



**City of Sacramento
City Planning and Design
Commission**

915 I Street, Sacramento, CA 95814

www.CityofSacramento.org

STAFF REPORT
November 15, 2012

To: Members of the Planning and Design Commission

Subject: Housing Element Update – Initial Workshop

Location/Council District: Citywide/All Districts

Recommendation: Staff is seeking Commission review and comment on the Housing Element update and issues related to this effort.

Contact: Desmond Parrington, AICP, Infill Coordinator, (916) 808-5044

Presenters: Desmond Parrington

Department: Community Development

Division: Planning

Dept. ID: 21001222

Description/Analysis

Issue: In concert with the General Plan Update, City Planning staff has begun work on the 2014-2021 Housing Element. State law requires that every city and county in California adopt a Housing Element, subject to State approval, as part of its General Plan. As a result of Senate Bill 375, which was signed by the Governor in late 2008, the planning period for the Housing Element has increased from five to eight years. The purpose of this change is to coordinate planning for future housing development with regional transportation and land use planning that is part of the Metropolitan Transportation Plan (MTP) process. The goal is to promote sustainable development in California in order to reduce vehicle miles traveled (VMT) and greenhouse gas emissions.

The Housing Element serves as the City's overall housing strategy and plans for the housing needs of all economic segments of the community through a comprehensive analysis of need, constraints, and resources as well as policies and programs to address those issues. A core component of the Housing Element is the requirement to identify sufficient sites at appropriate densities to meet the community's fair share of regional need based on projected growth as developed by the State and the Sacramento Area Council of Governments (SACOG). Known as the Regional Housing Needs Allocation or RHNA, this number establishes an overall housing needs projection, which is divided into different income levels. As adopted by SACOG, the total RHNA for the City is 24,101 units of which 8,411 units must be affordable to lower-income households. A detailed breakdown of the RHNA is included in Attachment 1. While the City is not required to develop these units, the City is responsible for ensuring that it has enough available land zoned to accommodate this level of development. Under Housing Element requirements, land zoned at 30 dwelling unit per acre (du/ac) or more is considered to be sufficient for future housing affordable to lower-income households.

The 2014-2021 Housing Element includes seven major components:

- **Housing Needs Assessment:** Provides demographic and housing need information for the City.
- **Constraints Analysis:** Analyzes existing and potential constraints to the development of housing and how those will be addressed.
- **Evaluation of Past Performance:** Assesses the City's progress in implementing the policies and programs set forth in the prior Housing Element.
- **Housing Sites Inventory and Analysis:** Identifies sites available for development or redevelopment and that are appropriately zoned to support housing development in order to accommodate the City's RHNA.
- **Housing Resources:** Identifies financial and other resources available to support housing development, especially affordable housing.
- **Policies and Programs:** Establishes new policies and programs designed to address the housing needs identified in the City.
- **Community Outreach:** Discusses the community involvement efforts done as part of the Housing Element update process, including outreach to all economic groups; the input they provided and how that has been addressed in the Element.

As required by State law, the 2014-2021 Housing Element update must be adopted by City Council by the end of 2013 -- approximately 18 months after adoption of the MTP by SACOG. As part of the General Plan update, staff has hired a consultant, Mintier-Harnish, to assist with the update though most of the work will be done by City Planning staff.

Since the Housing Element serves as the City's overall housing strategy, staff has developed an outreach strategy that includes opportunities for input from a broad cross section of the public. For this update, City staff has established a three-phased approach

over the next year that is geared to reach key groups in an efficient and effective manner, and also will be using technology to obtain feedback. The first phase would be initial outreach during the fall/winter 2012 to identify issues and solicit initial input. The second would be initiated after completion of the housing needs assessment and the analysis of constraints to housing development in winter/spring 2013 in order to talk about housing needs and how to address them. The third phase would be during the policy and program development in spring/summer 2013 with the goal of identifying key priorities for new or revisions to existing policies and programs. A detailed outline of the public outreach program is included in Attachment 2.

As part of the Housing Element update, staff will be reviewing and revising several of the City's major housing policies based on past performance, market conditions, available resources, and consistency with the City's General Plan update. The 2008-2013 Housing Element currently has 93 housing programs. With significantly reduced staffing and financial resources, staff will be reviewing these programs to determine which ones 1) have been effective and are critical to achieving the City's goals; 2) are important but need to be improved; and 2) are not effective and should be eliminated.

Two of the most significant programs that will be updated during preparation of the 2014-2021 Housing Element are the City's Mixed-Income Housing Ordinance and the Housing Trust Fund Ordinance. The Mixed-Income Housing Ordinance ([Chapter 17.190](#) of the City's Zoning Code), which established an inclusionary housing program in 2000, requires 15% of all housing built in certain areas of the City to be affordable to low (80% of Area Median Income (AMI)) and very low-income (50% AMI) households. The current ordinance applies to current and former greenfield areas of the City such as Natomas and Delta Shores that are typically built out as master planned communities. However, the ordinance also applies to two large brownfield sites, the Downtown Railyards and the Curtis Park Railyards, as well as to some infill areas including the portion of North Sacramento north of Interstate 80. (Refer to Attachment 3 for more information on the Mixed-Income Housing Ordinance).

The Housing Trust Fund (HTF) Ordinance ([Chapter 17.188](#) of the City Zoning Code) is a commercial linkage fee program established in 1989 that requires non-residential development to pay a per-square-foot fee to address the resulting need for affordable workforce housing in the community due to the creation of low-wage jobs. In 2005, as a result of growing concern about the lack of affordable housing options for low-wage workers, City Council approved an 81.3% increase and also indexed the fee to the San Francisco Construction Cost Index, a standard index used by other City fees. Indexing the fee was designed to automatically allow the fee to adjust upwards as construction costs increased. Despite this fee increase, HTF fees remain a small fraction (less than 10%) of the amount that may be charged as set forth in the nexus study. None of the other jurisdictions in our region that have the same fee program (the County and the cities of Rancho Cordova, Citrus Heights, and Elk Grove) have updated their fees since 1992. Folsom, which established its program in 2001/2002, has not raised its fees since the

program's inception. Currently, City fees are approximately 133% higher than these other jurisdictions with a HTF program while other neighboring jurisdictions such as West Sacramento have no HTF fee at all. (Refer to Attachment 4 for more information on the Housing Trust Fund Ordinance).

There is concern that each of these programs may act as an impediment to new development and job creation in the City in light of current economic conditions. The key challenge is how to create a supportive climate for development and business while at the same time providing a means to address the need for affordable housing in Sacramento. The updates to these ordinances are expected to be controversial as there are divergent opinions on this issue in the community. Efforts by SHRA in 2008 to reach a consensus to update the Mixed-Income Housing Ordinance between the business/development community and affordable housing advocates and developers were not successful.

The 2014-2021 Housing Element will be prepared over the course of the next year and staff will be returning to the Commission for two more workshops as staff prepares the document. We will be seeking the Commission's input and that of the community. Staff will return in summer 2013 to present a draft document for your review and recommendation to submit to Council and HCD for adoption and certification, respectively.

Policy Considerations: The Housing Element sets forth the City's goals and policies to address current and future housing needs. State law requires that the Housing Element be updated regularly to ensure that the City has sufficient sites, policies, and programs to address that need.

Environmental Considerations: No project is being proposed at this time. Staff is only presenting details about a pending planning initiative. Environmental review pursuant to CEQA will be conducted prior to the adoption of the Housing Element.

Public Outreach and Comments: Staff has conducted initial outreach with key stakeholder groups to brief them on the update process. These meetings have included market rate and affordable housing developers as well as affordable housing and homeless advocates and service providers. Additional outreach will be conducted with stakeholders and the community at large over the course of the update.

Sustainability: A sustainable community includes housing for current and future households of all income levels. The update to the City's Housing Element is designed to ensure that the City continues to provide opportunities for a range of housing types despite the challenging economic and financial conditions.

Rationale for Recommendation: Jurisdictions are required under Government Code Section 65580 et seq. to update their Housing Elements and submit them for review and certification by the State Department of Housing and Community Development (HCD) within 18 months after adoption of the Metropolitan Transportation Plan by their local

Council of Governments, which is SACOG. Failure to adopt a certified Housing Element can leave the City vulnerable to legal challenge and will make the City ineligible for certain State grant funds, including Prop. 1C Infill and TOD Program funds.

Financial Considerations: No additional funding is required. City Council approved funding for consultant assistance from Mintier-Harnish (General Plan and Housing Element updates) and Keyser Marston Associates (Mixed-Income Housing Ordinance Update) on October 9, 2012.

Respectfully submitted by: 
Desmond Parrington, AICP
Infill Coordinator

Recommendation Approved:

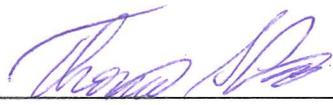

Thomas S. Pace
Long Range Planning Manager

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Attachment 1 Regional Housing Needs Allocation

The table below identifies the Regional Housing Needs Allocation (RHNA) for each jurisdiction in Sacramento County. The SACOG board adopted the RHNA for each jurisdiction in the six-county region on September 20, 2012. The RHNA establishes the total number of housing units that each city and county must plan for within the eight-year planning period from 2014-2021. Based on the adopted RHNA, each city and county must update the housing element of its general plan to demonstrate how the jurisdiction will meet the expected growth in housing need over this period of time. The foundation for each jurisdiction's overall allocation is the 2035 Metropolitan Transportation Plan (MTP) Update projections that SACOG developed in collaboration with each jurisdiction. Each jurisdiction starts with a percentage of affordable units equal to the percentage of existing affordable income households in the region. That percentage is then adjusted up or down using an adjustment factor based on regional income distribution disparities. Similar to the methodology used in the 2006-2013 RHNA, the adjustment factor adds future affordable units to jurisdictions that currently have lower than the regional average and subtracts future affordable units from jurisdictions that have higher than the regional average. This methodology moves all jurisdictions towards the regional average over time.

Regional Housing Needs Allocation for Sacramento County

Jurisdiction	Total RHNA	Very Low Income** (0-50% AMI)*		Low Income (51-80% AMI)*		Moderate (81-120% AMI)*		Above Moderate (120+% AMI)*	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Citrus Heights	696	146	21.0%	102	14.7%	130	18.7%	318	45.7%
Elk Grove	7,402	2,035	27.5%	1,427	19.3%	1,377	18.6%	2,563	34.6%
Folsom	4,633	1,218	26.3%	854	18.4%	862	18.6%	1,699	36.7%
Galt	679	131	19.3%	91	13.4%	126	18.6%	331	48.7%
Isleton	23	4	17.4%	3	13.0%	4	17.4%	12	52.2%
Rancho Cordova	7,008	1,539	22.0%	1,079	15.4%	1,303	18.6%	3,087	44.0%
Sacramento	24,101	4,944	20.5%	3,467	14.4%	4,482	18.6%	11,208	46.5%
Sacramento County	13,844	3,149	22.7%	2,208	15.9%	2,574	18.6%	5,913	42.7%
Total	58,386	13,166	22.5%	9,231	15.8%	10,858	18.6%	25,131	43.0%

*Note: AMI = Area Median Income; AMI for Sacramento County for a family of four was 76,100 in 2012.

**Per Gov't. Code Section 65583(a)(1), half of a jurisdiction's very low-income share of the RHNA presumed to be extremely low-income.

Source: SACOG, Regional Housing Needs Plan 2013–2021, September 20, 2012.

Attachment 2

Community Outreach Program

City staff has established the following outreach program for the Housing Element update (including the Mixed-Income Housing Ordinance and Housing Trust Fund updates). Meetings and workshops would be done in three phases over the course of the update process which spans from fall 2012 to fall 2013. The first phase would be initial outreach during the fall/winter 2012 to identify issues and solicit initial input. The second would be after completion of the housing needs assessment/ community profile in winter/spring 2013 to discuss housing needs and how to address them. The third phase would be during the policy and program development in spring/summer 2013 with the goal of identifying key priorities for policy/program development.

The stakeholder meetings would be done at each step of the process. Where only one meeting is scheduled with a group it would likely be in the late winter/early spring after the community profile is complete so staff can get input on which policies/programs to focus. The web-based community engagement tool would be used to determine priorities including what programs to keep and which ones to eliminate or improve. It is anticipated that the Housing Element and Mixed-Income Housing Ordinance would go together to Commission and then to Council.

- **Phase I – Issue Identification** **Fall 2012/Early Winter 2013**
 - Key Stakeholder Group Meetings
 - Sacramento Housing Alliance 1 meeting (Completed)
 - Infill Builders 1 meeting
 - North State BIA and Region Builders 1 meeting (Completed)
 - Neighborhood Groups 1 meeting (Completed)
 - Planning and Design Commission Workshop 1 meeting
 - Council/Law & Leg Briefings As needed
- **Phase II – Housing Needs and Constraints** **Late Winter/Spring 2013**
 - Stakeholder Group Meetings 5 meetings
 - Community Partnership Meetings (prior to Com. Mtg.) 4 meetings
 - General Community meeting 1 meeting
 - Disability Advisory Committee 1 meeting

○ Affordable housing residents	1 meeting
○ Homeless/transitional housing residents	1 meeting
○ Hart Senior Center meeting (targeting senior/disabled community)	1 meeting
○ Sacrament Housing & Redevelopment Commission Workshop	1 meeting
○ Planning and Design Commission Workshop	1 meeting
● Phase III – Policy and Program Development	Late Spring/Summer 2013
○ Planning and Design Commission Workshop	1 meeting
○ Stakeholder Group Meetings	5 meetings
○ Web-based engagement (survey, interactive web-based forum, etc.)	
○ Council/Law & Leg Briefings	As needed
○ Planning Commission Hearing	2 meetings
○ Law & Legislation Committee Hearing	2 meetings
○ City Council Hearings	2 meetings
GRAND TOTAL	33 meetings

Attachment 3

Mixed-Income Housing Ordinance Update

In conjunction with the City's Housing Element update, City staff is embarking on an update of the City's inclusionary housing policy, referred to as the City's Mixed-Income Housing Ordinance (refer to [Chapter 17.190](#) of the City's Code). The planned update is a result of several important changes, including:

- Current housing market conditions;
- Recent court decisions which may make portions of the City's ordinance unenforceable;
- Infeasibility of the ordinance's obligations for new housing development;
- Lack of flexibility of the existing ordinance;
- Increasing shift of development from greenfield areas to infill areas;
- Loss of redevelopment set aside funding for affordable housing;
- Continued decline in federal funding for affordable housing;
- Neighborhood concern about the size, scale, and management of affordable apartment projects; and
- Concerns about overconcentration of affordable housing in some areas.

With the update of the Mixed-Income Housing Ordinance, staff plans to address the following issues:

- Potential citywide application given the focus on infill development (per Program 5 from City's 2008-2013 Housing Element);
- Neighborhood concerns regarding the size, scale, and management of inclusionary housing developments;
- Greater flexibility and options for development projects to meet requirements, including in-lieu or impact fees;
- Housing needs of very low, low-, and moderate-income households;
- The need to address different project types (e.g., higher density infill projects as well as large master planned subdivisions); and
- The need for a range of housing types including potentially "affordable-by-design development."

The update process is expected to follow the same timeline as the City's Housing Element, and staff intends to conduct outreach with the public and key stakeholders and bring forward proposed changes in late 2013.

Recent History and Experience with the Ordinance

In 2000, the City adopted its Mixed Income Housing Ordinance ([Chapter 17.190](#) of the City's Zoning Code) which mandates that 15% of the housing in developments of 10 or more

residential units be affordable to very low- (50% AMI) and low-income (80% AMI) households for 30 years. Developers may elect to satisfy the requirements through the provision of either deed-restricted rental or ownership units, but 10% must be affordable to very low-income households and 5% to low-income households. The percentages are reversed for condominium projects. In the case of exclusive single-family developments less than five acres, the entire 15% may be provided to low-income households if the units are single-family ownership units. Concurrent development of the affordable units is required. Off-site production is allowed and a land dedication option is also available, though it has been rarely used. The ordinance is focused on affordable housing production. An in-lieu fee payment option is not included in the ordinance. The City does provide a variety of benefits to the development, but some of these are rarely used as they trigger prevailing wage requirements for the projects.

The ordinance applies to the City's "new growth areas" where most new residential development was expected to occur, primarily the areas of North Natomas and North Sacramento above Interstate 80, the southern part of the City below Cosumnes River Boulevard, and the area east of Power Inn Road (refer to the map in this section). However, the ordinance also applies to two large brownfield sites– the Downtown Sacramento Railyards and Curtis Park Railyards. The Mixed-Income Housing Ordinance applies exclusively to residential development while the City's Housing Trust Fund Fee Program (refer to Attachment 4) is an affordable housing impact fee program (also known as a commercial linkage fee program) that applies to non-residential development throughout the City (refer to [Chapter 17.188](#) of the City's Zoning Code).

In terms of affordable housing production, the Mixed-Income Ordinance has been quite successful, resulting in over 1,300 new affordable units since 2000. The ordinance has provided essential housing to address the needs of the large percentage of households in the City with lower incomes (refer to the Community Profile in the City's [2008-2013 Housing Element](#)). However, few of the projects have been mixed-income developments as the need for federal or State financing assistance has resulted in more large 100% affordable projects. Community members and neighborhoods containing these developments have expressed concern about the size, scale, massing, and composition of these projects in addition to concerns about property management and over-concentration.

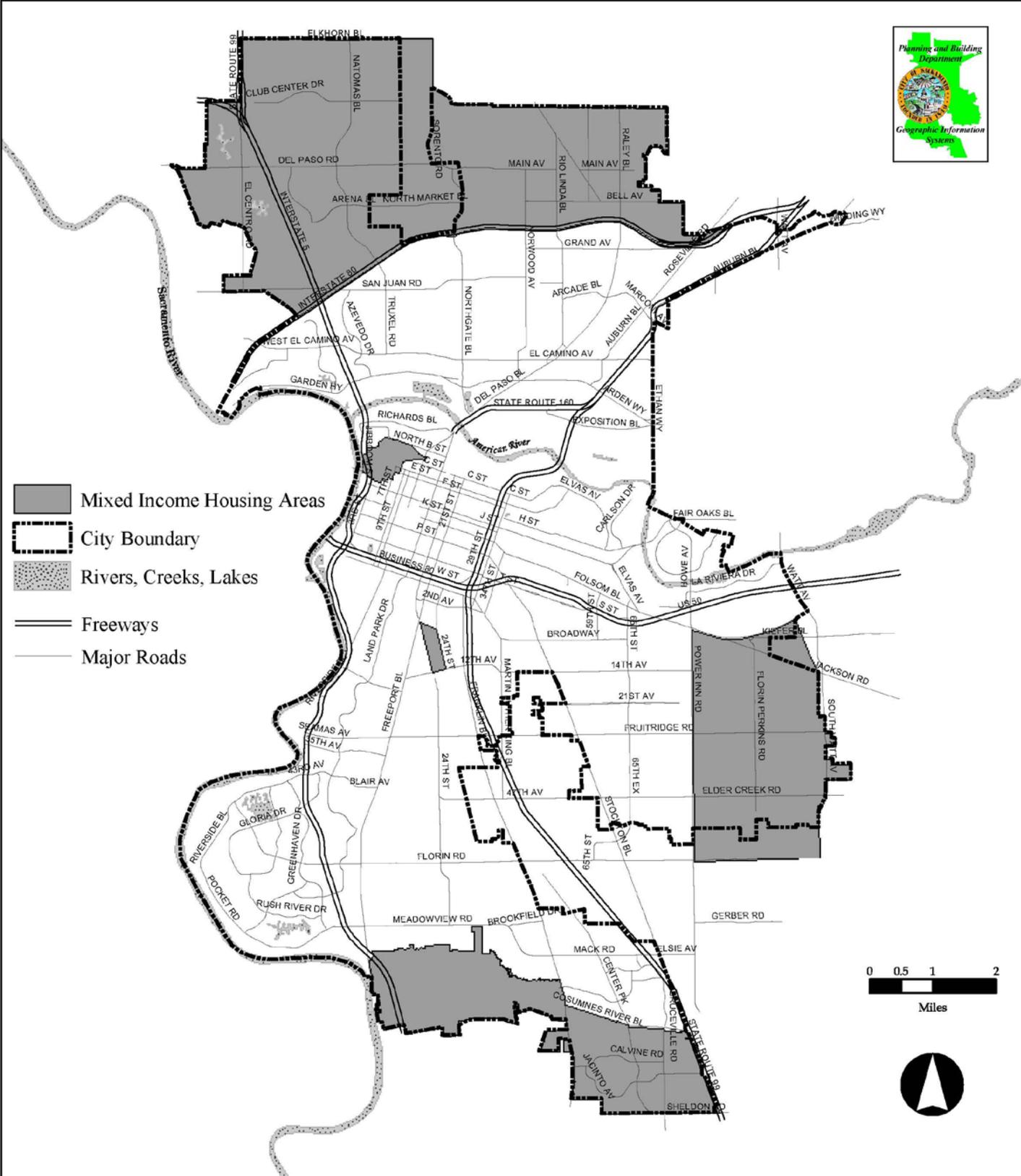
Since 2007, the City has seen a dramatic decline in its housing market with median prices falling by over 60% in many of the new growth areas such as North Natomas and North Sacramento. For example, the median home price in the region in 2005 was \$477,980, but by the end of 2011 the median dropped to \$178,000. As a result, there is growing concern that rather than encourage the production of affordable housing, the ordinance will be a barrier to residential development in these areas. Even during the housing boom, projects in North Sacramento had difficulty meeting the requirements of the ordinance due to the smaller scale of those projects and the predominance of single-family development there.

During this same period, there was also a shift in development activity to the urban core, and based on the City's General Plan projections, this trend is expected to continue with most new growth happening as infill in existing areas rather than in greenfield areas at the City's edges. However, with the loss of redevelopment set-aside funding, the City has few resources to support the development of affordable housing in infill areas.

While the current ordinance offers one option (land dedication), there is very limited flexibility for innovative solutions apart from the development of affordable housing as specified in the ordinance. In the past, several creative approaches that would have resulted in the production of affordable housing were rejected because they did not meet the requirements of the ordinance. As a result there is limited flexibility to address market conditions or community needs.

In 2008, the Sacramento Housing and Redevelopment Agency (SHRA), which administers the City's inclusionary ordinance, commissioned a detailed economic impact analysis of the Mixed-Income Housing Ordinance. The analysis considered the financial feasibility of potential modifications to the City's ordinance, including expansion of the ordinance citywide, increasing the income targets, and the use of in-lieu fees. The study determined that housing development was not currently feasible even without inclusionary requirements. However, even as the housing market improved, higher density infill projects would struggle more than other housing types with inclusionary requirements, according to the analysis. After completion of the study, SHRA embarked on a series of stakeholder workshops designed to identify the changes that the key stakeholders could support, but a consensus was not reached on the necessary modifications to the ordinance, and no changes were made.

Despite this impasse, the City is embarking on an update to its Mixed-Income Housing Ordinance to ensure that the City has an effective yet flexible program that can produce affordable housing, but is responsive to housing market conditions. In addition, the City also needs a program that produces affordable housing projects that fit well within the community and distributes those projects throughout the City rather than just in some areas.



AREAS SUBJECT TO MIXED INCOME HOUSING POLICY

Attachment 4

Housing Trust Fund Ordinance Update

The City established the Housing Trust Fund (HTF) Program by ordinance in 1989. This commercial linkage fee program was one of the first of its kind in the nation. The program established a per-square-foot fee for commercial development based on the number of low-wage jobs that are created. The creation of low-wage jobs results in a need for affordable workforce housing locally. The funds produced through this impact fee program are used as financing for affordable workforce housing projects in Sacramento. The City was sued by the Commercial Builders of Northern California (*Commercial Builders of Northern California v. City of Sacramento*) over the program, but the fee was upheld by the Federal 9th Circuit Court of Appeal in 1991.

Subsequent to the City's adoption, the County adopted the ordinance in 1990 and those jurisdictions that split off from the County, including Citrus Heights, Elk Grove, and Rancho Cordova, have all continued the program. Folsom adopted a Housing Trust Fund Program in 2001 as a result of lawsuit by Legal Services of Northern California (*Hallfeldt v. City of Folsom*). While such programs are common in the San Francisco Bay Area and in some of the larger southern California cities, few other northern or central valley cities have adopted such a fee and most of Sacramento's other neighbors do not have a similar fee.

The fee applies to all new non-residential development as well as tenant improvements that involve a change of use. The fees can only be used to assist in the development of new workforce (low and very low-income) housing and for administration of the program. As a result of a legal settlement, the program is handled differently in North Natomas, which at the time of adoption was not developed, compared to the rest of the City. Fees are applied based on land use in North Natomas whereas building type is used in the rest of the City. The ordinance has an option to construct housing instead of paying the fee, but that build option is very complicated and has not been used.

For those Sacramento County jurisdictions with the program, HTF fees have not been increased since 1992. However, the City increased its fee at the height of the housing boom in 2004/2005 by 81.3% and also indexed the fee to the San Francisco Construction Cost Index, which is the standard index used for most other city fees. The index measures cost increases in typical building materials (i.e., wood, steel, concrete, etc.). No similar index exists for the Sacramento County region. The purpose of indexing the fee was to ensure that it kept pace with the cost to construct new affordable housing. Despite the fee increase and the indexing City HTF fees remain a small fraction of the total fee amount identified in the 2005/2006 nexus study.

In approving the fee increase and indexing, City Council directed staff to coordinate with the County and other local jurisdictions to encourage them to take similar steps. City and SHRA staff conducted this outreach to neighboring jurisdictions in 2006, but no jurisdiction updated

their fee programs due to concerns about discouraging commercial development and the potential loss of sales tax revenue.

As a result of the increases, the City's HTF fees are about 133% higher than those of the other jurisdictions. For example, the City's fee for office development is \$2.25 per square foot compared to \$0.97 in the County and other cities except Folsom, where it is \$1.20 per square foot. The average annual fee increase in the City due to indexing has been about 6.4% per year. During the housing boom, the fee generated almost \$3 million annually for the City, which was used to support a variety of new affordable housing projects in the City. However, currently the fee generates only about \$200,000 a year based on the lower level of commercial building activity.

While the need for funding for affordable housing has increased dramatically given the loss of redevelopment and the continued decline of federal funding sources, concern has grown that Sacramento may be discouraging commercial development with an HTF fee level that is significantly higher than its neighbors. During the Housing Element update, staff will be looking at ways to improve the ordinance and plans to revise the ordinance to address some of the administrative and economic issues that are creating confusion and raising concerns about economic competitiveness. Staff, along with its consultant Keyser Marston Associates, will also review the nexus study prepared in 2005/2006 to support past fee increases to ensure that it is still valid in light of the changed economic conditions. In addition, staff is looking at overall fee levels on development to ensure that the City is competitive within the region.



Attachment 5

City of Sacramento

Housing Element

Update

Workshop I

City Planning and Design Commission

November 15, 2012



What is the Housing Element?

- Serves as City's housing strategy
- Chapter of City's General Plan
- Required by State law (Gov't Code Sec. 65580)
- Must be certified by State HCD
- Covers 8-year planning period: 2014-2021
- Must address future need including City's share of RHNA
- Sets forth housing goals, policies and programs for all income levels

Housing Element and SB 375

- Changed from 5-year to 8-year cycle
- Must be adopted 18 months after MTP
- Mandates coordination with SACOG MTP/SCS
- Requires coordination between housing, land use and transportation planning
- Encourages sustainable development
 - Planning for housing near jobs and transit
- Goal of reducing VMT and GHGs

What is the RHNA?

- State's future housing need allocated by region
- Adjusted based on MTP projections
- Adjusted to address regional disparities
- Requires sufficient sites with proper zoning at sufficient density
- Low-income housing = 30+ du/ac
- Not a build requirement!

Sacramento's Share of RHNA

Income Level	Number of Units	Percent
Extremely Low* (0-30% AMI)	2,472	10.25%
Very Low (31-50% AMI)	2,472	10.25%
Low (51-80% AMI)	3,467	14.40%
Moderate (81-120% AMI)	4,482	18.60%
Above Moderate (120%+ AMI)	11,208	46.50%
Total	24,101	100.00%

**Per Gov't. Code Section 65583(a)(1), half of a jurisdiction's very low-income share of the RHNA presumed to be extremely low-income.*

Housing Element Components

- Housing needs assessment
- Constraints analysis
- Evaluation of past performance
- Housing sites inventory and analysis
- Housing resources
- Policies and programs
- Community outreach

Key Housing Issues

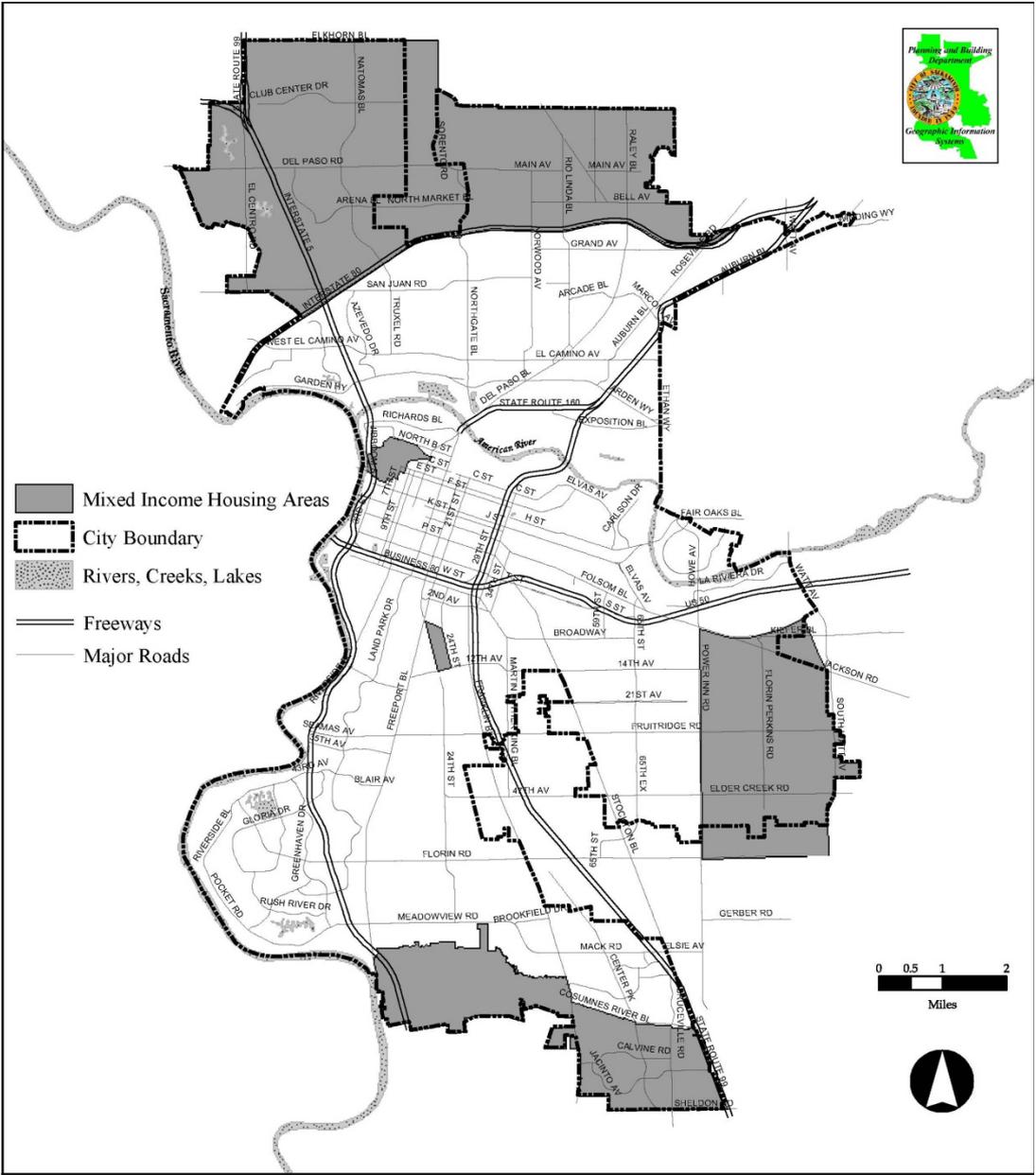
- Current market conditions
- Economic competitiveness
- Changing development patterns
- Increasing housing need
- Homelessness and shelter needs
- Impact of foreclosures and changing lending practices
- Loss of affordable housing funding sources
- Neighborhood concerns
- Complex and shifting legal environment
- City requirements and development realities

Housing Policies and Programs

- Current Housing Element has 93 programs
- Staff and financial resources reduced
- Need to focus on essential housing priorities
- Key program updates include:
 - Mixed-Income Housing Ordinance Update
 - Housing Trust Fund Ordinance Update

Mixed-Income Housing Ordinance

- Requires 15% of all development to be affordable to:
 - Very Low (10%) and Low-Income (5%)
- Units must be built concurrent with market-rate units
- Land dedication option available; not used
- Applies to “new growth areas”
 - Master planned areas like Greenbriar, Delta Shores
 - Some infill areas like Railyards, North Sacramento



AREAS SUBJECT TO MIXED INCOME HOUSING POLICY

Mixed-Income Update

Challenges

- Current housing market conditions
- Recent court decisions and City's ordinance
- Ordinance requirements now infeasible
- Lack of flexibility
- Shift from greenfield to infill development
- Reduction of financial resources
- Neighborhood concern over affordable housing
- Overconcentration concerns

Issues for Mixed-Income Update

- Potential citywide application per Council direction
- Size, scale, and management of inclusionary housing
- Greater flexibility and options for projects
- Housing needs of very low, low- and moderate-income
- Need to address different project types
- Plan for a range of housing types
- Economic/market triggers

Housing Trust Fund Ordinance

- Commercial linkage fee program
- Requires commercial development to pay fee
- Based on need for housing from creation of low-wage jobs
- County, Rancho Cordova, Elk Grove and Folsom all have similar program
- Fees used for affordable workforce housing

HTF Update Challenges

- Last fee adjustment in 1992
- City increased fees in 2005; no one else did
- Fees now indexed and increase automatically
- City fees 133% higher than others
- City HTF fees still fraction of what is allowed
- Build option not used
- Different procedure for North Natomas
- Fee charged on tenant improvements

Issues for HTF Update

- Simplify administration of fee
- Need to create uniform Citywide procedures
- Remove fee for tenant improvements
- Assess how fee affects City's competitiveness
- Should fees be adjusted to support General Plan goals?
 - Examples:
 - Adjust fee for office compared to retail?
 - Reduce fee for mixed-use development?

Schedule

- Start Fall 2012
- Community Outreach Fall 2012 - Spring 2013
- Draft Housing Element Summer 2013
- Adoption Fall 2013
- HCD Certification Late 2013/early 2014

Community Outreach

- 3 phases of outreach:
 - Issue identification Fall/Winter 2012
 - Housing needs/constraints Spring 2013
 - Policies and programs Spring/Summer 2013
- Broad-based community outreach
- Targeted outreach to key affected groups
- Total of 30+ meetings and hearings planned

Commission's Role

- Several Commission workshop planned
- Workshops at different stages in update
- Commission to review and provide input at key milestones
- Review and provide recommendations to Council

Contact Information

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