status:</u>	Since January 2004, 440 new very low-income units and 238 new low-income units have been approved or are under construction as a result of the Mixed Income Ordinance. Over 1,000 additional units under the Ordinance are anticipated to be approved in the next two years. In November 2004 and again in January 2005, the City Council approved amendments to the Mixed Income Ordinance to encourage a variety of housing types within new growth residential projects. These changes included an alternative for "small" single family developments under five gross acres, an alternative for condominium developments of 200 units or less and provisions to encourage alternate housing types by allowing inclusionary units to be built to R1-A standards in the R-1 zone without a rezone. The City has also developed several fee waiver and infill incentive programs designed to assist infill and affordable development in the City. These are also described in this report.

- 2.16 SHRA will work with the Sacramento Valley Rental Housing Association (SVRHA) to educate and more effectively market the Section 8 voucher program so that affordable housing opportunities are made available throughout the City of Sacramento.

Responsible Entity: SHRA and SVRHA,
Time Frame: On-going
Desired Result: Effective marketing of Section 8 program with landlords
Status: **Due to significant federal funding reductions for the Section 8 program, SHRA has discontinued marketing the Section 8 program. Its current focus is trying to maintain the voucher allocation that it has.**

- 2.17 Annually update the fee schedule for the Housing Trust Ordinance to reflect the current costs of housing construction.

Responsible Entity: SHRA, City Planning
Time Frame: Summer/Fall 2003
Desired Result: Maintain the effectiveness of the Housing Trust Ordinance to develop housing for lower income workers employed in new nonresidential development projects.
Status: **In October 2004, City Council approved an increase in the Housing Trust Fund fee, which resulted in a significant addition of funding available for affordable workforce housing. Furthermore, the fee is now updated annually based on the San Francisco Construction Cost Index (the standard construction index used for City development fees). As of November 2005, City staff is nearing completion of a new nexus study for the Housing Trust Fund and will present its findings to Council in early 2006.**

- 2.18 Develop additional options on how to address the needs of extremely low-income households for affordable housing, including using the Mixed Income Housing Ordinance, and bring these options to the City Council for its consideration.

Responsible Entity: City Planning, SHRA
Time frame: Summer 2004.
Desired Result: Develop polices and programs that address the needs of extremely low-income households.
Status: **The City is currently reviewing options to address the housing needs of extremely low-income households. This issue may be part of the affordable housing policy workshop which staff will hold with Council and the public in early 2006 in preparation for the Housing Element update.**

Housing Mix, Balance, and Neighborhood Compatibility

- 3.1 Include mixed income housing developments in new growth areas and utilize infill incentives to encourage step-up housing in existing areas, which have predominantly low-income housing. This can be accomplished by planning public amenities (siting parks, golf courses and other facilities to create new market conditions) to support middle and upper end housing in weaker market areas, and by conscientiously working with lenders and developers to invest in the diversification of areas.

Responsible Entity: City Planning (lead) with assistance, SHRA and City Utilities

Time frame: Ordinance adopted Oct. 2001, Ongoing through inclusionary housing plans.

Desired Result: Many neighborhood areas of Sacramento are predominantly low-income. Equally important to the concept of fair share distribution of low-income housing is economic diversification and stabilization of low-income areas. Through actions of SHRA and the City in coordination with lenders and developers efforts should be made to provide opportunities for step-up housing when ever possible in low-income neighborhoods.

Status: **In November 2004 and January 2005, the City adopted three major changes to the Mixed Income Ordinance. Two of the three major changes promote homeownership opportunities for low- and very low-income households by allowing a different mix of inclusionary units for some smaller projects that provide their affordable units on-site and for-sale. The changes were approved because they encourage homeownership opportunities for lower-income households and also address the needs of smaller developers.**

The City's ordinance originally required 15% of a residential development in a new growth area must be affordable to very low- and low-income households. Ten percent (10%) had to be affordable to very low-income households, while five percent (5%) were for low-income households. For small projects, especially smaller condominium complexes, the 10% very low-income requirements created a significant challenge for these developers due to higher infill and condo construction costs. As a result, this requirement hampered the development of these types of projects and thus the development of the inclusionary (affordable) units.

To address this, the first change involved requiring 10% of the total units for low-income households and 5% for very low-income households in small condo projects. The second change allowed small single-

family developments of less than five acres to meet their 15% inclusionary requirement exclusively with low-income units. Again, this was done to encourage infill development given the higher costs associated with this type of development. The third change allowed developers in R-1 zones to build their inclusionary housing units to R-1A standards, which gives them greater flexibility in meeting development standards, while at the same time providing affordable units.

- 3.2 Enforce the requirements in the North Natomas Community Plan for multiple housing types and target density policies through educational workshops with builders and others as to the existence of these requirements for each development project.

Responsible Entity: City Planning/City Council
Time Frame: Conducted workshops in Fall 2002
Desired Result: Conduct workshops to identify incentives on promoting Medium Density multiple housing type Housing Developments in North Natomas Community Plan and other areas.

Status: **In 2003, the City hired Criterion, a consulting firm, to assist staff with an analysis of the effectiveness of the requirements in the North Natomas Community Plan. Using the Index modeling system, staff analyzed the balance of housing types and tenure as well as their proximity to transit, parks, and other amenities. As part of the General Plan update, staff is evaluating land uses including housing, employment and facility needs throughout the city including North Natomas. This land use analysis will build on the findings of the Criterion analysis and will look at addressing the findings through the new General Plan land use map and accompanying policies.**

- 3.3 Support home ownership among low and moderate-income households through the following SHRA programs or similar activities: down payment assistance loans, mortgage credit certificates, and partnership activities with the Sacramento Home Loan Counseling Center and Neighborhood Housing Service.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: Increase owner-occupancy for 2,400 qualified low and moderate-income households.

Status: **The City and SHRA have continued to support home ownership assistance programs. During 2004, SHRA provided first-time homebuyer assistance to 67 low-income households. Additional low and moderate-income households have been assisted through the 70**

Mortgage Credit Certificates (MCCs) that were issued in 2004 to households in the City.

Mitigate Governmental and Non-Governmental Constraints in the Development of Housing

- 4.1 Continue to implement the preliminary review process whereby City staff and neighborhood groups provide comments and advise the applicant of policy and technical areas that need to be addressed prior to the formal application review.

Responsible Entity: City Planning.
Time Frame: Workshop completed in fall of 2002
Desired Result: This is an existing program that helps to identify planning and community issues early in the process so that problems can be identified and addressed and processing time is shortened.

Status: **The City continues to use the preliminary review process. City staff will meet and advise applicants prior to application submittal in order to provide technical assistance and help ensure that the process is smooth and timely.**

The City has instituted a new pilot program called the MATRIX, which is designed to streamline the entire permitting process. The MATRIX is currently being used for the Central City/East Sacramento area, but will be expanded citywide in the near future. MATRIX brings together City staff from all disciplines to provide early feedback to the applicant and to ensure that issues are resolved in an expedient manner. The MATRIX also offers and encourages pre-application meetings with staff and the pilot program utilizes an early notification system to identify community issues early in the process.

- 4.2 Continue community outreach process for involving neighborhoods in land use decisions affecting their area including notification of planning entitlement applications. Provide forums to encourage and promote dialogue between the applicant/developer and the neighborhood.

Responsible Entity: Neighborhoods/ Planning Services
Time frame: On-going.
Desired Result: Early project notification to neighborhood and business groups and adjacent property owners

Status: **Through the work of planning staff, the community is regularly involved in land use decisions. Staff also notifies residents of planning entitlement applications. Staff consistently encourages communication between the developer and community residents regarding planned developments. The General Plan update effort also incorporates extensive community**

involvement in citywide land use decisions. In 2005, the City also instituted a new process called early notification, whereby the public is given advanced notice of projects and offered the opportunity to provide comments on these before regular hearings in order to avoid problems or concerns later in the process.

- 4.3 Conduct interdepartmental committee meetings to coordinate early review of development projects and address policy concerns. The committee consists of the Planning and building, Public Works, and other City departments involved with the building and planning process.

Responsible Entity: City Planning, Public Works and Utilities
Time frame: On-going.
Desired Result: The Interdepartmental Planning Policy Review Committee is in place to coordinate input on new projects. Additionally, the City has recently implemented and Automated Permit System (APS) to expedite development reviews among city departments.
Status: **City staff has continued to coordinate the early review of projects through the Technical Review Committee, which is held with key departments involved in the development application process. The Subdivision Review Committee serves a similar function for tentative maps for subdivisions. As noted earlier, the City has initiated the MATRIX program and handles coordinated review through the Matrix Review Committee (MRC). The City will also be implementing a new permit tracking system called Accela. This will replace APS and will be better integrated with other City programs. It should be better able to track projects through the process and have greater functionality than the current system.**

- 4.4 Work with SAFCA and other responsible agencies to resolve flood plain restrictions that affect major portions of the City. Actions include: 1) Complete the Sacramento River levee stabilization project. 2) Begin construction of needed improvements along the perimeter levee system protecting Natomas. 3) Implement permanent protection plan along the main stream of the American River as authorized by Congress and, 4) Modify operation of Folsom Dam and Reservoir to provide a minimum 100-year level of flood protection on an interim basis until such time as permanent protection is available.

Responsible Entity: City Manager's Office, Public Works Department, SAFCA and Army Corps of Engineers.
Time frame: On-going.
Desired Result: Sacramento levee improvements and Folsom Dam re-operation are now in place. Work continues on the modifications to Folsom Dam.
Status: **Substantial flood control improvement work has been accomplished on Sacramento River, American River**

and Morrison Creek / Beach Lake levees. The U.S. Army Corps of Engineers certified nearly all of the American River levees and Sacramento River levee from American River to the Pocket area as providing 100-year level of flood protection, and new flood insurance rate maps for large portions of Sacramento were issued in February 2005 thereby providing some flood insurance relief to those areas. Some portions of southern Sacramento remain in the 100-year flood plain until additional work is accomplished on the Sacramento River Pocket area levee and Morrison Creek, which is scheduled for 2006 subject to sufficient funding. The State of California and the Sacramento Area Flood Control Agency are pursuing adequate Federal funding for this work that will lead to flood insurance certification of those levees and allow for flood insurance remapping of large portions of southern Sacramento, thereby providing some flood insurance relief to those areas as well.

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Congress and the State of California have authorized improvements to Folsom Dam to further increase the level of flood protection to the Sacramento area. Because of potential cost increases for the Folsom Dam work, the U.S. Army Corps of Engineers, U.S. Bureau of Reclamation, State Reclamation Board, and Sacramento Area Flood Control Agency, of which the City of Sacramento is a member, are conducting a Project Alternatives Solutions Study to look at alternatives to improve flood protection and provide an adequate spillway for passing Probable Maximum Flood for Dam Safety purposes. Alternatives would meet the objectives of Folsom Dam Modifications, Folsom Dam Raise project, and Folsom Dam Safety spillway adequacy. An alternative for a new auxiliary spillway southeast of the existing main dam is one alternative being developed. This study is scheduled to be completed in April 2006, with the goal of resuming construction of flood control improvements at Folsom Dam by 2007.

- 4.5 Implement City's Development Oversight Commission Recommendations relate to improving coordination, information, and streamlining development processes.

Responsible Entity: City Planning and Building, Public Works, Utilities, and Fire Department,
Time frame: Dec. 2002 - 2005
Desired Result: Staffing assistance information handouts and service improvements, revised zoning and development processes

GA

Status: City staff has completed implementation of most of the DOC recommendations. The City developed special teams to assess and re-engineer development review processes to make them more streamlined. Other examples of process improvements include the creation of special project managers for complex projects; the establishment of the Development Services Cabinet composed of all the managers of the disciplines involved in the development process; development of a new permit tracking system (Accela); work on the consolidation of all development service fee collections and the provision of comprehensive fee information on the City website and in pamphlet form, etc.

- 4.6 Develop effective infill programs that address the regulatory process, including a streamlined process with reduced levels of review and more flexible regulatory requirements including building code and infrastructure standards and different regulatory requirement for infill development, particularly for traffic levels of service, street standards, and parking.

Responsible Entity: City Planning and Building, Public Works, Utilities, and Fire Department,

Time frame: Hire Infill Coordinator Summer 2003, On-going

Desired Result: Provide flexibility in development standards so that new subdivisions are compatible with existing neighborhood conditions. Also provide flexibility in the types of infrastructure improvements necessary. For example, flexibility in roadway widths would, in some instances, reduce costs and allow a more intimate neighborhood environment.

Status: City planning staff has been working closely with City utilities and transportation departments to reduce street widths and provide flexibility for necessary infrastructure improvements. For example, in 2003, the City adopted pedestrian-friendly street standards. These issues are being further assessed on a citywide basis in the General Plan update. The City also hired an Infill Coordinator in 2003 and has established several programs (described later in this report) to promote infill development.

- 4.7 Establish Planning Director's Plan Review (PDPR) process for review and approval of smaller multi-family developments. Currently all multi-family proposals require R-review and approval by the Planning Commission, unless the project is located within a design review district or PUD, which creates additional processing times and costs. The PDPR process would utilize the Multi-Family Design Guidelines to assure compliance with minimum design standards. The streamlined process shall provide for notice and community review of proposed projects for City Council review of individual projects. Appropriate maintenance and management requirements should be established to promote the proper operation of rental units.

Responsible Entity: City Planning/City Council
Time Frame: Spring/Summer 2003
Desired Result: Zoning Ordinance Amendments to Multi-family R Review
Status: **An ordinance establishing Planning Director's Plan Review for multi-family projects with 100 units or less citywide or 200 units or less in a PUD district was adopted by City Council on May 8, 2003.**

- 4.8 Work with the Building Industry Association and other stakeholders to consider state legislation to change or modify the Subdivision Map Act to address the issue of condominium construction and liability insurance.

Responsible Entity: City Planning
Time frame: 2003-2004
Desired Result: Modification of the Subdivision Map Act to encourage the production of condominium housing units.
Status: **The City continues to work with the BIA and the State legislature to address the condominium construction and construction defect liability issues.**

Housing Quality and Neighborhood Improvement

- 5.1 The City shall continue to expand and improve the Design Review program of the City. In particular, the City shall adopt Design Guidelines for single-family uses to help standardize design expectations and shall investigate alternative administrative processes for small project design review. Additionally, the City has adopted an administrative (staff level) design review process for the north area of Sacramento (north of the American River). This eliminates the need for full Design Review Board review for small projects or projects which reasonably conform to design guidelines. In all these efforts, the City is seeking to streamline the process without sacrificing good quality design and community acceptance.

Responsible Entity: City Planning
Time frame: Checklist adopted Fall 2002, Implementation Ongoing
Desired Result: Adopt and Implement Single-family Design Checklist and other Design Review programs.
Status: **The City adopted citywide Single-Family Design Principles in 2000 and a single-family residential design checklist was adopted in 2003.**

- 5.2 Implement Infill Strategy and implementing ordinances that provide incentives to encourage development that is appropriate for the neighborhood. Accomplish the following objectives:
- Add policy language and the incentives to promote a quality project that compliments the neighborhood. Quality should be exhibited in product design, type and variety of materials and orientation to the street.

- Provide increased flexibility within the Zoning Ordinance to develop in a manner consistent with the surrounding neighborhood. For example, offer flexibility by modification of setback, lot size and lot coverage development standards.
- Add the ability to offer a streamlined process for infill projects that are compatible with the neighborhood setting.
- Appoint a new Citywide Infill Coordinator to coordinate and promote the program.
- Provide updated information about the inventory location of infill areas and targeted infill development sites.
- In addition to existing fee waiver and reduction programs, investigate other City and non-City financial incentives for the program such as a reduction in the Quimby Fee Ordinance.
- Implement Pre-Approved House Plan Program

Responsible Entity: City Planning Department

Time frame: Spring 2004, Implementation on-going

Desired Result: Update and adopt infill housing policies, ordinances and incentives that streamline the development process and resolve neighborhood concerns regarding infill housing.

Status:

In conjunction with the City's adopted Smart Growth Principles, the City is working to provide greater flexibility in its Zoning Code to support infill development. Changes were made in 2005 to the City's zoning code to encourage the development of second units and setbacks were reduced to encourage residential infill development. Review in PUD districts was streamlined to promote development in these areas.

As of 2005, the City implemented the new MATRIX pilot program that streamlines the development review process. The program has been successful in reducing review times and streamlining the development review process. The MATRIX program currently covers the Central City and East Sacramento Community Plan areas, but is expected to be expanded citywide shortly.

The City also developed an infill strategy and appointed an Infill Coordinator in 2003.

The City has implemented several fee waiver and incentive programs to encourage affordable housing and infill development. These include the Infill Fee Reduction Program, the Affordable Housing Fee Reduction Program, and the Infill Incentive Fund.

City staff as part of the Population and Housing Report and the General Plan update monitors and maintains the City's supply of vacant land suitable for development.

City planning staff is currently completing the final ordinance changes and modifications to the draft Pre-Approved House Plan Program. The program is expected to be approved and start in spring 2006.

- 5.3 Consider amendments to Central City Quimby exactions to facilitate condominium and ownership housing.

Responsible Entity: City Parks and Recreation, City Planning
Time frame: Summer 2003
Desired Result: Fee reductions to promote Central City ownership housing.
Status: **While the City recently increased park development impact fees, it provided a reduced fee for infill development. In addition, in the City's new 2005-2010 Parks Master Plan, the City has adopted urban park standards for smaller parks such as "pocket parks" to facilitate the use of urban parks close to residential development in infill areas.**

- 5.4 Implement the Citywide Infill Strategy to encourage compatible residential infill development. Create additional incentives for residential infill development, including but not limited to, regulatory concessions and streamlining the permit approval process for quality-designed development that is appropriate for the neighborhood. Pursue funding through the State Jobs Housing Balance Grant.

Responsible Entity: City Planning/City Council
Time frame: Summer 2003
Desired Result: Develop Streamlining Ordinance by Fall 2003. Create Infill Incentive Fund and Infrastructure Assistance Program by Fall 2003
Status: **Rather than a streamlining ordinance, the City has enacted a major overhaul of its development review process. This was done as part of the DOC recommendations and included a complete evaluation and re-engineering of the City's development review process. Furthermore, the City has taken additional steps to streamline the development review process.**

As noted earlier, the City formed to MATRIX pilot program, which brings together representatives from all City departments and divisions that are normally involved in the review of a project. Working as a team, these groups provide a comprehensive review of projects at once rather than have the project go from department to department. In order to maximize

efficient and utilize appropriate staff expertise, there are teams for each major type of development (i.e., commercial, office, residential, etc.). In effect since July 2005, the MATRIX program has already made substantial progress in streamlining project review, thus reducing time and costs for developers.

The City adopted its Infill Strategy in 2002. The City has developed an Infill Incentive Fund and has allocated \$700,000 to this fund. The City is in the process of developing guidelines for the use of the Fund. The guidelines are expected to be complete in 2006. This incentive fund will also be used for infrastructure improvements in infill areas rather than establishing a separate infill assistance program.

In addition, the City secured approximately \$2.4 million dollars through HCD's Jobs-Housing Balance Grant Program in 2004. These funds were used to provide infrastructure and facilities improvements to facilitate infill development. The use of the funds included: streetscape improvements on Del Paso Boulevard and 65th Street; street lighting at Tahoe Park and in Midtown; development of pocket parks in South Natomas; water conservation and other park improvements to several parks throughout the city; and sewer line and infrastructure improvements for the R Street corridor.

- 5.5 Implement the Citywide Infill Strategy to encourage targeted single-family housing within residential neighborhoods.

Responsible Entity: City Planning/City Council/ Utilities
 Time Frame: On-going
 Desired Result: Addition of 30 - 80 units per year.
Status: The Citywide Infill Strategy and current market conditions have resulted in building permits for a total of 285 units within residential target infill areas. (Please note that the residential target infill areas are specific areas that the City has identified to encourage development. Building permits for a total of 924 units were issued in 2004 for areas outside of the City's new growth areas). Of those units, 261 were single-family units and most were built in the infill target areas in the North Sacramento Community Plan Area and in the Oak Park neighborhood southeast of downtown. Projects such as the Downtown Railyards, the Aura project, Northtown, and other downtown high-rise condominium projects are expected to result in many more units in target infill areas over the next couple years. In addition, the City expects to approve and

implement a new Pre-Approved House Plan Program for infill areas in spring 2006. This program provides low-cost pre-approved design and construction plans that allow residents to build new single-family units in infill areas. The designs reflect the existing character of these infill areas, while reducing the cost and times of City review.

- 5.6 Implement Downtown Redevelopment and Citywide Infill Strategy to encourage opportunities for additional housing and reuse in the Central City.

Responsible Entity: City Planning, Economic Development, SHRA, CADA, and Utilities
 Time Frame: On-going
 Desired Result: 500 units per year
Status: Refer to status of Program/Action 5.5

- 5.7 Implement the Citywide Infill Strategy to encourage Transit Oriented Development that provides additional housing within a 1/4-mile radius of transit stations.

Responsible Entity: City Planning, Regional Transit, SHRA
 Time Frame: On-going
 Desired Result: 100-200 units annually
Status: This is an ongoing program, which has been quite successful in encouraging higher density housing near light rail stations. Several recent projects include 9 units in a mixed-use project near the 65th Street Light Rail Station; 142 units planned for 2006 at a second site in the 65th Street Station area; 102 units in the Capitol lofts project planned near the light rail station on R Street; 60 units in Erika's Village planned for the Florin station. As the City's work plan is fully implemented with the accompanying land use and zoning changes, the number of housing units in proximity to transit stations is expected to increase.

- 5.8 Implement current infill incentives and continue to study potential fee reductions of permit fees to remedy smaller residential project inequities.

Responsible Entity: Utilities Departments
Time frame: On-going.
Desired Result: In coordination with the Utilities Department review fees associated with smaller projects, particularly infill projects. Reduce any excesses, and where possible provide fee waivers or incentives for projects which meet the goals of the Housing Element or conform to infill development design criteria. Encourage 30-50 infill units annually in small housing projects.
Status: The City has addressed the inequities faced by smaller infill projects through the use of the City's Infill Fee Reduction program, which is described in more

detailed in this report. However, as noted above, the prevailing wage requirements associated with the receipt of public funds has limited the attractiveness of this program to developers. Despite this issue, many of the projects developed in the city's residential infill areas have included smaller residential or mixed-use developments that are less than 50 units.

- 5.9 Investigate the City of Sacramento's use of property liens to increase the production of infill housing development.

Responsible Entity: City Planning /City Council
Time frame: Fall 2003
Desired Result: Consider modifications to the City's use of liens to provide an incentive for infill property owners to utilize their properties for development or to sell their property to an outside party who will use the property.
Status: **With the increase in land costs and housing prices, property liens in infill areas has become less of an issue and is no longer considered an impediment. The market has essentially addressed this issue and City action is no longer considered a high priority.**

- 5.10 Implement the City's Multifamily Development Guidelines to address site planning, building design and architectural issues

Responsible Entity: City Planning /City Council
Time frame: Ongoing
Desired Result: Multi-Family Design Guidelines implemented in conjunction with action 4.7
Status: **These have been implemented in conjunction with Action 4.7.**

- 5.11 Continue to implement the Problem-Oriented Policing (POP) Program, a multi-departmental effort to improve city neighborhoods and abate various code violations.

Responsible Entity: City Police Department and Neighborhood Services Department.
Time frame: On-going
Desired Result: Early and efficient resolution of problem property cases such as drug houses and health and safety violations.
Status: **As in 2003, Problem Oriented Police (POP) officers partnered with apartment owners, managers, and community residents to address problems with calls for service resulting from poor tenant screening and management. POP officers attended neighborhood watch and association meetings to identify resident problems such as drug-related activities.**

According to the Police Department's 2004 Annual Report, the North area POP teams conducted several

abatement projects, which included several multi-family housing units. In the three-month period prior to abatement letters being sent, these types of properties were responsible for 234 calls for service. Since the abatements, the calls for service were reduced between 82 and 85 percent. In 2004, the North Area teams alone handled 1,179 cases.

- 5.12 Continue to implement the Neighborhood Reclamation and Protection Plan (NRPP), a multi-departmental program designed to control and rid targeted neighborhoods of gangs and drugs.

Responsible Entity: SHRA and Neighborhood Services Department
Time frame: Ongoing
Desired Result: Strengthen existing troubled neighborhoods through weeding out of problems and development of positive neighborhood capacities and assets.
Status: The City's Police Department handles this program and works to address gangs and other crime-related issues in local neighborhoods. Code enforcement is brought in by the Police Department to handle code violations. Also, refer to the earlier description under the POP Program.

- 5.13 Implement neighborhood revitalization and preservation recommendations for the Central City.

Responsible Entity: City Planning
Time frame: 2003-2004
Desired Result: Implement phase III of the Central City Housing Strategy. Finance and complete at least seven central city mixed income housing projects.
Status: The City rezoned property in two phases in the Central City to encourage housing development. There are several projects underway that are expected to be complete by 2006. These include 65 mixed income units at 21st and L Streets, 175 mixed income units at 18th/L, 117 mixed income units in the Fremont Mews projects, and 225 at 800 J Street. Approximately 102 mixed income units at the Capitol Lofts project are planned for 2007. Several others are in the development application process.

- 5.14 Continue systematic building code enforcement through Code Action Team (CAT) to preserve and restore housing and thereby help strengthen residential neighborhoods and link to the SHRA boarded and vacant program.

Responsible Entity: City Building Division
Time frame: On-going.

Desired Result: Proactive and systematic inspections and enforcement of basic health and safety codes and zoning ordinance to preserve housing and prevent neighborhood decline.

Status: **This program is an on-going City program. Each year SHRA provides City code enforcement staff a grid showing target areas where staff can concentrate efforts. Code Action Team (CAT) and the Housing and Dangerous Buildings Team target particular neighborhoods throughout the year to address health and safety and zoning violations. Staff performs proactive and systemic inspections in this area. Staff also provides quarterly reports to SHRA.**

- 5.15 Where needed, implement the Rent Escrow Account Program (REAP) that would enable tenants to voluntarily place rent in an escrow account in the event identified code violations are not resolved by the landlord.

Responsible Entity: Neighborhood Services Department, SHRA,
Time frame: On-going.
Desired Result: Empower tenants to take immediate action to correct health and safety violations.

Status: **Staff investigated the feasibility of continuing this program; however, it was determined that the program was no longer feasible for a variety of reasons and was discontinued. Code enforcement has instead pursued aggressive and proactive inspections of multi-family projects to identify and help address code violations.**

- 5.16 Del Paso Nuevo; maintain high priority assistance and coordination for the development of Del Paso Nuevo - a 154 acre new town in the Del Paso Heights Redevelopment Area.

Responsible Entity: SHRA in partnership with the City of Sacramento Utilities, Parks
Time Frame: 1999-2006
Desired Result: 300 new homes, 2 parks, commercial development and infrastructure development by 2006.

Status: **As of October 2004, 77 homes have been completed. Infrastructure is in place throughout the site and both parks have been completed. No civic or neighborhood commercial development has occurred yet. The entire project is expected to be complete in 2009.**

- 5.17 The City, County, and SHRA will allocate some portion of McClellan AFB redevelopment area revenues and city housing funds to correct infrastructure and housing deficiencies at the Parker Homes. These homes were originally constructed, by the federal government in 1942 as off-base military housing for McClellan AFB, in a manner that fell well short of basic infrastructure and building code requirements.

Responsible Entity: SHRA, and Utilities
Time Frame: 2007

Desired Result: Housing rehabilitation and adequate infrastructure development

Status: **SHRA has formed a team address this issue. The agency has set aside tax increment funds for Parker Homes. The area under study has been expanded to include not only Parker Homes, but the West McClellan area as well. The team has initiated an infrastructure study to identify needs and an assessment of potential land use changes (e.g., industrial to residential). The results of the study are expected in 2006.**

- 5.18 Continue City's efforts to work with concerned stakeholders and community leaders to revitalize distressed neighborhoods. City programs and planning efforts include:
- Gardenland Neighborhood Infill Strategic Plan
 - Weed and Seed Program
 - Oak Park Renaissance Plan
 - Dixie Anne Neighborhood Plan

Responsible Entity: City Planning, SHRA, and Neighborhood Services

Time Frame: On-going

Desired Result: Infill Development and Neighborhood Revitalization

Status: **This is an ongoing program. The City and SHRA work with the Redevelopment Advisory Committees, neighborhood groups, business groups, and other community leaders to revitalize neighborhoods.**

- 5.19 Develop, adopt, and implement neo-traditional neighborhood design guidelines to address the planning, building, and architectural design issues associated with development on a larger neighborhood scale.

Responsible Entity: City Planning

Time Frame: Fall 2004

Desired Result: Adoption and implementation of Neighborhood Design Guidelines.

Status: **With the exception of the Central City Design Guidelines, City staff has not yet crafted such guidelines. Instead these will likely come out of the development of the new Community Design Element that will be part of the new General Plan. City staff is also looking into the possibility of using form-based zoning at several pilot sites in the City. Development of a comprehensive zoning code, including form-based codes and design guidelines, will likely be developed in 2007.**

Conserve Sacramento Neighborhoods and Rehabilitate Affordable Housing

- 6.1 Continue the use of the SHRA Boarded/Vacant Home program, which provides incentives to contractors to purchase these properties, rehabilitate them, and sell them to low and moderate-income homebuyers.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: 120 units eliminated from the City's dangerous and substandard building list, rehabilitated, and sold to first time homebuyers.
Status: **Eleven vacant lots were sold for the development of affordable housing units. Along with those vacant lots, SHRA provided up to \$25,000 per lot in fee waivers and other incentives for the development of affordable housing on those sites.**

- 6.2 Develop and expand successful incentive programs to improve management and maintenance of privately owned rental housing, particularly among four-plex housing and apartments, within older neighborhoods and commercial corridors. Program elements may include improved coordination with neighborhood code enforcement, problem-oriented policing efforts, property management districts and other proactive efforts along commercial corridors in affiliation with business and neighborhood associations.

Responsible Entity: SHRA, SVAOA
Time Frame: Summer 2002
Desired Result: Adopt Program
Status: **SHRA formed a team to focus on improvements to smaller rental housing projects. SHRA staff revised their multi-family loan program to provide better financial terms and incentives for better property management. These changes were approved by City Council in July 2004.**

- 6.3 Continue to finance the rehabilitation of owner-occupied homes through CDBG, HOME, tax increment, and other sources of funds.

Responsible Entity: SHRA
Time Frame: On-going
Desired Result: 250 low and very low-income homeowners will be able to maintain their homes through attractive financing options, ranging from emergency grants to amortized loans.
Status: **During 2004, SHRA financed the rehabilitation of 127 owner-occupied housing units in 2003 through the Single Family Rehabilitation Program (21 units), the Single Family Emergency Repair Program (71 Units), and the Single Family Retrofit Program (35 units).**

- 6.4 Maintain active financing program for acquisition and rehabilitation of multi-family properties to assist in the revitalization of neighborhoods and provide affordable housing. Continue to explore additional funding sources to expand activity.

Responsible Entity: SHRA
Time Frame: On-going

Desired Result: Add 300 units to very low and low-income affordable housing supply while removing blighting properties from neighborhoods.

Status: **In 2004, SHRA financed the substantial rehabilitation of 88 rental-housing units. The agency is continuing to pursue a variety of funding sources to support such acquisition/rehab activities.**

- 6.5 Adopt a proactive rental inspection program to ensure rental housing maintenance. This may require a fee to support inspection services. Careful consideration of the fee structure should be given to avoid increasing the costs of rental housing. Also, consider a "self-certification" program for landlords that participate in a maintenance/management training program.

Responsible Entity: City Council, SHRA, Neighborhood Services

Time frame: Summer 2003

Desired Result: Maintain the quality of existing multi-family units and avoid deferred maintenance.

Status: **After extensive research, City staff has prepared three types of rental housing inspection programs for the City Council to consider in January 2006. The program is expected to be in place for the 2006 Budget Year.**

- 6.6 Preserve privately owned HUD-financed low-income housing projects that are at risk of conversion to market rate housing through the enforcement of the City Housing Preservation Ordinance and through the provision of low-cost financing.

NOTE:

Responsible Entity: SHRA

Time frame: On-going

Desired Result: Preserve 100 units annually through restructuring programs; preserve affordability of 100 units annually (and Section 8 assistance) through sales to priority purchasers; and provide enhanced Section 8 vouchers to 85 percent of residents in opt-out projects (estimate 200 units prepaid)

Status: **In 2004 the City Council adopted a Housing Preservation Ordinance aimed at preserving federally subsidized projects at-risk of conversion to market rate. SHRA has been the lead Agency implementing the ordinance. In addition, the Agency has provided low-cost financing to preserve a number of at-risk projects. Although six projects were at risk of conversion to market rate in the City no projects in the actually did convert. Three projects at risk of losing their affordability restrictions were preserved in the County in 2004. SHRA is currently working to preserve two City projects that were set to expire in 2005.**

- 6.7 Preserve affordable units in mortgage revenue bond projects with expiring regulatory agreements through financial incentives including refinancing and issuance of new bonds for acquisition/rehabilitation.

Responsible Entity: SHRA
Time frame: On-going
Desired Result: Preservation of 100 affordable units in expiring mortgage revenue bond projects
Status: **Two mortgage revenue bond projects in the City were set to expire in 2004. SHRA worked with the owners of both projects to refund the bonds and/or issue new bonds. As a result, the Agency successfully preserved the affordability of each project.**

- 6.8 Introduce ordinance to enforce noticing requirements of owners of HUD-subsidized project to give affordable housing developers the opportunity to purchase these units and maintain their affordability.

Responsible Entity: SHRA
Time Frame: Summer 2003
Desired Result: Maintain affordability of HUD-subsidized projects.
Status: **The City adopted this ordinance in early 2004.**

- 6.9 Amend the zoning ordinance to comply with the residential hotel new construction standards

Responsible Entity: City Planning/City Council
Time Frame: Summer 2005
Desired Result: Zoning Ordinance amendment to facilitate the production of affordable living spaces for very low-income people that provide privacy and foster self-sufficiency.
Status: **City staff has not yet begun this effort.**

- 6.10 Fund and Support Sacramento Heritage Trust Fund

Responsible Entity: SHRA/City Planning
Time Frame: On-going
Desired Result: Sacramento Heritage Program
Status: **In 2005, the City established the Historic Places Revolving Fund, which is a revolving fund to support the restoration of historic places, such as Memorial Auditorium, throughout Sacramento. In conjunction with Sacramento Heritage and the City Treasurer's Office, staff is developing guidelines for the use of the fund.**

- 6.11 Implement Historic Preservation Element of the General Plan which includes an inventory of historic preservation resources, policies and programs.

Responsible Entity: City Planning
Time frame: Fall 2002
Desired Result: Historic Preservation Inventory
Status: **The Historic Preservation Element was completed in 1997 and was adopted by Council. City preservation staff maintains the Sacramento Register of designated**

historic places. This was last updated in March 2005 and staff will be beginning the 2006 update shortly. City staff is currently working on expanding historic survey areas throughout the city.

6.12 Continue to implement the Neighborhood Paint Program.

Responsible Entity: SHRA, Neighborhood Housing Services, Business Association
Time frame: Ongoing
Desired Result: Affordable means for low and very low-income persons to weatherize and improve their homes.
Status: **SHRA no longer funds this program. The program is being administered by Neighborhood Housing Services (NHS) without Agency funds.**

6.13 Implement the Franklin Villa Revitalization Plan (Phoenix Park Project) to restore neighborhood vitality and safety through various financing initiatives.

Responsible Entity: SHRA, NPDS and Police Departments
Time Frame: Acquired +/- 250 properties, Fall 2003
Desired Result: Acquire +/- 600 privately held properties, rehabilitate and manage them; expand services of Franklin Villa Resource Center and increase educational resources for Parkway Elementary School.
Status: **Phase 1 of the Phoenix Park project is occupied and will be complete in November 2005. Completion of Phase 2 of the project is anticipated for February of 2006. The project, when complete, will include 360 units and a resource center as well as other amenities and services.**

Preserve and Develop Housing Opportunities for Persons with Special Needs

7.1 Continue to provide assistance to emergency shelter facilities for the homeless population, including alcohol and drug recovery programs, through the County Department of Human Assistance (DHA) and their non-profit service providers. Expand and reinforce linkages between shelters, providers of transitional housing, and other social service agencies through computerized case management.

Responsible Entity: DHA
Time Frame: On-going
Desired Result: Maintain an inventory of the existing network of emergency shelters linked with service providers to provide a secure living environment free from domestic violence, and to stabilize living conditions for homeless children.
Status: **This is an ongoing effort by the County's Department of Housing Assistance (DHA). DHA is working with Volunteers of America, Lutheran Social Services, and other non-profit service providers to provide counseling and shelter to homeless persons in the**

City and County. These include the Winter Shelter Program and other emergency shelters, which served over 2,300 homeless persons in 2004.

- 7.2 Support transitional and permanent housing programs that enable homeless persons to deal with the issues that led to homelessness and to move toward self-sufficiency.

Responsible Entity: SHRA, DHA, nonprofit service providers
Time Frame: On-going
Desired Results: Purchase and or rehabilitate 80-100 units to house homeless persons in well-managed transitional and permanent housing facilities.
Status: **SHRA assisted four permanent supportive housing projects in the County. These included McClellan Cottages, Mather Community Campus, Bell Street Apartments and the Saybrook project. SHRA and DHA continue to support approximately 18 transitional facilities and 18 permanent supportive housing developments or programs in the City and County.**

- 7.3 Review and adopt, as needed, specific recommendations of the Five Year Plan of the Board on Homelessness of the Cities and County of Sacramento. Recommendations include the expansion of permanent housing opportunities for formerly homeless persons in well-managed facilities with supportive services so that progress toward self-sufficiency is maintained.

Responsible Entity: City Council, SHRA
Time Frame: 2002-2007
Desired Result: Continued funding and operation of effective permanent supportive housing programs.
Status: **The Sacramento County and Cities Board on Homelessness (SC&CBoH) is working to implement recommendation contained in its "Five-Year Plan for Reducing and Mitigating Homelessness in Sacramento County". With representatives from public safety, homeless services providers, neighborhood groups, the homeless population, SHRA, and DHA, the Plan's cornerstone is the creation for new permanent supportive housing units that would provide accommodations for 1,600 persons over the next five years. SHRA assisted four permanent supportive housing projects in the County. These included McClellan Cottages, Mather Community Campus, Bell Street Apartments and the Saybrook project. SHRA and DHA continue to support approximately 19 transitional facilities and 14 permanent supportive housing developments in the City and County. In 2004, predevelopment work began on an 80-unit permanent supportive housing facility for chronically homeless mentally disabled adults. This facility will be located in the County. Casa Serenes is a new**

permanent supportive housing project funded in the 2004 Continuum of Care. This project will house 20 individuals in leased single-family homes and apartments.

At the end of 2004, Mayor Heather Fargo and County Supervisor Roger Dickinson, Chair of the County Board of Supervisors, convened a group of community leaders to oversee the development of the Ten-Year Plan to End Chronic Homelessness. A draft plan was published at the end of 2005 and a full plan should be adopted in 2006.

- 7.4 Continue to implement the strategies of the SHRA's Consolidated Plan for Housing and Community Development. The "Consolidated Plan" discusses several housing initiatives for special need populations including the development of housing for the homeless, the mentally ill and persons with AIDS. SHRA is actively pursuing funding and programs for these special needs populations.

Responsible Entity: SHRA and affiliated non-profit sponsors
Time frame: On-going
Desired Result: Provide financing and technical assistance to non-profit service providers to create two additional developments for persons with special needs.
Status: **SHRA is pursuing financing and providing technical assistance to non-profits to support efforts to create developments for special needs populations. SHRA is currently funding Mercy Housing to provide technical assistance to service agencies that wish to develop supportive housing for special needs populations in the City and County. Through Mercy Housing's technical assistance grant, assistance was provided to multiple providers with potential developments throughout the City and County, including AIDS Housing Alliance (AHA), Transitional Living and Community Support (TLCS), Volunteers of America and numerous faith based organizations. For example, the Martin Luther King project located in the County will house approximately 80 mentally disabled chronically homeless adults in permanent supportive housing. This project is in predevelopment and is expected to begin construction in 2006.**

- 7.5 Consider adopting a reasonable accommodations process to provide housing opportunities for the disabled. Consider a streamlined approval process for residential facilities which accommodate 6 to 12 individuals and review entitlement processes to achieve the more efficient conversion of motels and other suitable buildings for permanent housing.

Responsible Entity: SHRA, City Planning, City Council

Time Frame: Spring 2004
Desired Result: Amendments to the zoning code to provide reasonable accommodations for the disabled
Status: **The City has not yet adopted amendments to the zoning code to provide a reasonable accommodations process. Staff is currently researching this issue.**

- 7.6 Change SHRA's multifamily lending policies to include the right of borrowers to allow weekly tenancies, so that weekly rental payments could be accepted.

Responsible Entity: SHRA, City Council
Time Frame: Fall 2003 or Winter 2004
Desired Result: Increase the number of units accessible and affordable to SRO residents.
Status: **While several policies were made to update SHRA's multi-family lending policies, the change that would allow weekly tenancies was not made. Staff investigated the feasibility of this option; however, weekly tenancies conflict with non-Agency funding sources. In addition, 30-day tenancies are covered by state landlord-tenant law, which offers more protection to tenants than weekly tenancies. Instead, SHRA is looking at ways of providing more permanent supportive housing units, as mentioned in the Ten-Year Plan to End Chronic Homelessness (refer to Program 7.3).**

- 7.7 Implement the recommendations of the SRO Task Force to investigate boarding homes as an alternative to new construction of residential hotels.

Responsible Entity: City Planning
Time Frame: Spring 2004
Desired Result: Develop guidelines for the operation of boarding homes for tenants typical of SRO residents.
Status: **City and SHRA staff have been meeting with the SRO Task Force, the Downtown Partnership, and others to address the issues and recommendations related to SROs. Staff is developing recommendations to bring forward to Council related to the preservation and replacement of SRO units in the City, particularly in the downtown.**

- 7.8 Promote and encourage a variety of housing types for senior housing including "age in place" housing complexes, independent and assisted living projects.

Responsible Entity: City Planning, SHRA
Time Frame: On-going
Desired Result: Provide more adequate housing units available and affordable to the growing senior population.

Status: City staff has been working with developers to encourage a range of housing types in developments including housing types that would benefit an aging population, such as condos, duplexes, and smaller homes. In 2004, SHRA assisted with the development of two affordable senior housing complexes in the city. These included the Ping Yuen complex with 82 units in downtown and Casa Natomas, an independent living complex with 59 units, in North Natomas.

Energy Conservation

- 8.1 Support SMUD's Energy Efficient New Construction Program which provides financial incentives to builders to exceed minimum energy efficiency standards.

Responsible Entity: SMUD
Time frame: On-going (existing program)
Desired Result: Implementation of new conservation and alternative energy programs to reduce energy costs of new residential buildings.
Status: This is an ongoing SMUD program. Staff refers builders to SMUD for more information on this program.

- 8.2 Support SMUD and PG&E's program to retrofit existing housing for energy efficiency.

Responsible Entity: SMUD, PG&E and SHRA
Time frame: On-going (existing programs)
Desired Result: Reduce household energy costs through a variety of insulation, system update and weatherization program.
Status: The City and SHRA provide referrals and information about these programs to residents.

- 8.3 Continue to administer the Tree Planting Program to provide shade and to help with neighborhood revitalization and beautification.

Responsible Entity: SHRA, SMUD and Tree Foundation
Time frame: On-going (existing program)
Desired Result: Provide strategically located shade trees to reduce air conditioning costs.
Status: This is an ongoing SMUD program. SMUD distributes about 50,000 trees to 15,000-20,000 utility customers every year. City and SHRA provide referrals to residents for this program.

Promote Equal Housing Opportunity

- 9.1 Continue to support enforcement practices of the Human Rights/Fair Housing Commission addressing discrimination against households with special needs, and fair housing education programs offered by other organizations such as the Apartment Owner's Association and the Board of Realtors. Provide for fair-housing information in appropriate public locations and disseminate such information in different languages.

Responsible Entity: Human Rights Fair Housing Commission (lead)/ City Planning

Time frame: On-going (existing program)

Desired Result: Provide mediation, education and referrals to the State Office of Fair Housing or legal aid centers for cases of housing discrimination or other forms of discrimination in Spanish and other languages by disseminating information through brochures at city public counters.

Status: **City staff provides referrals to the Human Rights Fair Housing Commission to persons who have fair housing questions or concerns. The Human Rights Fair Housing Commission provides direct assistance to persons who have faced housing or other forms of discrimination and refers those complaints either to legal aid centers (e.g., Legal Services of Northern California) or to the federal Housing and Urban Development Department (HUD) or to the state Department of Fair Employment and Housing (DFEH). In 2004, Human Rights Fair Housing Commission received 102 discrimination complaints and investigated all of those.**

In 2004, SHRA completed its Analysis of Impediments (AI) to Fair Housing Choice for the City and County of Sacramento. City and SHRA staff is working to implement the recommendations from the report.

- 9.2 Ensure that residential projects comply with the American Disabilities Act. To the extent feasible, finance and support public improvements, including curb cuts, sidewalks and traffic signals, that provide public access for the disabled.

Responsible Entity: Public Works and Building Division

Time frame: On-going (existing program)

Desired Result: Ensure positive recourse and corrective action to prevent discrimination against persons with disabilities.

Status: **The City has undertaken major street and sidewalk improvements to comply with the Americans with Disabilities Act and to ensure safe streets and sidewalks for persons with disabilities. Pursuant to a settlement agreement, the City sets aside 20 percent of transportation funds annually for such infrastructure improvements. This amounts to approximately \$5.5 to**

\$5.7 million per year. These funds are used for improvements to sidewalks, curbs, gutters, and curb ramps, among others. In addition, the City spends additional funds to improve ADA access to City buildings and facilities.

- 9.3 Support neighborhood efforts to resolve tenant complaints.

Responsible Entity: Sacramento Mediation Center
Time frame: On-going (existing program)
Desired Result: Continue to provide alternative dispute resolutions methods for landlord tenant and neighborhood conflicts.
Status: City staff provides referrals to residents to the Sacramento Mediation Center to resolve conflicts/disputes.

- 9.4 Consider a program, in consultation with the Building Industry Association, which would incorporate housing visitability standards (including the installation of interior modifications) in newly constructed single-family homes. Include guidelines for exterior and interior modifications including, but not limited to no step entrances and 36-inch entries into bathrooms.

Responsible Entity: City Planning, SHRA
Time Frame: State Model Ordinance for Universal Access anticipated in 2004
Desired Result: Voluntary compliance through the Single-family Design Checklist for universal access to improve accessibility for persons with physical disabilities in single-family developments.
Status: City planning staff is awaiting the publication of State Model Ordinance for Universal Access, which has yet to be published. Once this is available, staff will proceed with modifications to the checklist to promote universal access.

Monitoring and Coordination of Housing Performance

- 10.1 Prepare an annual monitoring report to the City Council on implementation of the city housing programs.

Responsible Entity: SHRA, City Planning
Time frame: Annually starting in July 2003
Desired Result: Annual report on new construction, rehabilitation, location and other assistance by income group and special need group served all sources of funds.
Status: The report was prepared in 2004 and the most recent report was completed in late 2005. The reports will be presented to Council in a special workshop on housing issues in late January 2006.

- 10.2 Monitor and publish an annual report on compliance with the jobs to housing balance, housing type and affordability objectives in the North Natomas Community Plan.

Responsible Entity: City Planning
Time Frame: Annually starting in 2003
Desired Result: Annual reports to City Planning Commission and City Council
Status: Staff completed the initial analysis of housing issues in the North Natomas Community Plan area. This study was made available to the public in 2005.

- 10.3 Promote policies and programs by county and regional decision making bodies to promote the equitable distribution of affordable housing.

Responsible Entity: City Planning, SHRA, SACOG
Time Frame: Ongoing
Desired Result: Consortium of cities and counties to implement region wide affordable housing programs and objectives.
Status: Staff has been working with the County and SACOG on this issue. The City adopted the SACOG regional compact for affordable housing in July 2004 to promote the production of affordable housing regionwide. The City and SHRA will also work with the County and other neighboring jurisdictions on the update of their Housing Trust Fund fees.

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2. Program Assessment

Throughout 2004, the City was able to make significant progress in the implementation of its Housing Element programs. Some of the major program highlights from 2004 include an 81.3% increase in the City's Housing Trust Fund fee; adoption of the SACOG Regional Affordable Housing Compact; securing \$2.4 million in State Jobs-Housing Balance Grant funds; continued success with the City's sewer credit and water development fee waiver programs; and approval by City Council of a Housing Preservation Ordinance to preserve affordable at-risk projects. The City has also seen a marked increase in infill development particularly in the Central City, North Sacramento, and in the Oak Park neighborhood. The majority of development has still been in the City's new growth areas in North Natomas and in the South Area. Though much of this was for market-rate development, these areas are subject to the City's Mixed Income Ordinance (a 15% inclusionary requirement), which resulted in building permits for approximately 260 new affordable units, plus the substantial rehabilitation of almost 90 others. Noteworthy projects include the rehabilitation and completion of the first phase of the Phoenix Park Project, the Ping Yuen affordable senior project, and Del Paso Nuevo affordable development.

Table 5 provides a summary of the City's progress in 2002, 2003, and 2004 toward meeting its quantified objective targets for the 2002-2007 period.

**TABLE 5
SUMMARY OF QUANTIFIED HOUSING UNIT OBJECTIVES
BY INCOME CLASSIFICATION 2002-2007**

Income Category (% AMI)	Totals						Rehabilitation*						New Construction**					
	Target	2002	2003	2004	Target	2002	2003	2004	Target	2002	2003	2004	Target	2002	2003	2004		
	Very Low (0-50%)	1,130	661	280	180	433	401	17	27	697	260	263	153	697	260	263	153	
Low (51-80%)	923	201	199	175	225	5	93	73	698	196	106	102	698	196	106	102		
Moderate (81-120%)	6,492	1,436	1,713	957	145	13	6	7	6,347	1,423	1,707	950	6,347	1,423	1,707	950		
Above Moderate (120+%)	6,623	1,414	2,856	3,955	0	5	0	2	6,623	1,409	2,856	3,953	6,623	1,409	2,856	3,953		
TOTAL	15,168	3,712	5,048	5,267	803	424	116	109	14,365	3,288	4,932	5,158	14,365	3,288	4,932	5,158		

Notes: *Includes major rehabilitation projects, which encompasses both substantial rehabilitation as defined under AB 438, the Single Family Rehabilitation Program, and other major multi-family rehab efforts. Does not include minor rehabilitation efforts such as the Emergency Repair Program or the Single Family Retrofit Program.

**New construction represents building permits issued each year between 2002 and 2007.

Sources: City of Sacramento, Development Services Department, and SHRA, 2003 and 2004.

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In addition to the totals identified above, the City and SHRA provided assistance to 71 very low-income households in 2004 through the Single Family Emergency Repair Program and an additional 35 very low and low-income households were assisted through the Single Family Retrofit program in 2004. Home ownership assistance was provided to 67 low-income households through the City and SHRA's First-Time Homebuyer Program and to 70 low and moderate-income households through the Mortgage Credit Certificate program.

Despite the City's progress implementing the Housing Element programs, providing affordable housing to keep up with demand remains a challenge. Given increases in construction costs, labor costs, and land costs, assisting with the development of affordable housing is a significant challenge. The City has made substantial progress meeting its share of the regional housing need for very low-income households, but addressing housing needs of all low-income households continues to be a challenge. In the past, the market had provided more housing that was affordable to low-income households, but with rising rents this is no longer the case in most areas. The City has responded by increasing the Housing Trust Fund, revising the zoning ordinance to ease some of the standards for residential construction, and has actively sought funding (e.g., HELP funds, Jobs-Housing grants, Workforce Housing Grants, etc.), to assist with the provision of affordable housing or infrastructure necessary to support housing.

C. Progress toward mitigating governmental constraints identified in the housing element

There were three broad areas identified in the City's 2002-2007 Housing Element where constraints were present and needed to be addressed. These included: 1) development processing; 2) financing, fees, and infrastructure provision; and 3) housing affordability.

The City has made important progress in streamlining the development process. Finally, the City has implemented most of the recommendations of the City's Development Oversight Commission, which are aimed at creating a more predictable and streamlined process. The City reorganized the Planning & Building Department into the Development Services Department and through special teams re-engineered the development review process significantly reducing processing times for development. Furthermore, the City planned and initiated (in 2005) a new Pilot Program called MATRIX. MATRIX is a new approach to processing at the City, which brings together all the City departments and divisions involved in project review in order to create a more seamless process. The MATRIX is currently being used for the Central City/East Sacramento area, but will be expanded citywide in the near future. City staff also started using the early notification process to identify issues or concerns early on. This allowed the public to have early input on development projects, but also allowed the applicant time to address these concerns rather than later in the process, when it is more costly. As part of the General Plan update and subsequent zoning code update, the City is looking at a variety of ways to provide greater flexibility for development, to encourage infill and innovative types of development, and to lessen the costs of development.

The City has continued to make improvements to infrastructure, facilities, and services. The City secured \$2.4 million in state Jobs-Housing Balance grants, which were used for facility and infrastructure improvements. The City has also made improvements to its levee system in order to provide 100-year flood protection to much of the City. Additional improvements have been made by the City's Utilities Department to the City's infrastructure including water and sewer line improvements, fixes to the combined sewer system, and others. In 2006, the City will begin the development of a comprehensive citywide infrastructure financing plan. This plan will be prepared as part of the General Plan update and will analyze ways of funding the necessary

infrastructure, improvements, and maintenance necessary for both infill and greenfield development.

The third category of constraints that the City faces is the continued escalation of land and housing costs in the Sacramento region. In order to ensure that the City has an adequate supply of affordable housing, the City has taken several steps to address affordability. This includes increases in the Housing Trust Fund fee, changes to the Mixed Income Ordinance to foster affordable condominium development, and the support of regional efforts at promoting affordable housing, including adoption of the SACOG regional housing compact.

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RESOLUTION NO.

Adopted by the Sacramento City Council
February 28, 2006

**AFFORDABLE HOUSING WORKSHOPS
AND HOUSING ELEMENT UPDATE (M05-109)**

BACKGROUND

- A. The cost of housing has risen dramatically over the last few years in Sacramento as well as throughout California;
- B. Providing safe and affordable housing for Sacramento workers and residents is an important goal of the City;
- C. While the City's Housing Element was last prepared in 2000, the housing market in Sacramento and throughout the state has changed dramatically in the last five years;
- D. A comprehensive housing strategy should be developed that reflects both the City's housing and development objectives.

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

- Section 1. City staff will provide a series of comprehensive workshops on General Plan policy issues including several workshops focused specifically on housing policies and programs;
- Section 2. City staff will begin the Housing Element update process early in order to develop a new comprehensive strategy to address the City's housing needs and to align the Housing Element schedule with that of the General Plan update; and

Adopted by the City of Sacramento City Council on date by the following vote: