

**Sacramento County Affordable Housing Ordinance**

**Annual Report**

**for**

**January 1, 2016 to December 31, 2016**

**Sacramento Housing and Redevelopment Agency**

**May 2017**

## **AFFORDABLE HOUSING ORDINANCE ANNUAL REPORT FOR 2016**

On February 25, 2014, the Sacramento County Board of Supervisors (Board) repealed Chapter 22.35 of the County Code, known as the County's Affordable Housing Ordinance (Repealed Ordinance), and adopted a revised Ordinance (Ordinance) on March 26, 2014. The revised Ordinance creates a standard affordable housing fee applicable to all developers (with limited exceptions) and provides a variety of other options an applicant/developer may choose to satisfy a project's affordable housing obligations. For a variety of factors and economic circumstances, including increasing housing-development costs, new residential development does not always provide housing to low, very low, and extremely low-income households. As part of this revision, the County contracted with a consultant to perform a residential nexus analysis that demonstrates the relationship between the development of market-rate residential units and the need for additional affordable housing. In order to implement the Ordinance, the County and SHRA prepared the Affordable Housing Program Guidelines (Guidelines) and the County approved the Guidelines on June 9, 2015.

Ordinance section 22.35.060(D) calls for biennial reports to monitor the performance of the affordable housing program, including the number of units produced, the amount of land dedicated and purchased, the amount of funds collected and expended, and the level of affordability of units constructed. Though the Ordinance requires a biennial report, SHRA is electing to report on the Ordinance annually to align with the Housing Trust Fund report. This annual report quantifies affordable housing production since the adoption of the revised ordinance during the reporting period encompassing calendar year 2016.

Under the new Ordinance, new residential development projects have the following options to comply with the affordable housing requirement:

- Pay an affordability fee on all newly constructed market-rate units;
- Comply with the development project's approved affordable housing plan (AHP) if one exists under the repealed ordinance; or
- Enter into a development agreement or other form of agreement with the County that provides for a fee credit for land dedication, construction of affordable housing units, or other mechanism that leads to the production of affordable housing in an amount at least equivalent to the affordability fee.
- Purchase Unit credits for affordable housing units banked with SHRA prior to the effective date of the Ordinance.

### **Current Fee Schedule**

As of March 31, 2017, the current affordability fee is equal to \$2.69 per habitable square foot of each market rate residential unit and is paid concurrently with payments for building permit fees for the development project. The fee is adjusted annually based on the Building Cost Index 20-City Average published by Engineer News-Record/McGraw Hill.

**2016 COUNTY AFFORDABLE HOUSING  
PROGRAM FINANCIAL INFORMATION**

<b>Beginning Balance</b>	
<b>\$2,101,279</b>	

<b>Income</b>	
Fees Collected	\$1,813,392
Interest	\$30,383
Program Income	\$16,532
<b>Total Income</b>	<b>\$1,860,307</b>

<b>Expense</b>	
Operations	\$83,224
<b>Total Expense</b>	<b>\$83,224</b>

<b>Ending Balance</b>	
Remaining Project Balances	\$1,900,000
Balance Available for Projects	\$1,978,362
<b>Ending Balance</b>	<b>\$3,878,362</b>

At least 10 percent of the affordability fees collected are to be utilized to generate extremely low-income units by buying down affordability in very low-income units constructed as a result of the ordinance or constructed on dedicated sites.

At least 50% of the fees collected shall be used to produce affordable housing in large development projects consisting of at least 750 residential units.

**2016 County Affordable Housing Ordinance Expenditures**

<b>Project</b>	<b>Address</b>	<b>AHO Units</b>	<b>Total Units</b>	<b>Total AHO Budgeted</b>	<b>2016 AHO Expenditure</b>	<b>Remaining Balance</b>
Courtyard Inn	3425 Orange Grove Ave	10	120	\$1,900,000	\$0	\$1,900,000
<b>TOTAL</b>		<b>10</b>	<b>120</b>	<b>\$1,900,000</b>	<b>\$0</b>	<b>\$1,900,000</b>

**Other Development Options**

Compliance with the revised Ordinance requires coordination among the project sponsor/developer, SHRA staff, and County staff. If a developer enters into a development agreement, a project's application for entitlements includes preparation of an Affordable Housing Strategy detailing how the affordable obligation will be met. The strategy is approved by the County Board of Supervisors concurrently with the project's first legislative entitlements. An Affordable Housing Regulatory Agreement is then

executed between the Developer and SHRA concurrently with the final map for the project.

#### Production Accomplished

The Unit Production table identifies all affordable units constructed under the Repealed Ordinance and the Revised Ordinance.

The Regulatory Agreement is recorded on the property's Title and remains in effect for either 30 years (for-sale units) or 55 years (rental units), during which rents remain affordable. Completed projects are monitored by SHRA's Portfolio Management Department for the duration of the Regulatory Agreement.

### **2016 AFFORDABLE HOUSING PROGRAM UNIT PRODUCTION**

#### **REVISED ORDINANCE**

<b>2014-2016</b>	<b>Units Constructed</b>		
	<b>ELI</b>	<b>VLI</b>	<b>LI</b>
None	0		

#### **REPEALED ORDINANCE**

<b>2011-2013</b>	<b>Units Constructed</b>		
	<b>ELI</b>	<b>VLI</b>	<b>LI</b>
Glenwood #5 Subdivision (Single Family)	0	0	4
<b>2009-2010</b>			
Arbor Creek Family (Multi-family)	41	41	19
Arbor Creek Senior (Multi-family)	7	32	20
Corsair Park Senior Apartments (Multi-family)	0	11	6
Norden Terrace Apartments (Multi-family)	0	20	10
Varenna Senior (Multi-family)	0	13	6
<b>2007-2008</b>			
Vineyard Creek/Vineyard Pointe (Multi-family)	35	71	70
Sierra Sunrise II (Multi-family)	0	2	1
Colonia San Martin (Multi-family)	0	6	3
Robbin's Nest (Single Family)	0	0	1
Foothill Farms Senior (Multi-family)	0	17	8
Mutual Housing at the Highlands (Multi-family)	0	8	4
<b>2005-2006</b>			
Walerga Road Apartments (Multi-family)	0	0	26
<b>Total Units Constructed by Affordability</b>	<b>83</b>	<b>221</b>	<b>178</b>
<b>Total Units Constructed</b>	<b>482</b>		

Land Dedication

No transfer of dedicated land or land purchase has occurred.

Unit Purchase Program

No unit credits were purchased from SHRA during 2016.