



NOTICE OF SPECIAL MEETING
Sacramento Housing and Redevelopment
Commission
Wednesday, May 29, 2013 - 5:00 p.m.
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – May 15, 2013

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

BUSINESS ITEM

3. Approval of Agency Loan for the Curtis Park Court Apartments

INFORMATIONAL PRESENTATIONS

4. Housing Element Update

EXECUTIVE DIRECTORS REPORT

HOPWA Fund report back

ITEMS AND QUESTIONS OF
COMMISSION MEMBERS

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC)

Regular Meeting

May 15, 2013

Meeting noticed on May 9, 2013

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Gore, Griffin, Le Duc, Morgan, Morton, Rosa, Shah, Stivers

MEMBERS ABSENT: Johnson

STAFF PRESENT: Vickie Smith, Cindy Parker, Tia Boatman Patterson, LaShelle Dozier, Mary Liz Paulson, Jim Shields, Mary Lyon,

APPROVAL OF AGENDA

1. APPROVAL OF ACTION SUMMARY SYNOPSIS

Action Summary Synopsis for May 1, 2013 was approved as amended. Chair Alcalay and Agency Counsel Tia Boatman Patterson indicated that the votes for item number 3 on the May 1st agenda should be listed as having been expunged but the records should hold that a public hearing was held for the item.

2. CITIZEN COMMENTS

Mary Barber spoke regarding concerns about Agency property on Northcrest Circle in Carmichael.

Lorraine Brown spoke about conflict of interest and asked for copies of biographies of SHRA commission members.

CONSENT

3. SHRA Commercial Leasing and Tenant Improvements of 5410-5452 Auburn Boulevard

4. Foreclosed Property Access and Rehabilitation Program Amendment – City

5. Foreclosed Property Access and Rehabilitation Program Amendment - County

The Commission recommended approval of the staff recommendation for items 3, 4 and 5 listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Shah

NOES: none

ABSENT: Johnson

Not present to vote: Stivers

BUSINESS ITEMS

6. Approval of Bond Issuance and Home Investment Partnership Program Loan for Greenway Village, Los Robles and Glen Ellen Estates Project Greenway Village and Los Robles

7. Approval of Home Investment Partnership Program (HOME) Loan for Glen Ellen Estates

Joel Riphagen presented items 6 and 7 together.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Shah,
Stivers

NOES: none

ABSENT: Johnson

8. Approval of Selection of a Development Team to serve as Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites and Application for a Choice Neighborhoods Initiative (CNI) Planning Grant

Chris Pahule presented the item.

Lydia Tan of the Related Companies of California spoke in support of project.

Lorraine Brown spoke against the project.

Luree Stetson and Dan Hood from Upper Land Park spoke in favor of the project.

Commissioners Rosa, Morgan, Alcalay, and Chan and Griffin thanked staff for their efforts and spoke in support of the project.

Commissioner Shah asked if the new councilmember for the district was supportive. Staff indicated that he was. Commissioner Shah also asked why the report was late being delivered to Commissioners. Staff indicated that they were rushing to complete the community process and meet with City staff and elected officials prior to completing the report which caused the delay.

Commissioner Griffin asked how the community could become involved. Scott Mende from City Planning explained the City's community planning process.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Shah,
Stivers
NOES: none
ABSENT: Johnson

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Next meeting will be May 29th and this meeting will start at 5m. The June 5th meeting will be cancelled.
- Thanks to staff and developers for work on Marina Vista and Alder Grove.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Morgan reported that his issue with the inspector at 626 I Street has been resolved.

Commissioner Morton reported that the parking situation at 626 I Street is still an issue with residents being harassed and the lot being constantly full.

Chair Alcalay asked for a report back on the Northcrest Circle issue and about his pride for his son's military service.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:00 p.m.

AGENCY CLERK



May 23, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Agency Loan for the Curtis Park Court Apartments

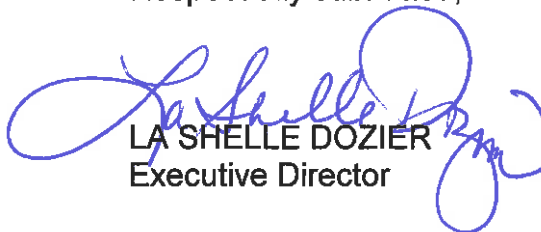
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



REPORT TO CITY COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
June 11, 2013

Honorable Mayor and Members of the City Council

Title: Approval of Agency Loan for the Curtis Park Court Apartments

Location/Council District: Intersection of 24th Street and 10th Avenue, Curtis Park Village, Council District 5

Issue: This report recommends an Agency loan to provide construction and permanent financing for the Curtis Park Court Apartments.

Recommendation: Adopt a **Council Resolution** a) approving a \$1,800,000 Loan Commitment of City Home Investment Partnership Program (HOME) funds for the financing of the Curtis Park Court Apartments Project and delegating authority to the Sacramento Housing and Redevelopment Agency (Agency) to execute and transmit the Loan Commitment to the master developer, b) authorizing the Agency to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy, c) authorizing the Agency to amend its budget and allocate up to \$1,800,000 in City HOME funds to the Curtis Park Court Apartment Project, and d) approving related findings.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353;
Steve Lierly, Housing Finance Analyst, Development Finance, 449-6236

Presenters: Steve Lierly, Housing Finance Analyst, Development Finance

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: On June 30, 2009, the City of Sacramento was awarded a Proposition 1C Transit-Oriented Development (TOD) Infrastructure grant by the State Department of Housing and Community Development (HCD) in the amount of \$9,085,000 for the Curtis Park Village project. This grant program provides funds for the cost of building public infrastructure (street, utilities and parks) in exchange for the development of affordable housing within a mixed-income neighborhood.

Approval of Agency Loan for the Curtis Park Court Apartments

The Petrovich Development Company under its affiliated entity Calvine & Elk Grove Florin, LLC ("Master Developer"), as current owner of the Curtis Park Railyards Property, has entered into an agreement with Domus Development, LLC (Domus) to ensure that a 90 unit affordable housing project is constructed. The land and major infrastructure improvements to the site are being provided at no charge by the Master Developer.

This affordable housing project will also satisfy Curtis Park Village's obligation under the City's Mixed Income Housing Ordinance requirement that 15 percent of the residential units to be affordable to low and very low income households.

The Sacramento Housing and Redevelopment Agency (Agency) is proposing to assist with a loan of up to \$1,800,000 in City HOME funds for the Curtis Park Court Apartment project ("Project"). The affordable Project will be located at the future intersection of 10th Street and 24th Avenue of the Curtis Park Village project. A vicinity map and ground floor site plan are included as Attachments 1 and 2. The project will occupy approximately 2 acres and will consist of a three-story residential senior apartment complex comprised of studio, one and two-bedroom apartment units. The Loan Commitment to the Project is conditioned upon HCD accepting a revised Standard Agreement for the proposed affordability and unit mix.

In addition to the proposed Agency loan, the Project is anticipated to be funded with nine percent Low Income Housing Tax Credits (LIHTC's), a bank loan, and a deferred developer fee. The Low Income Housing Tax Credits and Agency loan together will require that eleven units be affordable to seniors earning 30 percent or less of area median income (AMI), 19 units to seniors earning 40 percent or less of AMI, 36 units to seniors earning 50 percent or less of AMI and 24 units to seniors earning 60 percent or less of AMI.

Further background on the project, developer, and the property is included as Attachment 3. A project summary, including a proposed sources and uses of funds, is included as Attachment 4. A project cash flow pro-forma and a schedule of maximum rents are included as Attachments 5 and 6.

Policy Considerations: The recommended actions are consistent with the Agency's previously approved multifamily lending and mortgage revenue bond policies.

Regulatory restrictions on the property will be specified in regulatory agreements between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreements will be monitored by the Agency on a regular basis.

Economic Impacts: This multifamily residential project is expected to create 173.4 total jobs (97.3 direct jobs and 76 jobs through indirect and induced activities) and create \$20,031,069 in total economic output (\$14,768,486 of direct output and another \$9,262,583 of output through indirect and induced activities). *The indicated economic impacts are*

Approval of Agency Loan for the Curtis Park Court Apartments

estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA): Agency has reviewed the Environmental Impact Report certified by the City of Sacramento on September 28, 2010 for the Curtis Park Village Project EIR, and has considered the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f). The Agency has considered the environmental effects of the proposed project as shown in the Environmental Impact Report. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review per State CEQA Guidelines §§ 15162 or 15163.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goals, policies and targets as follows: (1) Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy; (2) Goal number three – Air Quality, specifically by reducing the number of commute trips by single occupancy vehicles and reducing vehicle miles traveled; (3) Goal number five – Public Health and Nutrition, specifically by maximizing the number of amenities that are located within ½ mile of all residents and cleanup, redevelopment, and reuse of areas that are Brownfield; and (4) Goal number six – Urban Design, Land Use, Green Building, and Transportation specifically by reducing dependence on the private automobile by providing efficient and accessible public transit and transit-supportive land uses, reducing long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

Other: Environmental review for the Curtis Park Court project pursuant to National Environmental Policy Act (NEPA) is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

Approval of Agency Loan for the Curtis Park Court Apartments

Commission Action: At its meeting of May 29, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The recommended actions are expected to satisfy the affordability requirements of the Proposition 1C Transit-Oriented Development (TOD) Infrastructure grant for Curtis Park Village and are consistent with the Agency's previously approved multifamily lending policy. Regulatory restrictions on the property are specified in a Regulatory Agreement between the Developer and the Agency. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

The recommended actions are consistent with the City Mixed Income Housing Ordinance. The Inclusionary housing requirements will be detailed in an Inclusionary Housing Regulatory Agreement recorded on the underlying land. Compliance with the Inclusionary Housing Regulatory Agreement will be monitored by the Agency on a regular basis.

Financial Considerations: Staff recommends funding of an Agency loan comprised of \$1,800,000 of City HOME funds. A loan commitment letter is included as Exhibit A to the attached resolution.

M/WBE and Section 3 Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

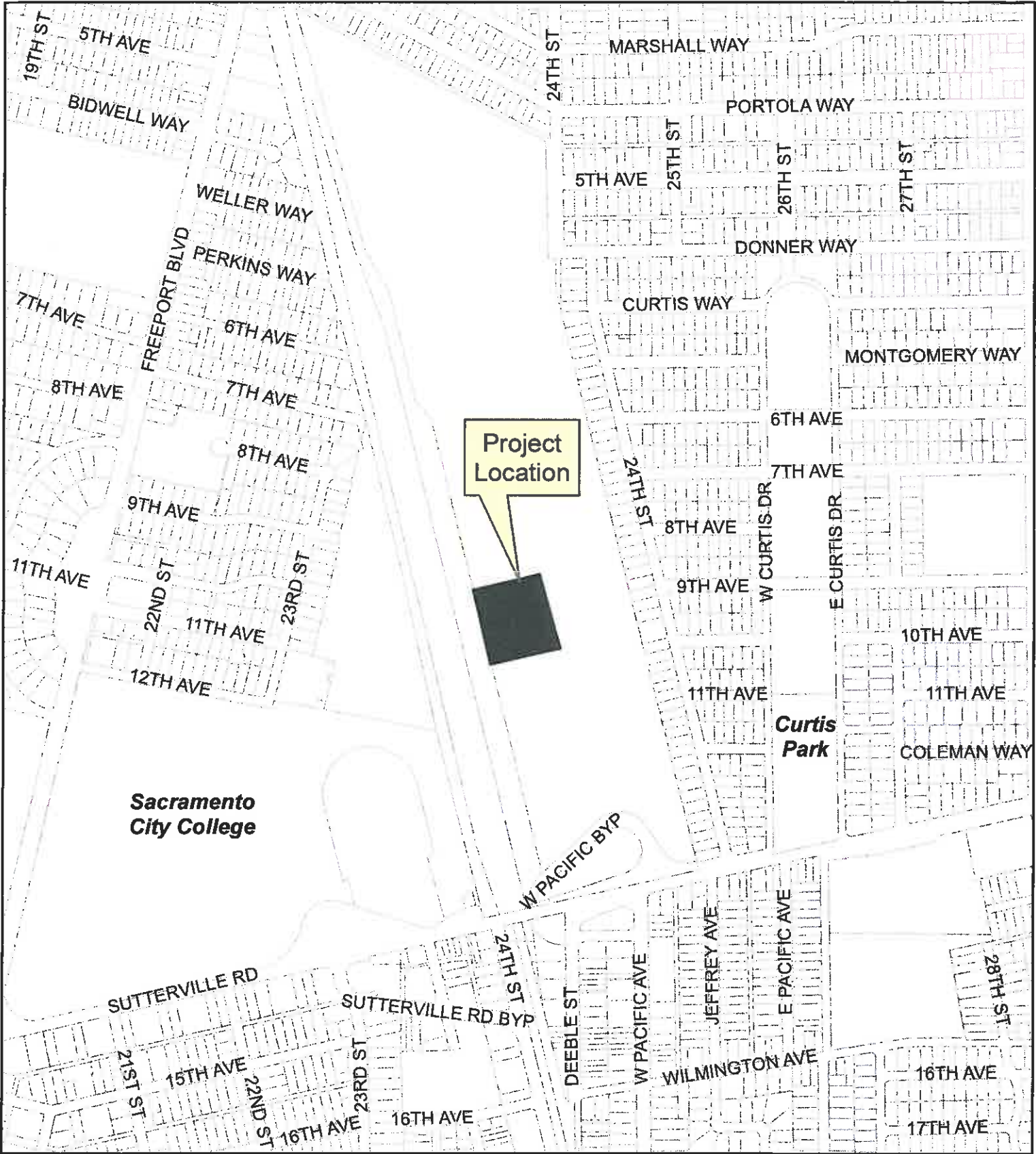
Approval of Agency Loan for the Curtis Park Court Apartments

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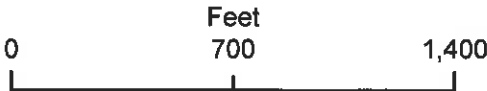
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Curtis Park Court



Curtis Park Court



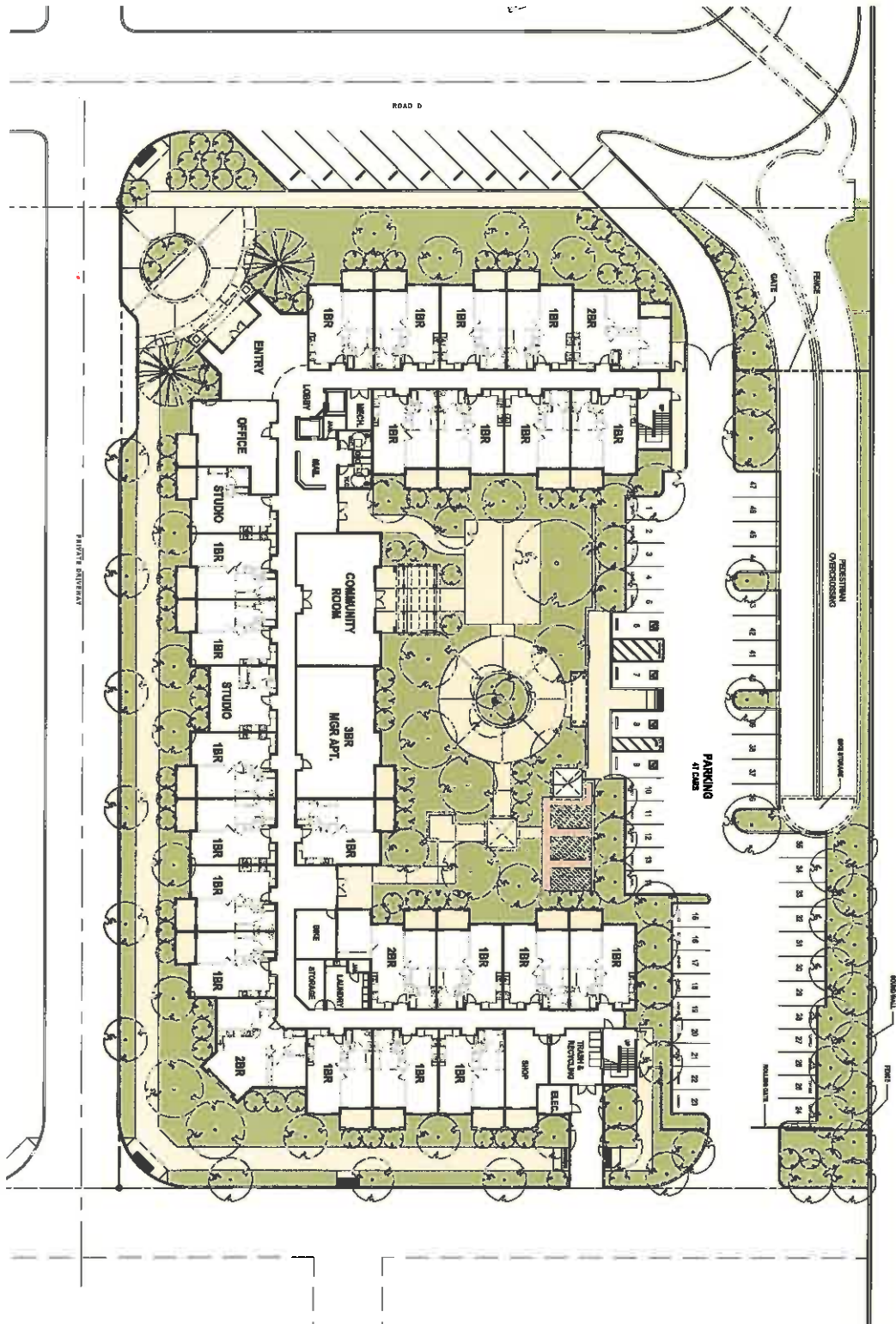
SHRA GIS
May 13, 2013



Curtis Park Court

Sacramento, California

GROUND FLOOR PLAN & SITE PLAN



Curtis Park Court Apartments Background Information

Description of Development: The Curtis Park Court project consists of the new construction of a three-story building totaling approximately 96,030 square feet on approximately 2 acres of undeveloped land near the future intersection of 24th Street and 10th Avenue in the Curtis Park Village subdivision in Sacramento. The property will include on-site parking, management office, and community space for resident services and activities. The building will include 91 studio, one- and two-bedroom residential units for seniors and one three-bedroom manager's unit. Twelve (12) percent of the units will be affordable to residents with incomes at or below 30% of the area median income, twenty one (21) percent of the units will be affordable to residents with incomes at or below 40% of the area median income, forty (40) percent of the units will be affordable to residents with incomes at or below 50% of the area median income, and twenty-seven (27) percent of the units will be affordable to residents with incomes at or below 60% of the area median income.

Each unit will contain a full kitchen including dishwashers, full bathroom, living/dining area, centralized high-efficient heating and cooling air systems, and energy efficient appliances. Flooring will include carpet and vinyl flooring. Most units will have a private patio or balcony. All units have been designed to be fully accessible or adaptable, thereby allowing for aging in place. There will be a minimum of 5 units which will be accessible for persons with mobility impairments. There will be a minimum of 2 additional units which will be adaptable for persons with sensory impairments. All common areas will be accessible in accordance with the Americans with Disabilities Act (ADA).

The project includes a community area of approximately 1,300 square feet on the ground floor for hosting resident services and events. A common laundry area will be located on each floor with additional lounge areas provided on both the second and third floors. An elevator will service all three levels of the project in order to assure easy access for all residents and guests. The site will be well landscaped and incorporate accessible pathways around the building to aid access. A total of 48 surface parking spaces will be provided including three ADA accessible and one van accessible.

This building will be the first development within the Curtis Park Village transit oriented development. The property is a significant infill development located near a variety of amenities, including a Sacramento Regional Transit light rail station, Sacramento City College, Curtis Park, and Land Park. The building is designed to be appropriate in scale and style with the surrounding neighborhood while also marking an area of new development and investment. Following the development of this key building, the Curtis Park Village subdivision will also include a three-acre park, single family homes, and neighborhood-serving retail with a grocery anchor tenant.

Proposition 1C TOD Infrastructure Grant: On June 30, 2009, the City was awarded a TOD grant by HCD in the amount of \$9,085,000 for the Curtis Park Village project. The amount of the grant award was based on a number of factors, including the number of affordable housing units, the planned bridge to the City College light rail station, and the total number of market rate housing units.

On March 26, 2013 the City Council approved a Standard Agreement and a Disbursement Agreement with HCD. The HCD grant agreements allow the City to provide the Proposition 1C grant funds to the Master Developer as the grant sub recipient for the infrastructure work, which includes grading, streets and utilities, and the planned neighborhood park. The City Council also approved an Assignment and Assumption Agreement with the Master Developer who assumed all of the City's obligations under the TOD grant.

The Standard Agreement currently approved by HCD requires 83 one-bedroom units affordable at 40 % AMI and 7 two-bedroom units affordable at 35% of AMI. The new Curtis Park Court project's unit counts and affordability ranges meet the HCD Program Guidelines dated February 4, 2009 ("Guidelines"), and HCD has indicated they are willing to approve the changes and amend the Standard Agreement.

Developer: The project is to be owned and developed by Domus Development, L.L.C. (Domus) or a related entity. Domus has extensive experience in the development, renovation, and operation of multifamily housing in Northern California. Domus was formed in 2003 and has ten completed projects including the La Valentina Apartments which provided 81 affordable units adjacent to the La Valentina/Alkali Flat light rail station and the recently completed Kelsey Village on Stockton Boulevard.

Property Management: Curtis Park Court Apartments is to be managed by Domus Management Company, an affiliate of the developer. Domus Management has broad experience managing tax credit projects and currently has ten affordable projects under management including 636 units. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Resident Services: Resident services are to be provided by LifeSTEPS, a division of Riverside Charitable Corporation. LifeSTEPS' mission is to strengthen families and communities through programs with a focus on life skills training, education and supportive services for children, families and seniors. LifeSTEPS is an experienced social service provider and is already working at several affordable projects in Sacramento. LifeSTEPS has submitted a complete resident services plan for Agency approval detailing the scope and schedule of services to be provided. A minimum of 15 hours per week of resident services will be provided.

Project Financing: Curtis Park Court Apartments is proposed to be financed primarily with nine percent Low Income Housing Tax Credits (LIHTC). Construction and permanent financing will be provided by a bank loan and the remainder of the financing will be provided by the Agency HOME loan of \$1,800,000 and a deferred developer fee.

Low-income Set-aside Requirements: The project will be layered with affordability requirements required by the various public funding sources. These sources and their affordability requirements are summarized in the following table.

Funding	Affordability Restrictions	No. Units Covered	Regulatory Term
Prop 1C, Low Income Housing Tax Credits	Extremely Low-Income (30% AMI)	11	55 years
	Very Low-Income (40% AMI)	19	55 years
Prop 1C, Low Income Housing Tax Credits, Agency HOME Loan	Very Low-Income (50% AMI)	36	55 years
	Low-Income (60% AMI)	24	55 years
Manager Unit	Unrestricted	1	

Mixed Income Housing Ordinance: The Curtis Park Village project is included in the City's Mixed Income Housing Ordinance, which requires that a minimum of 10% of the residential units to be affordable to very low income households and 5% of the residential units be to affordable to low income households.

Curtis Park Court Apartments
Residential Project Financial Summary

<u>Address</u>	24th Street and 10th Avenue				
<u>Number of Units</u>	91				
<u>Year Built</u>	New Construction				
<u>Acreage</u>	2.0 acres				
<u>Affordability</u>	11 units (12%) at or below 30% of AMI 19 units (21%) at or below 40% of AMI 36 units (40%) at or below 50% of AMI 24 units (27%) at or below 60% of AMI 1 Manager Unit				
<u>Unit Mix and Rents</u>	(30% AMI)	(40% AMI)	(50% AMI)	(60% AMI)	Manager
Studio	1	1	2		
1 Bedroom / 1 Bath	8	15	30	22	
2 Bedroom / 1 Bath	2	3	4	2	
3 Bedroom / 2 Bath					1
Total	11	19	36	24	1
<u>Square Footage</u>	<i>Per Unit</i>	<i>Total</i>			
Studio	580	2,320			square feet
1 BR / 1 BA	648	48,600			square feet
2 BR / 1 BA	855	9,405			square feet
Manager's 3 BR / 2 BA	1100	1,100			square feet
Total		61,425			square feet
<u>Resident Facilities</u>	The project will include a community garden, gazebos, and a clubhouse. The clubhouse will include a full kitchen.				
<u>Permanent Sources</u>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>		
Conventional Loan	\$ 1,560,000	\$ 17,143	\$ 25.40		
Tax Credit Equity	\$ 15,882,200	\$ 174,530	\$ 258.56		
Agency Loan	\$ 1,800,000	\$ 19,780	\$ 29.30		
Deferred Developer Fee	\$ 271,205	\$ 2,980	\$ 4.42		
TOTAL SOURCES	\$ 19,513,405	\$ 214,433	\$ 318		
<u>Permanent Uses</u>					
Construction	\$ 10,970,844	\$ 120,559	\$ 178.61		
Site Improvements	\$ 1,303,380	\$ 14,323	\$ 21.22		
Development Impact Fees/Permits	\$ 1,055,031	\$ 11,594	\$ 17.18		
Architecture, Engineering, Survey	\$ 649,598	\$ 7,138	\$ 10.58		
Contingency	\$ 1,441,700	\$ 15,843	\$ 23.47		
Financing Costs	\$ 1,018,870	\$ 11,196	\$ 16.59		
Reserves	\$ 293,755	\$ 3,228	\$ 4.78		
Legal Fees	\$ 165,000	\$ 1,813	\$ 2.69		
Developer Fee	\$ 2,000,000	\$ 21,978	\$ 32.56		
Insurance, Third Party, Marketing, Other	\$ 615,227	\$ 6,761	\$ 10.02		
TOTAL USES	\$ 19,513,405	\$ 214,433	\$ 318		
<u>Management / Operations</u>					
Proposed Developer:	Domus, LLC				
Property Management Company:	Domus Property Management Company				
Operations Budget:	\$472,836	\$5,196			
Replacement Reserves:	\$27,300	\$300			

Cash Flow Proforma

Curtis Park Court
Senior Apartments

Attachment 5

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380		2381		2382		2383		2384		2385		2386		2387		2388		2389		2390		2391		2392		2393		2394		2395		2396		2397		2398		2399		2400		2401		2402		2403		2404		2405		2406		2407		2408		2409		2410		2411		2412		2413		2414		2415		2416		2417		2418		2419		2420		2421		2422		2423		2424		2425		2426		2427		2428		2429		2430		2431		2432		2433		2434		2435		2436		2437		2438		2439		2440		2441		2442		2443		2444		2445		2446		2447		2448		2449		2450		2451		2452		2453		2454		2455		2456		2457		2458		2459		2460		2461		2462		2463		2464		2465		2466		2467		2468		2469		2470		2471		2472		2473		2474		2475		2476		2477		2478		2479		2480		2481		2482		2483		2484		2485		2486		2487		2488		2489		2490		2491		2492		2493		2494		2495		2496		2497		2498		2499		2500		2501		2502		2503		2504		2505		2506		2507		2508		2509		2510		2511		2512		2513		2514		2515		2516		2517		2518		2519		2520		2521		2522		2523		2524		2525		2526		2527		2528		2529		2530		2531		2532		2533		2534		2535		2536		2537		2538		2539		2540		2541		2542		2543		2544		2545		2546		2547		2548		2549		2550		2551		2552		2553		2554		2555		2556		2557		2558		2559		2560		2561		2562		2563		2564		2565		2566		2567		2568		2569		2570		2571		2572		2573		2574		2575		2576		2577		2578		2579		2580		2581		2582		2583		2584		2585		2586		2587		2588		2589		2590		2591		2592		2593		2594		2595		2596		2597		2598		2599		2600		2601		2602		2603		2604		2605		2606		2607		2608		2609		2610		2611		2612		2613		2614		2615		2616		2617		2618		2619		2620		2621		2622		2623		2624		2625		2626		2627		2628		2629		2630		2631		2632		2633		2634		2635		2636		2637		2638		2639		2640		2641		2642		2643		2644		2645		2646		2647		2648		2649		2650		2651		2652		2653		2654		2655		2656		2657		2658		2659		2660		2661		2662		2663		2664		2665		2666		2667		2668		2669		2670		2671		2672		2673		2674		2675		2676		2677		2678		2679		2680		2681		2682		2683		2684		2685		2686		2687		2688		2689		2690		2691		2692		2693		2694		2695		2696		2697		2698		2699		2700		2701		2702		2703		2704		2705		2706		2707		2708		2709		2710		2711		2712		2713		2714		2715		2716		2717		2718		2719		2720		2721		2722		2723		2724		2725		2726		2727		2728		2729		2730		2731		2732		2733		2734		2735		2736		2737		2738		2739		2740		2741		2742		2743		2744		2745		2746		2747		2748		2749		2750		2751		2752		2753		2754		2755		2756		2757		2758		2759		2760		2761		2762		2763		2764		2765		2766		2767		2768		2769		2770		2771		2772		2773		2774		2775		2776		2777		2778		2779		2780		2781		2782		2783		2784		2785		2786		2787		2788		2789		2790		2791		2792		2793		2794		2795		2796		2797		2798		2799		2800		2801		2802		2803		2804		2805		2806		2807		2808		2809		2810		2811		2812		2813		2814		2815		2816		2817		2818		2819		2820		2821		2822		2823		2824		2825		2826		2827		2828		2829		2830		2831		2832		2833		2834		2835		2836		2837		2838		2839		2840		2841		2842		2843		2844		2845		2846		284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MAXIMUM RENT AND INCOME LEVELS 2013
(Rents @ 30%, 40%, 50%, and 60% of AMI where applicable)

Maximum Income Limits:

Family Size	Max Income 30% AMI	Max Income 40% AMI	Max Income 50% AMI	Max Income 60% AMI
1 person	\$15,200	\$20,275	\$25,350	\$30,420
2 person	\$17,400	\$23,175	\$28,950	\$34,740
3 person	\$19,550	\$26,075	\$32,550	\$39,060

Maximum Rent Limits:

Low Income Housing Tax Credits (LIHTC's)

Unit Size	Gross Rent 30% AMI	Gross Rent 40% AMI	Gross Rent 50% AMI	Gross Rent 60% AMI
0 Bedroom	\$400.00	\$533.00	\$666.25	\$799.50
1 Bedroom	\$457.50	\$609.00	\$761.25	\$913.50
2 Bedroom	\$515.00	\$685.00	\$856.25	\$1,027.50

RESOLUTION NO. 2013 –

Adopted by the Sacramento City Council

on the date of

**CURTIS PARK COURT APARTMENTS PROJECT: AUTHORIZING A \$1,800,000
LOAN COMMITMENT (CITY HOME INVESTMENT PARTNERSHIP FUNDS);
EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH DOMUS
DEVELOPMENT, LLC OR RELATED ENTITY; RELATED BUDGET AMENDMENT**

BACKGROUND

- A. Domus Development, LLC (“Developer”) has applied for an allocation of One Million Eight Hundred Thousand Dollars (\$1,800,000) in City Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the 91-unit Curtis Park Court Apartment Project.
- B. The Curtis Park Court Apartment Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines.
- C. The Sacramento Housing and Redevelopment Agency has reviewed the Environmental Impact Report certified by the City of Sacramento on September 28, 2010 for the Curtis Park Village Project EIR, and has considered the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f). It is found and determined that the actions do not require further environmental review pursuant to CEQA Guidelines §§ 15162 or 15163.
- D. In accordance with the requirements of 24 CFR Part 58 Subpart E, implementing the National Environmental Policy Act (NEPA), environmental review for the Curtis Park Court Apartment Project is currently underway, and will be completed prior to any choice limiting action.

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

Section 1. All of the evidence having been duly considered, the findings, including the environmental findings, as stated above, are approved.

Section 2. The Loan Commitment, attached as (Exhibit A), for financing the Project with \$1,800,000 in City HOME funds is approved, and the Sacramento Housing and Redevelopment Agency (Agency) is delegated authority to execute and transmit the Loan Commitment to the Developer.

Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy and with this resolution.

Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,800,000 in City HOME funds to the Curtis Park Court Apartment Project.

Table of Contents:
Exhibit –A- Commitment Letter

June 11, 2013

Meea Kang
Domus Development, LLC
9 Cushing, Suite 200
Irvine, CA 92618

RE: Conditional Funding Commitment, Curtis Park Court Apartments

Dear Ms. Kang,

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") of \$1,800,000 in City Home Investment Partnership Program ("HOME") funds for the purpose of financing the development of that certain real property located at the future intersection of 24th Street and 10th Avenue in Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council resolution approved on June 11, 2013. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire on March 31, 2014, unless extended as outlined in Section 38.

1. **PROJECT DESCRIPTION:** The project is the acquisition and new construction of a 91 unit three-story apartment complex located in the proposed Curtis Park Villages at the future intersection of 24th Street and 10th Avenue in Sacramento, California. At least 11 units will be affordable to families earning less than 30 percent of the area median income (AMI), at least 19 units will be affordable to families earning less than 40 percent of AMI, at least 36 units will be affordable to families earning less than 50 percent of AMI, and at least 24 units will be affordable to families earning less than 60 percent of AMI, with one unrestricted managers' unit.
2. **BORROWER:** The name of the Borrower for the Loan is Domus Development, LLC, or a related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) One Million Eight Hundred Thousand Dollars (\$1,800,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value.
5. **TERM OF LOAN TERM:** The Loan shall mature 42 years, (or 504 months), from the effective date of the loan.
6. **INTEREST RATE:** The Loan shall bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **LOAN REPAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the completed payment of the deferred developer fee. Structured monthly installments shall be made according to the payment schedule contained in the final Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan of \$1,800,000 of City HOME funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise. City HOME funds shall assist 11 or fewer units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall not apply. This Loan is conditioned upon

Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a first lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
11. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.

12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$15,500,000 in Low Income Housing Tax Credit Equity and no less than \$271,205 in deferred developer fee.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
16. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and

specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

17. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
18. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
19. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
20. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

21. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half

of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.

22. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
23. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
24. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
25. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
26. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's

Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

27. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
28. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
29. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
30. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
31. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
32. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include security patrol if necessary.
33. RESIDENT SERVICES PLAN: Borrower shall submit for approval a detailed resident services plan including but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's

role in the provision of those services; 2) the services will be provided for a minimum of 15 hours per week; 3) confirmation services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 4) a description of the programs to be offered, and; 5) a Proforma social services budget.

34. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
35. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
36. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
37. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.
38. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the second round of 2013, the Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later March 31, 2015.
39. CURTIS PARK VILLAGE PROPOSITION 1C GRANT: This funding commitment is conditioned on the affordability levels and unit mix as contained in Section 1 herein satisfying the Program Guidelines dated February 4, 2009 ("Guidelines"), issued by the State of California, Department of Housing and Community Development ("Department"), and being incorporated into their Standard Agreement for the Transit-Oriented Development (TOD) Housing Program Infrastructure Grant.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

BORROWER:
Domus Development, LLC

By:_____
Meea Kang, Member

Dated:

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

CURTIS PARK COURT APARTMENTS: APPROVAL OF UP TO \$1,800,000 CITY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) LOAN COMMITMENT; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH DOMUS DEVELOPMENT, LLC OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: .SHRA has reviewed the Environmental Impact Report certified by the City of Sacramento on September 28, 2010 for the Curtis Park Village Project EIR, and has considered the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f). It is found and determined that the actions do not require further environmental review pursuant to CEQA Guidelines §§ 15162 or 15163. The SHRC hereby adopts the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093.

Section 2: In accordance with 24 CFR Part 58 Subpart E, environmental review pursuant to the National Environmental Policy Act (NEPA) for the Curtis Park Court Apartments project is currently underway, and will be completed prior to any choice limiting action.

Section 3: Subject to approval by the City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Curtis Park Court Apartments project ("Loan Commitment") is approved and the Executive Director is authorized to execute the Loan Commitment and related documents and transmit to Domus Development, LLC or related entity.

Section 4: The Executive Director is authorized to amend the Agency budget to transfer One Million Eight Hundred Thousand Dollars (\$1,800,000) from City Home Investment Partnership Program (HOME) funds to the Curtis Park Court Apartments project.

Section 5. Subject to approvals by the Housing Authority of the City of Sacramento or the City Council, the Executive Director is authorized to execute the Loan and to enter into other agreements, execute other documents, and perform other actions necessary to fulfill the intent as stated in this resolution and the accompanying staff report.

CHAIR

ATTEST:

CLERK



MEMO TO: Members of the Sacramento Housing and Redevelopment Commission

FROM: Vickie Smith, Agency Clerk

DATE: May 23, 2013

SUBJECT: Housing Element Update

Attached is information from the City of Sacramento regarding the City of Sacramento's Housing Element. Please contact Greg Sandlund at the City at 808-8931 if you have questions prior to next Wednesday.

Supplemental Material

For

SHRACommission

For the Meeting of: May29, 2013



Additional Material

Revised Material

Contact Information: Greg Sandlund, Associate Planner, 916-808-8931

Project Name: City Housing Element Update

- Revised and new Housing Element policies that have been drafted since the May 23rd staff report was finalized

Below are revised and new City Housing Element policies that have been drafted since the May 23rd staff report was finalized:

1. Policy H-2.2.4

Policy H-2.2.4 in the staff report currently reads as follows:

H-2.2.4 Funding for Affordable Housing. The City shall pursue funding for efforts that include preservation and new construction of extremely low income households.

Staff recommends the policy be revised to read:

H-2.2.4 Funding for Affordable Housing. The City shall pursue and maximize the use of all appropriate state, federal, local, and private funding for the development, preservation, and rehabilitation of housing affordable for extremely low-, very low-, low-, and moderate-income households.

2. Policy H-2.2.6

Policy H-2.2.6 in the staff report currently reads as follows:

H-2.2.6 Update the Mixed Income Housing Ordinance. The City shall revise its Mixed-Income Housing Ordinance to promote affordable housing citywide and to require that 15% of housing in new developments over five (5) acres in size be affordable to lower and moderate-income households.

Staff recommends the policy be revised to read:

H-2.2.6 Update the Mixed Income Housing Ordinance. The city shall revise its Mixed-Income Housing Ordinance to promote affordable housing citywide and to require developers to contribute towards production of housing affordable to lower and moderate-income households.

3. Policy H-2.2.8

Staff recommends an additional policy:

H-3.2.8 Special Needs Housing Prioritized. Development and acquisition/rehabilitation projects designed and programmed to serve special needs tenants such as chronically homeless individuals or families will have priority for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies. Projects that augment or safeguard the City's inventory of single room occupancy units will also have the same priority.



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

915 I Street, Sacramento, CA 95814

www.CityofSacramento.org

STAFF REPORT
May 23, 2013

To: Members of the Planning and Design Commission

Subject: Housing Element Update – Third Workshop (Housing Policies)

Location/Council District: Citywide/All Districts

Recommendation: Staff is seeking Commission review and comment on the proposed policies for the Housing Element update.

Contact: Greg Sandlund, Associate Planner, (916) 808-8931, Thomas S. Pace, Long Range Planning Manager, 808-6848

Presenters: Greg Sandlund

Department: Community Development

Division: Planning

Dept. ID: 21001222

Description/Analysis

Issue: This workshop is the third Housing Element workshop for the Commission that follows the workshops held on November 15, 2012 and on March 14, 2013. The purpose of this workshop is to discuss proposed housing policies for the 2014-2021 Housing Element. These policies will guide program development and revision as staff prepares the draft Element. Staff will return to the Commission in late June or early July with a complete draft of the Housing Element. Please note that these are policies and not specific programs or ordinances. For example, the details of the updated Mixed-Income Housing Ordinance and the Housing Trust Fund Ordinance will be presented to the Commission at separate meetings as they are expected to follow the adoption of the Housing Element.

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 needs, constraints, and resources as well as policies and programs to address those issues. State law requires that every city and county in California adopt a Housing Element, subject to State approval, as part of its General Plan.

City staff and its consultant team, Mintier Harnish, recently completed the Community Profile chapter of the Housing Element (refer to Attachment 3). Also, known as the Housing Needs Assessment, this chapter identifies current and future population and housing trends and conditions as well as resulting housing needs. The draft housing policies contained in Attachment 2 have been designed to address the various housing needs identified in the Community Profile. The policies have been organized around key themes in the Housing Element. Staff has identified these themes and goals as well as key policy additions or changes in Attachment 1. Staff is seeking Commission's input on these draft policies in order to finish the remainder of the new Housing Element.

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 information and seeking Commission and public input. Environmental review pursuant to CEQA will be conducted prior to the adoption of the Housing Element.

Public Outreach and Comments: Staff has completed two rounds of outreach with key stakeholder groups to discuss housing needs, housing market conditions and solicit input on policy ideas and potential changes. These meetings have included market rate and affordable housing developers as well as affordable housing and homeless advocates and service providers. A community meeting was held on March 13th to solicit input from the community at large followed by outreach to community and neighborhood groups in March and April. A third round of outreach will start later this month and will conclude in late June when a draft Housing Element should be available for review and comment.

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.

Respectfully submitted by: 
Greg Sandlund
Associate Planner

Recommendation Approved:


Thomas S. Pace
Long Range Planning Manager

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Attachment 1 Background

The following are the key themes and housing goals as well as policy additions or changes from the prior Housing Element. Staff is seeking Commission input on these goals and policies to inform the programs and completion of the draft Housing Element. The goals and policies are designed to address the issues and needs identified in the Community Profile (refer to Attachment 3).

Key issues identified in the Community Profile include:

- Significant growth expected
- Increasingly diverse population
- Older population is fastest growing segment
- Half of City households have low-income households (less than 80% of Area Median Income)
- 16% of households had extremely-low incomes (i.e., less than about \$20,000/year)
- Fewer middle class residents
- Elderly and large families more likely to have low-incomes
- Economy still dependent upon government and development
- Future job growth mainly in low-wage categories
- Low homeownership rate relative to State and region
- Lower median home prices compared to County and much of region
- Older housing stock
- One of highest foreclosure rates in nation
- Dramatic decline in home values and prices
- Low-income areas and areas with African American/Hispanic concentrations experienced more subprime lending and foreclosures
- High housing cost burden among residents
- Housing much more affordable to even low and moderate-income households

Below is a summary of the themes and goals for the 2014-2021 update as well as a description of policy changes compared to the previous [2008-2013 Housing Element](#). A complete listing of all the draft goals and policies is included in Attachment 2. It is important to note that the City's 2008-2013 Housing Element had a set of comprehensive housing goals, policies and programs to address the housing issues in the community. The City has a successful track record of implementing these policies and programs.

THEME: SUSTAINABLE, STABLE AND INTEGRATED COMMUNITIES (H-1)

The emphasis in this section is on creating healthy communities with a diversity of housing types and choices for all income levels. There were few changes in this section compared to the 2008-2013 Housing Element. Staff removed some of the policies related to redevelopment and converted a few detailed policies into actual programs. The one major change is the addition of a responsible banking policy to address the high level of subprime and predatory lending activity in communities of color. These communities were particularly impacted by foreclosures as a result of this subprime activity. It is anticipated that this policy will result in a program for a responsible lending or banking ordinance to help address this problem.

GOAL H-1.1: Variety of Housing. Develop and rehabilitate housing and neighborhoods to be environmentally sustainable.

GOAL H-1.2: Housing Diversity. Provide a variety of quality housing types to encourage neighborhood stability.

GOAL H-1.3: Balanced Communities. Promote racial, economic, and demographic integration in new and existing neighborhoods.

Major Policy Additions or Changes:

- **Responsible Banking Practices.** To help reduce predatory and subprime lending practices in Sacramento, particularly in communities of color in the future, the City shall require partner banks and lending institutions to invest in the community in a responsible manner.

THEME: PRODUCTION (H-2)

This section is designed to address the need for housing production and to ensure that the City has adequate sites for future housing need. This section has the most significant changes as staff has developed a new policy for the City's Mixed-Income Housing Ordinance. This policy forms the basis for upcoming changes to the Ordinance. There were also new policies added in support of infill development and to pursue funding for housing for extremely low-income households.

The Mixed-Income Housing Ordinance policy does not envision that 15% of all housing would be deed-restricted affordable housing. Staff contemplates a mix of affordable housing fees, affordable-by-design units, and land dedication that would be adjusted based on project size. Affordable-by-design units such as apartments, second units, and duplexes, are market-rate units that are generally more likely to be affordable to low and moderate-income households in a community compared to a standard single-family home. Given the challenges facing infill development and the loss of many affordable housing financing resources, staff does not envision a 15% requirement similar to the City's current Mixed-Income Housing Ordinance (refer to [Chapter 17.190](#) of the City's Zoning Code). The new 15% requirement would likely be more flexible and would adjust with the market. More detail on the Mixed-Income Housing Ordinance will be brought forward to the Commission in a separate workshop this summer.

GOAL H-2.1: Adequate Sites. Provide adequate housing sites and opportunities for all households.

GOAL H-2.2: Development. Assist in creating housing to meet current and future needs.

GOAL H-2.3: Constraints. Remove constraints to the development housing.

Major Policy Additions or Changes:

- **Funding for Affordable Housing.** The City shall pursue funding for efforts that include preservation and new construction of extremely low-income households.
- **Update the Mixed Income Housing Ordinance.** The city shall revise its Mixed-Income Housing Ordinance to promote affordable housing citywide and require that 15% of

housing in new developments over 5 acres in size be affordable to lower and moderate-income households.

- **Suburban Infill and Secondary Units.** The City shall continue to support efforts to provide more varied housing opportunities in existing suburban neighborhoods through infill and intensification on existing available sites, and by allowing secondary units on single-family lots, and allowing for additional development on excessively large lots.

THEME: EXTREMELY LOW-INCOME AND SPECIAL NEEDS (H-3)

This section deals with the housing needs of extremely low-income households and those of special needs groups such as seniors, large families, female-headed households, persons with disabilities, and the homeless that all can have unique housing needs. There were no changes to this section other than to update a policy to clarify SHRA's role regarding funding for permanent supportive housing.

GOAL H-3.1: Extremely Low-Income. Provide a variety of housing options for extremely low-income (ELI) households.

GOAL H-3.2: Special Needs Housing. Provide housing choices appropriate for "special needs" populations, including homeless, youth, female-headed households, persons with disabilities, and seniors.

THEME: REHABILITATION (H-4)

This section deals with the rehabilitation and preservation of the City's housing stock particularly affordable housing that may be at risk of converting to market rate. There were no changes to this section except that a policy dealing with the Investment Property Improvement Loan program was put in the Housing programs section since it was program specific and should not have been a policy.

GOAL H-4: Rehabilitation. Preserve, maintain and rehabilitate existing housing to ensure neighborhood livability and promote housing affordability.

THEME: ACCESSIBILITY (H-5)

This section addresses the needs of current and future homeowners and renters, especially seniors or persons with disabilities in the City that may require accessible housing. Examples of this include no-step entrances or ramps, wider doorways or hallways, etc. There were no changes to the prior policies in this section.

GOAL H-5: Accessibility. Promote, preserve and create accessible residential development.

THEME: HOMEOWNERSHIP (H-6)

Given the City's lower level of homeownership compared to the State and the region, the section seeks to encourage not only homeownership opportunities for low and moderate income households but also for executives, which is a housing type that the City has in limited supply, prompting many business owners to live and often start new business outside the City.

This section also addresses the need to encourage homeownership in distressed areas as a means of stabilizing such communities.

GOAL H-6: Homeownership. Provide ownership opportunities and preserve housing for Sacramento's modest income workers.

9 Goals, Policies, and Programs

9.1 Sustainable, Stable and Integrated Communities (H-1)

Sustainable development is not only environmentally sustainable but also planned in a manner that can be socially and economically stable. Housing is an integral component of sustainable development and the new policies and programs of the 2014-2021 Housing Element will compliment larger efforts in other elements of the General Plan.

Stable neighborhoods are envisioned to include a variety of housing types and densities, complimenting non-residential uses throughout the City. Measures of stability vary for greenfield and infill areas, but both should include housing for all economic groups, a balance between homeownership and rental, accessible public transit, access to jobs, and basic retail services.

Integration of neighborhoods and communities throughout the City contemplates a vibrant and diverse population. Housing, along with other key components in the built environment, plays an important role in the extent of integration one finds in neighborhoods and throughout the larger community.

Sustainability

Sustainable Communities (H-1.1)

GOAL H-1.1

Develop and rehabilitate housing and neighborhoods to be environmentally sustainable.

Policies

- H-1.1.1 Sustainable Housing Practices.** The City shall promote sustainable housing practices that incorporate a “whole system” approach to siting, designing and constructing housing that is integrated into the building site, consume less energy, water, and other resources, and are healthier, safer, more comfortable, and durable.

Stability

Housing Diversity (H-1.2)

GOAL H-1.2

Provide a variety of quality housing types to encourage neighborhood stability.

- H-1.2.1 Variety of Housing.** The City shall encourage the development and revitalization of neighborhoods that include a variety of housing tenure, size and types, such as second units, carriage homes, lofts, live-work spaces, cottages, and manufactured/modular housing.
- H-1.2.2 Compatibility with Single Family Neighborhoods.** The City shall encourage a greater variety of housing types and sizes to diversify, yet maintain compatibility with, single family neighborhoods.
- H-1.2.3 Housing Type Distribution.** The City shall promote an equitable distribution of housing types for all income groups throughout the city and promote mixed income developments rather than creating concentrations of below-market-rate housing in certain areas.
- H-1.2.4 Proper Management and Maintenance.** The City shall encourage property management and maintenance through the development review process to foster public safety and reduce crime.
- H-1.2.5 Mix of Uses.** The City shall actively support and encourage mixed-use retail, employment and residential development around existing and future transit stations, centers and corridors.
- H-1.2.6 Neighborhood Input on Development.** The City shall continue to work with neighborhood associations and residents through the planning and delivery of residential development to ensure that neighborhoods are safe, decent and pleasant places to live and work.
- H-1.2.7 Mortgage Default and Foreclosures.** The City shall support efforts to alleviate the individual and community problems associated with mortgage default and foreclosures.
- H-1.2.8 Crime Prevention Through Environmental Design.** The City shall continue to include the Police Department in the review of development projects to adequately address crime and safety, and to promote the implementation of Crime Prevention through Environmental Design (CPTED) strategies that include proper siting, landscaping and housing design.
- H-1.2.9 Housing Choice Vouchers.** The City shall continue to educate and market the Housing Choice Vouchers program to landlords to provide affordable housing opportunities.

- H-1.2.10 Capital Area Development Authority.** The City shall continue to work with Capital Area Development Authority (CADA) and the State of California, a major employer in Sacramento, to support the production and preservation of affordable and workforce housing, especially in and around downtown.

Integration

Balanced Communities (H-1.3)

GOAL H-1.3

Promote racial, economic, and demographic integration in new and existing neighborhoods

Policies

- H-1.3.1 Social Equity.** The City shall encourage economic and racial integration, fair housing opportunity and the elimination of discrimination.
- H-1.3.2 Economic Integration.** The City shall consider the economic integration of neighborhoods when financing new multi-family affordable housing projects.
- H-1.3.3 Fair Housing.** The City shall support fair housing education programs offered by local organizations such as the Apartment Owner's Association and the Board of Realtors.
- H-1.3.4 A Range of Housing Opportunities.** The City shall encourage a range of housing opportunities for all segments of the community.
- H-1.3.5 Asset Building Programs.** The City shall support asset building programs, including those administered by the Housing Authority, for lower income residents especially in City or SHRA funded multi-family developments.
- H-1.3.6 Responsible Banking Practices.** To help reduce predatory and subprime lending practices in Sacramento, particularly in communities of color in the future, the City shall require partner banks and lending institutions to invest in the community in a responsible manner.

9.2 Production (H-2)

The Housing Element must demonstrate sufficient land with adequate zoning and infrastructure to meet the Regional Housing Needs Allocation (RHNA). The RHNA reflects anticipated household growth in the region and the “share” of that growth expected in each jurisdiction by income level.

Construction of housing units is not mandated in the Housing Element; however, historically the City has been able to meet the production goals of its RHNA primarily through new development in greenfield areas when market production was strong. Affordable housing development in these areas worked in concert with market rate development through inclusionary policies.

During the past Housing Element planning period (2008-2013), the Great Recession which resulted in a steep drop in home prices and low rent levels coupled with the building moratorium for the Natomas area led to a dramatic decline in new housing production in Sacramento. The test for the future is addressing market issues and current development constraints as the market focus shifts to infill development where production is more restricted, expensive and complex. Furthermore, the loss of redevelopment funding, which was one of the City’s primary tools for developing affordable housing in infill areas, no longer exists. Sacramento’s challenge is how to encourage infill development and affordable housing in a more complex and uncertain funding environment.

Adequate Sites (H-2.1)

GOAL H-2.1

Provide adequate housing sites and opportunities for all households.

Policies

- H-2.1.1 Adequate Supply of Land.** The City shall maintain an adequate supply of appropriately zoned land with public services to accommodate the projected housing needs in accordance with the General Plan.
- H-2.1.2 Affordable Housing Throughout the Region.** The City shall engage the Sacramento Area Council of Governments (SACOG) and other regional entities to develop a regional approach that facilitates the equitable distribution of affordable housing throughout the region.
- H-2.1.3 Housing Element Annual Report.** The City shall monitor and annually report on implementation of Housing Element objectives.
- H-2.1.4 Pre-development Loans.** The City shall continue to provide pre-development loans to non-profit organizations for affordable housing developments under the Sacramento Housing and Redevelopment Agency’s (SHRA) Multifamily Lending Guidelines.

Development (H-2.2)

GOAL H-2.2

Assist in creating housing to meet current and future needs.

Policies

- H-2.2.1 Quality Infill Development.** The City shall promote quality residential infill development through the creation/adoption of flexible development standards.
- H-2.2.2 Financial Tools to Diversify Residential Infill Development.** To the extent resources are available, the City shall use financial tools to diversify market developments with affordable units, especially in infill areas.
- H-2.2.3 Offsetting Development Costs for Affordable Housing.** The City shall defer fees to Certificate of Occupancy (COO) to help offset development costs for affordable housing and will offer other financial incentives including water development fee waivers, sewer credits, etc.
- H-2.2.4 Funding for Affordable Housing.** The City shall pursue funding for efforts that include preservation and new construction of extremely low income households.
- H-2.2.5 Review and Reduce Fees for Affordable Housing.** The City shall work with affordable housing developers as well as other agencies and districts to review and reduce applicable processing and development impact fees for very low- and low-income housing units.
- H-2.2.6 Update the Mixed Income Housing Ordinance.** The city shall revise its Mixed-Income Housing Ordinance to promote affordable housing citywide and to require that 15% of housing in new developments over five (5) acres in size be affordable to lower and moderate-income households.
- H-2.2.7 Suburban Infill and Secondary Units** 🌐. The City shall continue to support efforts to provide more varied housing opportunities in existing suburban neighborhoods through infill and intensification on existing available sites, and by allowing secondary units on single-family lots, and allowing for additional development on excessively large lots. (RDR)

Constraints (H-2.3)

GOAL H-2.3

Remove constraints to the development housing.

Policies

- H-2.3.1 Avoiding Unnecessary Costs to Housing.** The City shall ensure that its policies, regulations, and procedures do not add unnecessary costs to housing and do not act as an obstacle to new housing development.
- H-2.3.2 Streamlined Application and Building Process.** The City shall continue facilitate interdepartmental review of development applications, encourage pre-application meetings with planning and building staff, and streamline the overall planning application and building process for all development types.
- H-2.3.4 Early Notification and Consultation with Neighborhood Associations.** The City shall provide for early notification and consultation with appropriate neighborhood organizations to facilitate resolution of land use issues.
- H-2.3.5 Requiring Adequate Flood Protection.** The City shall continue to require adequate flood protection when approving new development.
- H-2.3.6 Clear Development Standards and Approval Procedures.** The City shall establish clear development standards, and approval procedures for a variety of housing types, including, but not limited to, multi-family housing and emergency shelters.
- H-2.3.7 New Sources of Infrastructure Financing.** The City shall continue to seek new sources of financing for necessary infrastructure improvements for new development.

9.3 Extremely Low-Income and Special Needs (H-3)

Creating housing opportunities for extremely low-income (ELI) and special needs households, especially when compared to production-driven affordable housing, requires a greater effort, higher level of investment, consistent political support, and greater financing innovation. While the housing needs and strategies for each of these groups are not identical, a greater City role that drives development and investment is envisioned to serve each group. The City has already demonstrated its high level of commitment in adopting the Single Room Occupancy (SRO) Strategy, Ten-Year Plan to End Chronic Homelessness, Preservation Ordinance and its approval of the public housing asset repositioning strategy.

Extremely Low-Income (H-3.1)

GOAL H-3.1

Provide a variety of housing options for extremely low-income (ELI) households.

Policy

H-3.1.1 Promote Extremely Low Income Housing. The City shall promote the siting, production, rehabilitation, and preservation of housing for ELI households, including non-traditional housing types.

Special Needs (H-3.2)

GOAL H-3.2

Provide housing choices appropriate for “special needs” populations, including homeless, youth, female-headed households, persons with disabilities, and seniors.

Policies

- H-3.2.1 Encourage Senior Housing.** The City shall encourage the development, rehabilitation, and preservation of senior housing, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities.
- H-3.2.2 Community Based Non-profit Organizations.** The City shall continue to support community-based non-profit organizations that develop affordable housing and provide supportive services for special needs populations.
- H-3.2.3 Ten-Year Plan to End Chronic Homelessness and the Continuum of Care.** The City shall support the efforts of Sacramento Steps Forward to implement and update the Sacramento City and County Ten-Year Plan to End Chronic Homelessness and the Continuum of Care to meet the needs of homeless families and individuals.
- H-3.2.4 Public and Private Social Service Agencies.** The City shall cooperate with public and private social service agencies to site facilities that address the human service needs of the City’s special needs populations.
- H-3.2.5 Emergency Shelter Facilities.** The City shall continue to provide assistance to emergency shelter facilities for the homeless population, including alcohol and drug recovery programs.
- H-3.2.6 Information and Referral Services.** The City shall continue to provide information and referral services for affordable housing opportunities through resources such as the Community Services Planning Council’s beehive and “2-1-1” information line, and Self Help Housing’s referral program.
- H-3.2.7 Dispute Resolution for Tenant and Neighborhood Conflicts.** The City shall continue to provide dispute resolution for tenant and neighborhood conflicts. This program includes ongoing referrals to the Human Rights/Fair Housing Commission of Sacramento.
- H-3.2.8 Permanent Supportive Housing.** The City shall continue to provide funding and other resources for permanent supportive housing

9.4 Rehabilitation (H-4)

The City of Sacramento is a City with many vibrant and diverse neighborhoods. To preserve the character and vitality of the housing in these existing neighborhoods, the City will focus rental rehabilitation efforts on properties needing substantial rehabilitation in areas targeted for reinvestment. On a limited basis, properties may be acquired and rehabilitated in areas to increase diversity where there is limited opportunity to develop new affordable housing. The City will also explore how to rehabilitate vacant properties, such as those that have been foreclosed, as a means to facilitate and expedite the sale to new owner-occupants and to stabilize neighborhoods.

GOAL H-4

Preserve, maintain and rehabilitate existing housing to ensure neighborhood livability and promote housing affordability.

Policies

- H-4.1 Prevent Blight and Deterioration.** The City shall work to prevent blight and deterioration of housing units resulting from deferred maintenance.
- H-4.2 Acquisition and Rehabilitation.** The City shall use acquisition and rehabilitation as a tool to improve distressed neighborhoods or achieve economic integration.
- H-4.4 Preservation of Affordable Housing.** The City shall continue to administer its Preservation Ordinance to ensure no loss of regulated multifamily rental units.
- H-4.4 Well Maintained Mobile Home Parks.** The City shall promote well maintained mobile home parks in viable condition for continued use.
- H-4.5 Minimize Impact of Closure of Existing Mobile Home Parks.** The City shall minimize the impact of potential closures of existing mobile home parks by ensuring compliance with State of California mobile home park regulations.
- H-4.6 Condominium Conversions.** The City shall ensure the conversion of rental housing to condominiums does not adversely impact the rental housing supply.

9.5 Accessibility (H-5)

Historically, City development reflected State and Federal fair housing law that, in general, required accessible common areas and routes of travel in all multifamily housing. When federal financing is used, typically for affordable developments, a percentage of accessible units is incorporated in multifamily housing. Additionally the California Building Code has adaptability requirement for specified multifamily units. Recognizing the importance of accessible housing as the population ages, the City will act proactively to encourage or create accessibility in new development through modifications to local development standards and practices to ensure accessibility options in all new housing.

GOAL H-5

Promote, preserve and create accessible residential development.

Policies

- H-5.1 Universal Design in New Housing.** The City shall encourage universal design in new housing and integration of accessibility features in existing housing and neighborhoods.
- H-5.2 Equal Access to Development Process.** The City shall ensure equal access to its development policies, practices, and procedures to all residents of the City.
- H-5.3 Accessibility Requirements and Opportunities.** The City shall increase awareness of accessibility requirements and opportunities for developers and residents.

9.6 Homeownership (H-6)

Notwithstanding current home prices, the City additionally recognizes that the market may not be able to produce for-sale homes that are affordable or available to moderate-income families over the Housing Element cycle. Policies and programs under this theme focus on modifications to existing programs and include efforts to create “modest” income homeownership. Modest income is considered to be those households making too much to access affordable housing financing (over 80 percent area median income), but have difficulty affording a house on the open market.

GOAL H-6

Provide ownership opportunities and preserve housing for Sacramento’s modest income workers.

Policies

- H-6.1 Owner-occupancy Rates in Infill Areas.** The City shall implement strategies that increase owner-occupancy rates in infill areas.
- H-6.2 Promoting Homeownership in Distressed Areas.** The City shall promote homeownership opportunities in areas with a significant imbalance of tenure, areas distressed by foreclosures.
- H-6.3 Homeownership Among Low and Moderate-Income Households.** The City shall support homeownership among low- and moderate-income households through a variety of homebuyer assistance programs.
- H-6.4 Affordable Housing Types.** The City shall promote modest income homeownership opportunities through alternative construction methods and ownership models, employer assisted housing and amendments to the Mixed-Income Housing Ordinance.
- H-6.5 Executive Housing .**The City shall encourage development of housing to meet the needs of executives to encourage economic growth and new businesses in the City.

9.7 Quantified Objectives

[Note: This section will be filled in once staff has completed the Housing Element programs. The programs, which will be set out in Table 9-2, implement the goals and policies identified in this section. These programs and the rest of the draft 2014-2021 Housing Element will be completed in June 2013]

As required by State law governing Housing Elements, Table H 9-1 lays out the City’s quantified objectives for the development, improvement, maintenance and preservation of housing for the period 2013–2021.

Table H 9-1 Quantified Objectives for 2013–2021						
	ELI ¹	VLI	LI	Mod	Above Mod	Total
New Construction						
Single Family						
Multi Family						
Rehabilitation ²						
Single Family						
Multi Family						
Preservation ²						
Owner Assistance						
Special Needs						
New						
Rehabilitation						
Total Production						

¹ Extremely low-income units include those with project based vouchers, which limits occupancy and affordability to families of extremely low-income, but allows for collection of rent (including that rent associated with the voucher subsidy) to exceed ELI rent limits.

² All rehabilitation and preservation units are included in the quantified objectives, regardless of the amount of rehabilitation required or the proportion of rehabilitation to new construction.

The Sacramento Area Council of Government's (SACOG) Regional Housing Needs Allocation (RHNA) covers an eight-year period which is the same as the Housing Element timeframe. The objectives contained in the following table cover the Housing Element period July 1, 2013 to June 30, 2021.

While the RHNA lays out the City's anticipated new growth and sets clear requirements for the City's ability to accommodate that growth, the quantified objectives speak more to the City's program and policy objectives. The quantified objectives aim to meet the RHNA growth projections, but also consider the rehabilitation and preservation needs of existing housing throughout the City. Finally, the quantified objectives is prepared in the context of funding availability, community desires and programmatic limitations, allowing for a more comprehensive understanding of how the City anticipates balancing affordable housing development.

Table H 9-2 is the Housing Element's Program Matrix, providing a list of all the Housing Element programs and the associated responsible entity, timeframe, and objective for each program. Many of the programs are linked to others, with subset quantified objectives a part of the larger whole. For example, preservation of multi-family units is a specific objective of an overall rehabilitation strategy. Therefore, the program-specific quantified objectives do not add up to the total quantified

objectives as shown in Table H 9-1. Table H 9-1 takes the overlapping programs and summarizes the overall production expectations from the parts of the whole.

In addition, each program may to implement multiple policies, and many policies have overlapping goals. The programs have been organized by themes, in the same manner as the goals and policies; however, many of these themes are not mutually exclusive. The categorization of programs by themes helps to provide context and connection to the policies, and overlapping programs have been noted with multiple policy references.

3 Community Profile

3.0 Purpose

The purpose of this chapter is to identify characteristics of Sacramento's population and housing that are essential to an understanding of the city's housing needs. Sacramento's housing needs include both current unmet needs among residents who live in the city now and estimated future needs among residents expected to live in the city over the next generation. An understanding of who lives or will live in Sacramento, in relation to the types, cost, and condition of housing, is critical to an understanding of housing needs.

While evaluating housing needs, it is important to remember Sacramento's vision for the future. The City's vision, as expressed in the General Plan "Vision and Guiding Principles" statement, is to be "the most livable city in America" where every neighborhood will be a desirable place to live with a range of housing choices, diversity, and equitable treatment of all neighborhoods and groups. Sacramento will also strive to be a model of sustainable development.

Among the key principles from the City's General Plan vision that will guide Sacramento's housing strategies are:

- Provide a mix of housing to meet the needs of current and future residents, including an equitable distribution of affordable housing, throughout the city;
- Include a mix of housing types within neighborhoods to promote a diversity of household types and housing choices for residents of all ages and income levels in order to promote stable neighborhoods; and
- Work to end homelessness in Sacramento by providing affordable housing opportunities and services.

Starting from this vision, the City of Sacramento has developed a housing strategy for the provision of housing programs around six key themes, as follows:

- 1) Sustainability and Stability
- 2) Production
- 3) Extremely Low-Income and Special Needs Housing
- 4) Rehabilitation and Preservation
- 5) Accessibility
- 6) Housing Integration and Providing Housing Opportunities for All Income Groups

The six themes describe the housing needs and strategies that the City wishes to focus resources, efforts, and policies on under this Housing Element. Demographic and trend data in this chapter supports those

themes by detailing current and future housing needs and deficiencies. This chapter further provides detail on population and economic data which is linked to availability of and provision of housing.

This chapter is organized as follows:

- Population and Household Characteristics
- Income and Employment
- Housing Characteristics
- Housing Costs
- New Housing Needs, Special Housing Needs, and At-Risk Housing

Data in this Chapter is derived from a variety of sources, and compiled to show relationships, major trends, and to respond to known issues and concerns. The most prominent data source used is the US Census data, in varying forms, including the decennial census from 1990, 2000, and 2010, the 2006-2010 American Community Survey (ACS) (and the 2008-2010 ACS to a limited extent) and the Comprehensive Housing Affordability Strategy (CHAS) data, which are based on the 2005-2009 American Community Survey. The decennial census data are based on a survey of the entire U.S. population, with about one person in six answering a more detailed questionnaire. The ACS data are based on a much smaller survey size, with about 3 million people answering the survey each year. This smaller sample size results in a lower level of accuracy than the decennial census. Because of the variability of the data sources, not all information is consistently available during the same time period, and the margin of error for data also varies. The most recently available data by source was always used, and notations are provided within the text and charts to document the source data and source year.

The Sacramento Area Council of Governments (SACOG) compiled much of this data and provided it to the jurisdictions in the region for use in updating housing elements. SACOG and HCD developed the regional data review process so that data drawn from the pre-approved data sets would not need to be reviewed again by HCD when the housing element is submitted. A letter from HCD describing this process is included in Appendix X.

3.1 Population and Household Characteristics

Summary of Key Findings in this Section

- Sacramento's population increased by nearly 60,000 between 2000 and 2010, largely housed within new development in North Natomas.
- The fastest growing age group was persons between 60 and 64, followed closely by persons aged 55 to 59. However, the bulk of the population is under the age of 45, especially in the 25 to 34 age range.
- The number of persons 65 years of age or more has not increased as rapidly as other age groups, although the total number of older adults age 65 and older continues to increase.

- The city is continually diversifying. The Hispanic population has the fastest rate of population growth among all racial and ethnic groups.
- Based on historical trends in the region, population within the city of Sacramento is forecasted by SACOG to increase by 34 percent by 2035. The Central City is expected to grow the most between 2012 and 2035.

Sacramento's population has grown steadily since 1990 at a rate approximately equal to that of the State as a whole. Sacramento's population growth is a sign of positive economic development, strategic City investments, and community health. Population growth has been supported largely by development in North Natomas, South Natomas, the South Area, and other large tracts of undeveloped land. Development in these greenfield areas tends to be geared towards more traditional suburban family housing, in line with the population trends during the nineties of increasing household size.¹

Future housing needs, and the City's strategy for housing production, will depend, in part, on the changing character of Sacramento's population. Household sizes have been increasing since the nineties as the population continues to diversify. The younger population under age 45, especially ages 25 to 34, still makes up the largest subset of the population.

However, long-term trends also suggest that the city will continue to experience an aging population. The population of seniors (over 65) has increased since 2000, although they represent a shrinking percentage of the city's population. Older adults (55-64) approaching or at retirement age are among the fastest growing age groups in the city. Aging of these groups is expected to result in additional housing demand associated with active seniors and "empty nesters" without children. To respond to the changing desires of seniors, the City is striving to provide alternative and accessible housing types located near cultural amenities, transit, and services.

These long-term changes will affect the types of housing and services that future residents demand. The average household size has increased slightly due to the increasing number of large unrelated households. However, the total number of large families has decreased. At the same time the number of childless households, seniors and older adults, and small families has also increased. These trends point to a greater need for homes and amenities in a variety of sizes. This shift in demographics aligns with the City's overall focus on compact, infill housing outlined in the 2030 General Plan.

Population Growth Rates

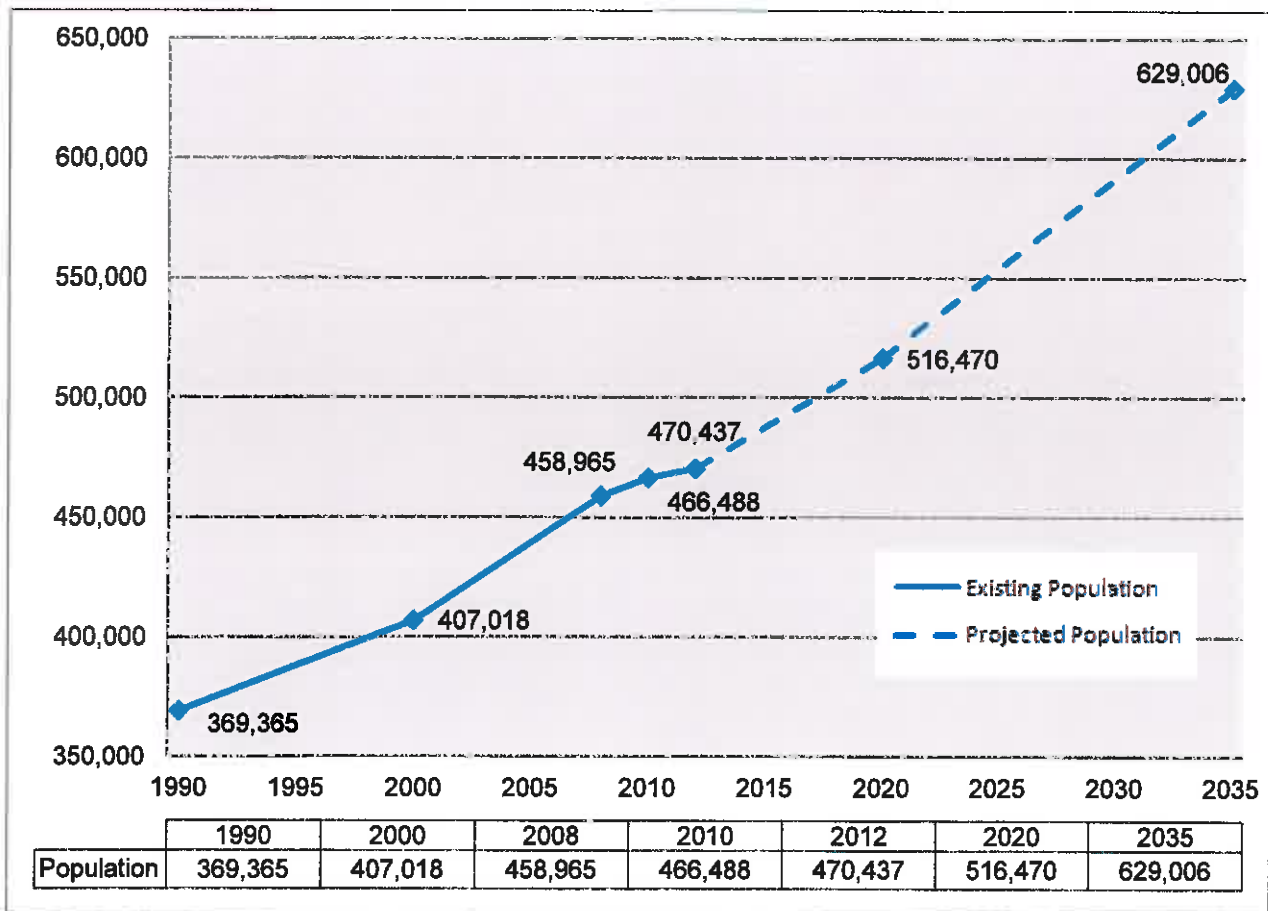
Sacramento's population was 466,488 on April 1, 2010. Table H 3-1 shows the city of Sacramento's growth rate relative to Sacramento County and the state. Sacramento's share of the state population has remained approximately one percent of the state total. The city of Sacramento's growth rate since 1990 has more or less equaled the overall growth in the state of California, with a slightly slower rate of growth from 1990-2000 and slightly faster rate of growth from 2000-2010. Additionally, the growth rate was slightly higher before the recession in 2008 (1.5 percent) and has since (2008-2012) decreased significantly (0.6 percent). Similar to historical trends in the region (1990-2010), the population within the city of Sacramento is forecasted by SACOG to increase by 1.0 percent annually from 2010 to 2020 and 1.3 percent annually from

¹ A household consists of any individual or group of people sharing a housing unit, whereas a family consists of a related group of people sharing a housing unit.

2020 to 2035 (see Figure H 3-1). The population is expected to increase from 470,437 in 2012 to 629,006 by 2035 – a 34 percent increase in total population.

Table H 3-1 Population Change 1990–2010			
Year	City of Sacramento	County of Sacramento	California
Population			
1990	369,365	1,041,218	29,760,021
2000	407,018	1,223,499	33,871,648
2010	466,488	1,418,788	37,253,956
Average Annual Percent Change			
1990-2000	1.0%	1.6%	1.3%
2000-2010	1.4%	1.5%	1.0%
1990-2010	1.2%	1.6%	1.1%

Source: SACOG Housing Element Data Profiles, November 2012; U.S. Census Bureau, 1990, 2000 and 2010.



Source: 1990, 2000, 2010 Census; 2008, 2012 DOF; Sacramento Area Council of Governments, May 2012.

Figure H 3-1: Existing Population and Population Projections for the City of Sacramento

Population by Community Plan Areas

Table H 3-2 presents 2000 and 2010 population by community plan area. The North Natomas community plan area had the highest population growth between 2000 and 2010, increasing by over 53,000 people. South Natomas and the South Area also experienced significant growth rates at almost 13 percent and 7 percent respectively. The number of people living in the Central City, Fruitridge/Broadway, Land Park, and the Pocket decreased slightly between 2000 and 2010. Land Park and Fruitridge Broadway experienced the most significant population decline at 6 and 5 percent respectively. At the same time, the number of housing units in these areas increased, indicating that average household size has decreased in these neighborhoods. These demographic changes in established neighborhoods may indicate aging populations with grown children, and increasing numbers of younger singles and couples. Contributing to this condition may be the comparatively small, older homes in these areas of the city. Families with greater space needs may be seeking housing farther from the city center in newer neighborhoods.

<i>Community Plan Area</i>	<i>2000</i>	<i>2010</i>	<i>Percent Change (2000-2010)</i>
Arden/Arcade	14,049	14,070	0.1%
Central City	32,655	32,367	-0.9%
East Sacramento	30,969	31,635	2.2%
Fruitridge/Broadway	63,675	60,716	-4.6%
Land Park	32,235	30,336	-5.9%
North Natomas	2,321	55,582	2,294.7%
North Sacramento	54,652	55,855	2.2%
Pocket	45,419	43,833	-3.5%
South Area	92,841	99,183	6.8%
South Natomas	38,692	43,645	12.8%
Total	412,016	469,232	13.9%

Note: Data for the community plan areas is based on 2000 and 2010 Census block groups. Block group boundaries changed between 2000 and 2010. Slight boundary differences occur in small areas in North Natomas, South Area/Land Park, and East Sacramento/Fruitridge; however, the boundaries are similar enough to generalize by community area.
Source: 2000 and 2010 Census.

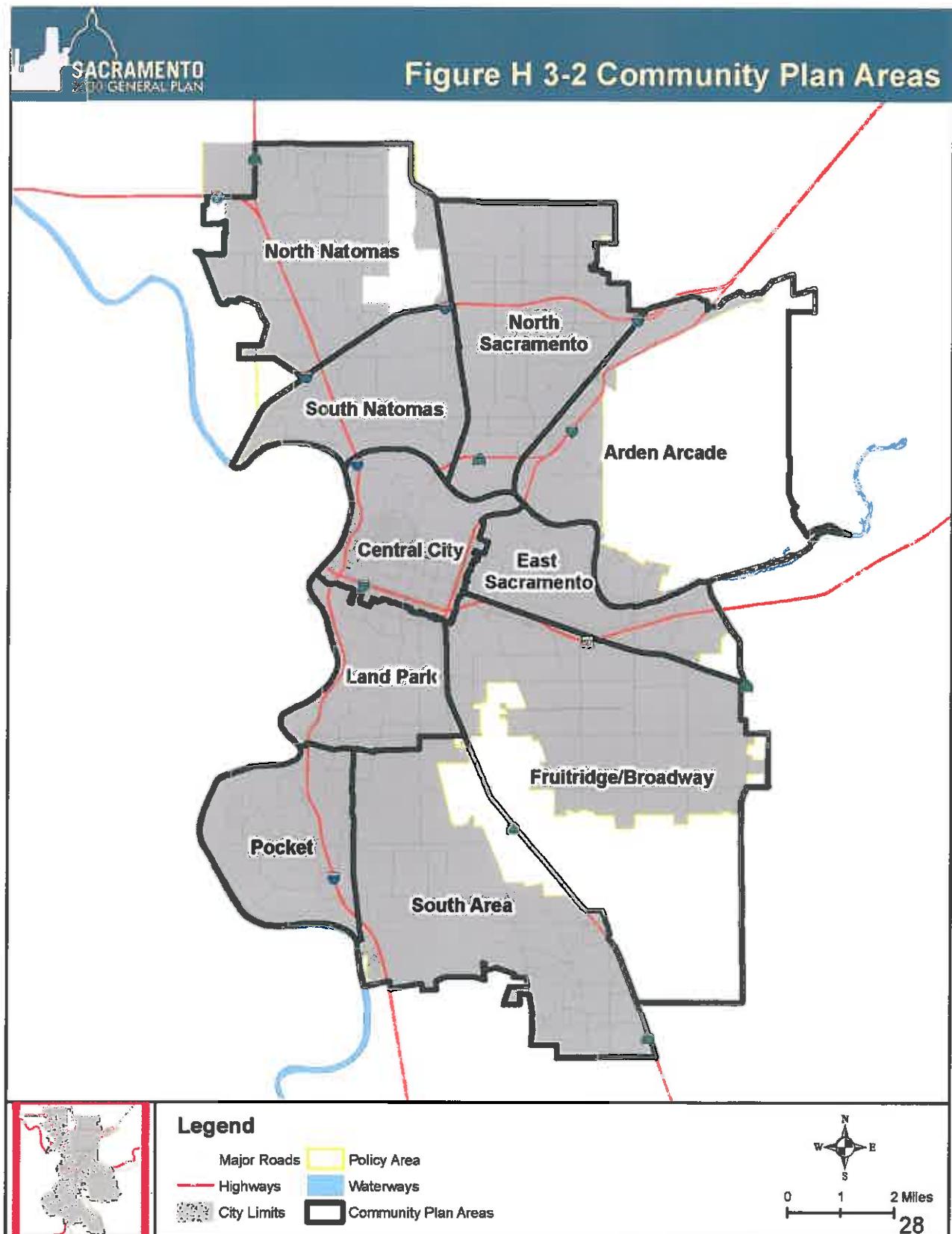
Table H 3-3 shows 2008 population data and 2020 and 2035 population projections by community plan area for the city of Sacramento.² Following earlier trends, North Natomas and the Central City are expected to grow the most between 2008 and 2020 at 41 and 32 percent respectively. The Fruitridge/Broadway and East Sacramento areas are both expected to grow by about 15 percent. From 2020 to 2035, the Central City is expected to grow by another 78 percent and East Sacramento is expected to grow by 32 percent. Land Park and the Pocket area, which both lost population from 2000 to 2010, are expected to have the smallest growth rates overall from 2008 to 2035.

² The Community Plan Area (CPA) population calculation includes all SACOG traffic analysis zones (TAZs) with 50 percent or more of the developed area within the CPA boundary and the city limits. The totals included in Table H 3-3 do not equal those in Figure H 3-1 because the TAZ areas differ from the city limits. Similarly, Table H 3-2 and H 3-3 are not directly comparable because the Census data is grouped into block group boundaries, while the SACOG data is grouped into TAZ boundaries.

Table H 3-3 Population Projections 2012-2035

Community Plan Area	2008	2020 (Projected)	Percent Change 2008-2020	2035 (Projected)	Percent Change 2020-2035
Arden/Arcade	12,445	13,338	7.2%	14,750	10.6%
Central City	27,919	36,925	32.3%	65,886	78.4%
East Sacramento	30,799	35,496	15.3%	46,948	32.3%
Fruitridge/Broadway	59,209	68,289	15.3%	81,221	18.9%
Land Park	28,540	30,321	6.2%	32,653	7.7%
North Natomas	58,214	81,995	40.9%	96,799	18.1%
North Sacramento	53,367	59,491	11.5%	64,248	8.0%
Pocket	45,446	46,080	1.4%	49,887	8.3%
South Area	91,857	102,219	11.3%	131,648	28.8%
South Natomas	41,513	44,475	7.1%	47,897	7.7%
Total¹	451,317	518,629	14.9%	631,937	21.8%

Source: SACOG, May 2012; Mintier Harnish, 2013.



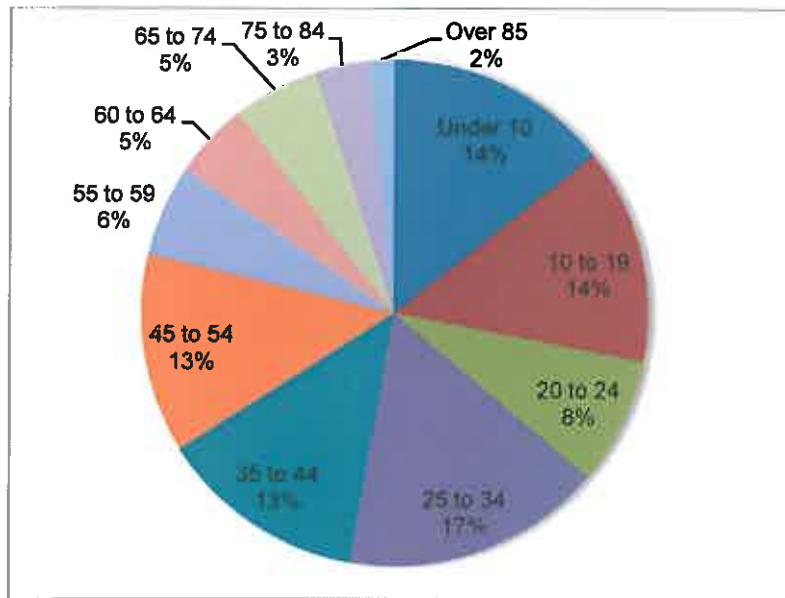
Age Distribution

The age of Sacramento's population reflects recent growth trends, with the bulk of the 2010 population (almost 66 percent) under the age of 45, and the median age of 33 years. However, since 2000, the fastest growing age group is persons aged 60 to 64, whose numbers increased by 67 percent in 10 years, followed closely by persons aged 55 to 59, whose numbers increased by 64 percent, as compared to an overall population increase of 15 percent during that same time period. In contrast, the number of adults aged 35 to 44 remained stagnant and those aged 75 to 84 actually declined in population by 7 percent between 2000 and 2010. If most residents who are now in their 40s and 50s remain in the city over the next 20 years, the senior population should continue to increase and eventually begin to increase as a proportion of the total population in Sacramento.

Table H 3-4 shows the population distribution by age groups and Figure H 3-3 shows age distribution for the city of Sacramento as estimated in 2010.

Table H 3-4 Age Distribution 2000 and 2010					
Age Interval (Years)	2000 Number	% of Total Pop.	2010 Number	% of Total Pop.	% Change 2000-2010
0-9	61,930	15.2%	66,416	14.2%	7%
10-19	61,328	15.1%	64,472	13.8%	5%
20-24	30,195	7.4%	37,671	8.1%	25%
25-34	63,321	15.6%	77,608	16.6%	23%
35-44	61,483	15.1%	61,485	13.2%	0%
45-54	52,118	12.8%	59,546	12.8%	14%
55-59	16,783	4.1%	27,444	5.9%	64%
60-64	13,417	3.3%	22,426	4.8%	67%
65-74	23,052	5.7%	25,780	5.5%	12%
75-84	17,312	4.3%	16,049	3.4%	-7%
85+	6,079	1.5%	7,591	1.6%	25%
Total	407,018	100.0%	466,488	100.0%	15%

Source: SACOG Housing Element Data Profiles, November 2012; 2000 and 2010 U.S. Census.



Source: SACOG Housing Element Data Profiles, November 2012; 2010 U.S. Census.
Figure H 3-3: Age Distribution in 2010

Although the total number of city residents age 65 and over is rising slightly, seniors represented a slightly smaller percentage of the city's population in 2010 than they did in 2000. The senior population in 2000 was 46,443, or 11.4 percent of the total population. In 2010 the senior population increased to 49,420, but declined proportionally to 10.6 percent of the total population.

Another significant age cohort in the city is adolescents and young adults ages 10 to 24. These residents represent the future of Sacramento, and have varied and unique housing needs. As these residents age, they will increase the demand for housing appropriate for single adults and childless couples. As with the increasing senior population, it is anticipated that alternative housing types, amenities, and urban housing options will be valued by these younger adults.

Race/Ethnicity

Sacramento is a racially and ethnically diverse city, with pluralities of White, Black or African-American, Asian, and Hispanic people. Sacramento's racial and ethnic diversity has been influenced by a number of historic factors. Some of these include:

- The presence of the State government and military facilities that provided job opportunities and upward mobility for minority populations;
- Sacramento's agricultural, railroad, and mining legacies, which attracted Hispanic and Asian populations from various countries; and
- The attractiveness of the Sacramento region to recent immigrants from throughout the world.

Compared to the county, the city is significantly more diverse racially and ethnically. In 2010, 55 percent of the city's population was non-white, compared to 42.5 percent non-white in the county as a whole or 36.5 percent of the county excluding the city. Similarly, the city has a notably higher proportion of Hispanic

individuals than the county (almost 27 percent compared to fewer than 22 percent). Table H 3-5 summarizes the population by race and ethnicity in 2000 and 2010 for the city and county.

Table H 3-5 2000 and 2010 City and County Comparison of Race and Ethnicity						
Race/ Ethnicity	City 2000	% of City Total	City 2010	% of City Total	County 2010	% of County Total
White	196,549	48.3%	210,006	45.0%	815,151	57.5%
Black or African-American	62,968	15.5%	68,335	14.6%	147,058	10.4%
American Indian, Alaskan Native	5,300	1.3%	5,291	1.1%	14,308	1.0%
Asian	67,635	16.6%	85,503	18.3%	203,211	14.3%
Native Hawaiian, Other Pacific Islander	3,861	0.9%	6,655	1.4%	13,858	1.0%
Other ¹	70,705	17.4%	90,698	19.4%	225,202	15.9%
Total	407,018	100%	466,488	100.0%	1,418,788	100.0%
Persons of Hispanic Decent ²	87,974	21.6%	125,276	26.9%	306,196	21.6%

Source: 2000 and 2010 U.S. Census.

¹ The "Other" category refers to persons of two or more races and any other category not already defined which a person identifies.

² Hispanic Decent: This number comes from the total population and is not a category of race. It is defined as anyone being of Spanish, Latino, or Hispanic decent.

The most notable changes in the racial and ethnic make-up of the city's population between 2000 and 2010 were the significant numerical and percentage increases in the Hispanic and Asian populations and percentage decreases in the White and Black/African-American populations. The rising number of Hispanic residents reflects both immigration and natural increase among families of Hispanic origin. The trend of increasing Hispanic population is similar to the state as a whole.

Although the White population of the city increased between 2000 and 2010, the percentage of the city's population that was White declined by over 3 percent. Populations of Asians, Native Hawaiians/Pacific Islanders, and persons of other races increased between 2000 and 2010.

Household Size

The average household size increased in the city of Sacramento during the 1990s. Sacramento's average household size in 1990 was 2.50, increasing slightly to 2.57 in 2000 and 2.62 in 2010. Household size can be related to overcrowding and overpayment, which will be discussed later in this section.

Average Household Size (2010)	
All Households	2.62
Owners	2.63
Renters	2.56

As shown in Table H 3-6, the number of households in Sacramento increased from 144,661 in 1990 to 174,624 in 2010, a 21 percent change. The city's population is growing faster than the number of households, increasing by 26 percent during this same time.

Table H 3-6 Household Change 1990–2010		
Year	Number of Households	Total Population
1990	144,661	369,365
2000	154,581	407,018
2010	174,624	466,488
Percent Change Since 1990	21%	26%

Source: SACOG Housing Element Data Profiles, November 2012; 1990, 2000 and 2010 U.S. Census.

Conclusions

Based on the population and demographic data presented in this segment, an increase in housing needs for older adults, young adults, and small families is forecasted, pointing to the need for alternative housing types and designs. Average household size currently remains in the range of 2.6 to 2.7 people per household. However, with the fastest-growing segments of the population being adults aged 55 to 64, it can be expected that more households will need smaller housing options. The city's population is growing steadily at a rate of about 1 percent per year, with corresponding household growth projected to be concentrated in North Natomas, East Sacramento, Fruitridge/Broadway, and the Central City.

3.2 Income and Employment

Summary of Key Findings of this Section

- Almost 50 percent of all households have lower incomes.
- The elderly and large families are more likely than others to have lower incomes.
- The city's income distribution resembles a "barbell" with large numbers of relatively poor and affluent residents and relatively fewer middle income residents.
- Trade, transportation, and utilities jobs; professional and business services jobs; and government jobs make up most of the region's employment base.
- The occupations projected to have the most job openings and the fastest growing occupations support "barbell" income distribution.
- Currently (2012) there are 268,916 jobs within the Sacramento Policy Area. By 2020 the number of jobs is expected to increase by 20 percent to 323,217, and by 2035 the number of jobs is expected to increase by another 16 percent to 376,103. Sacramento will add over 100,000 jobs from 2012 to 2035. Over the entire projection period, the Central City and Fruitridge/Broadway areas are

projected to experience the greatest increase in employment, while the Pocket area is projected to experience the lowest increase in employment.

- Job growth and opportunities are mostly in lower wage employment sectors.

Income

The correlation between household income and housing needs is undeniable, especially for lower income-residents. Before the housing market boom, even as incomes in Sacramento steadily rose, housing costs on the open market grew at a much faster rate than incomes. During the housing boom, moderate-income households increasingly struggled to find adequate housing that they could afford. In the past few years, housing costs have consistently decreased making housing affordable to moderate-income households and even some low-income households.

However, very low- and extremely low-income households were still unable to afford housing even as home prices decreased, making them most affected by the gap between incomes and housing costs.

Income Categories for the Housing Element are:

Extremely Low-Income	<30% of median
Very Low-Income	31-50% of median
Low-Income	51-80% of median
Moderate-Income	81-120% of median
Above Moderate-Income	>120% of median

In 2009, 48% of Sacramento households had lower incomes

This section compares incomes based on the median income, as shown in the highlight box above. Collectively, extremely low-, very low-, and low-income are referred to as “lower income” in this section. According to the Census Bureau, Sacramento’s median household income in 2009 was \$50,267, compared to a median household income of \$56,439 countywide. The 2009 city median income represents a 36 percent increase since 1999. While the gap between the median city and county incomes grew from 1989 to 1999, in 2009 the gap decreased below what it was in 1989. Table H 3-7 compares citywide and countywide median income in 1989, 1999, and 2009.

2009 Median Household Income (U.S. Census)

City of Sacramento	\$50,267
County of Sacramento	\$56,439

Table H 3-7 City and County Median Income 1989, 1999, and 2009			
Year	City	County	% difference
1989	\$28,183	\$32,297	15%
1999	\$37,049	\$43,816	18%
2009	\$50,267	\$56,439	12%

Source: SACOG Housing Element Data Profiles, November 2012; 1990 and 2000 US Census; 2006-2010 ACS.

Contributing to the inequality between city and county incomes are relative income levels within the city itself. In 2009 48 percent of the city’s households had incomes less than 80 percent of the countywide median, compared to 43 percent countywide. The countywide median income is typically used as a standard measure against which to compare incomes in different communities.

The percentage of lower-income groups overall has decreased since 2000. However, the percentage of lower-income households is still much more significant for large families and the elderly, as shown in Table

H 3-8. Fifty-seven percent of elderly households and 60 percent of large family households are lower-income. Although the elderly and large families represent just 36 percent of lower-income households, the prevalence of lower incomes among these residents signals a relatively greater need for affordable housing compared to other groups.

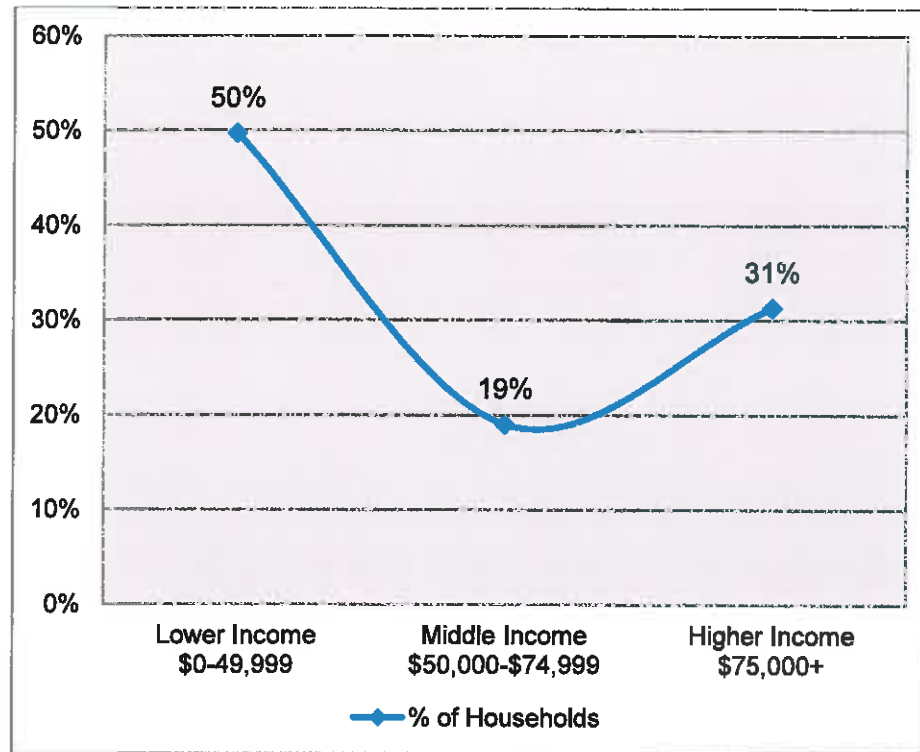
Table H 3-8 2009 Estimated Number of Households by Income Level						
Income Level	Household Type				Total	% of Total
	Senior	Small Families ¹	Large Families	Other		
Extremely Low-Income	7,135	8,185	2,780	9,395	27,495	16%
Very Low-Income	6,080	8,690	3,140	5,370	23,280	13%
Low-Income	6,180	11,640	4,585	10,105	32,510	19%
% Lower Income	57%	41%	60%	47%	48%	48%
Moderate +	14,705	41,055	7,070	27,845	90,675	52%
Total Households	34,100	69,570	17,575	52,715	173,960	100%

Source: 2005-2009 CHAS.

¹ "Small Families" are 2 to 4 related persons and "Large Families" are 5 or more related persons.

In addition to the high percentage of lower-income elderly and large family households, 16 percent of all households are extremely low-income, meaning that they earn less than 30 percent of the countywide median income, or \$21,850 for a family of four. The challenges faced by households with extremely low incomes are disproportionately felt among seniors (26 percent) and large families (30 percent) in relation to their relative numbers in the overall household population. Although the total share of lower-income persons has decreased overall by about 2 percent, the share of senior and small family households with extremely low incomes has increased by 7 and 9 percent respectively from 1999 to 2009. Persons with disabilities are also more likely to have extremely low incomes than the population at large. Extremely low-income households typically receive some form of public assistance, earn very low wages, or live off of retirement incomes. Many are homeless, at risk of homelessness, or live in substandard housing.

In contrast to the large lower-income population in the city, about 31 percent of households had incomes of \$75,000 or more in 2009. Only 19 percent had incomes in the middle range (\$50,000–\$74,999). As a result, the income distribution in the city looks like a "barbell," with larger proportions of the population at the ends of the income range and a smaller proportion in the middle. Figure H 3-4 presents income levels for all households.



Source: SACOG Housing Element Data Profiles, November 2012; 2006-2010 ACS.

Figure H 3-4: 2009 Income Distribution

Employment Trends

Future housing needs depend, in part, on employment trends. Changes in the types and pay levels of jobs available in Sacramento and the surrounding region will have an impact on the type and cost of housing that future residents will desire and can afford. The Sacramento region is a hub for state government and related industries, health services, financial services, and local/regional serving retail. Sacramento also has an opportunity to capture a growing share of employment in emerging technology and energy industries. The region's current employment base, and the potential to attract new types of employers that offer better paying jobs, will affect future housing needs in Sacramento.

Major Employment Sectors

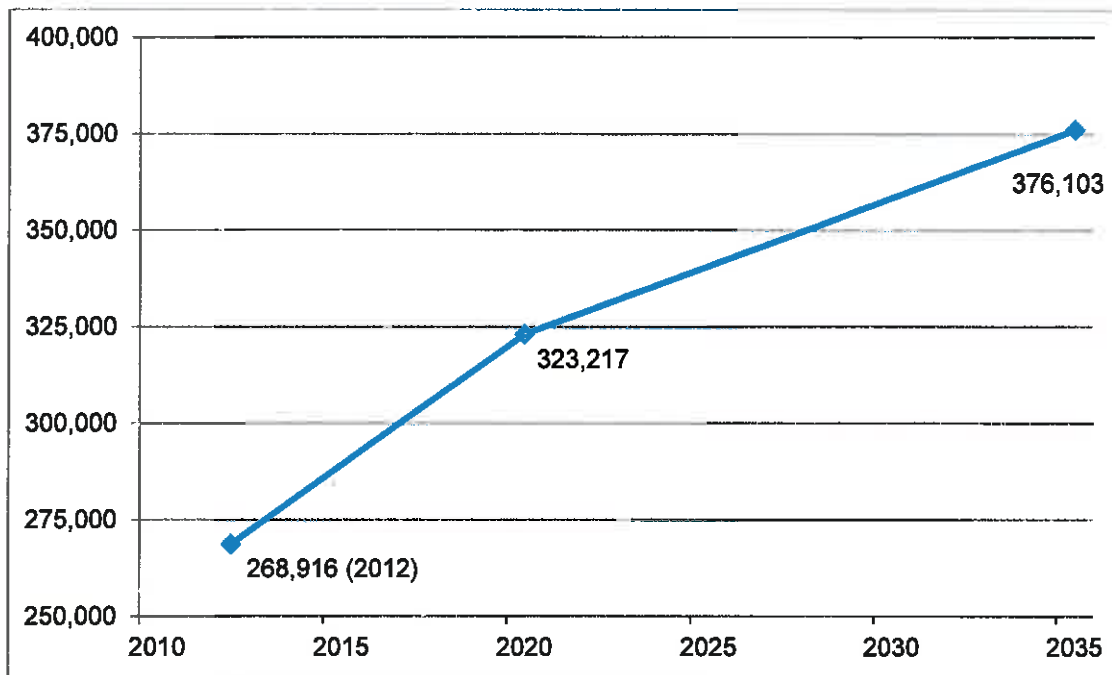
Government Jobs (27%)
Trade, Transportation, and Utilities (17%)
Professional and Business Services Sector Jobs (13%)

92,000 new jobs by 2018

The 2010 Census shows 357,159 persons age 16 and over employed in the city of Sacramento with a 7.4 percent unemployment rate, and over 1.6 million persons age 16 and over employed in the region with a 6.1 percent unemployment rate. The government jobs sector leads the region's employment base at 27 percent; followed by the trade, transportation, and utilities sector at 17 percent; and the professional and business services sector at 13 percent.

Figure H 3-5 presents 2012 existing employment data and 2020 and 2035 employment projections from SACOG for the Sacramento Policy Area. Currently (2012) there are 268,916 jobs in Sacramento. By 2020 the number of jobs is expected to increase by 20 percent to 323,217, and by 2035 the number of jobs is

expected to increase by another 16 percent to 376,103, for a total increase of 39 percent from 2012 to 2035. Sacramento will add over 100,000 jobs from 2012 to 2035.



Source: SACOG (February 2013), California Department of Finance, City of Sacramento, and Mintier Hamish.

Figure H 3-5: Employment Projections for the Sacramento Policy Area

Table H 3-9 shows 2012 existing employment data and 2020 and 2035 employment projections for the Sacramento Policy Area by community plan area. By 2020 the Central City is projected to experience the greatest increase in employment, adding 23,815 jobs from 2012 to 2020 (for a total of 122,418 jobs). The Fruitridge/Broadway area is also projected to experience significant employment growth, adding 11,766 jobs by 2020 (for a total of 51,781 jobs). In contrast, the Pocket area is projected to experience a decrease in employment, losing 1,628 jobs from 2012 to 2020 (for a total of 5,104 jobs).

During the next projection period from 2020 to 2035, the Central City is projected to experience the greatest increase in employment again, adding 18,211 jobs (for a total of 140,269 jobs). North Natomas, Fruitridge/Broadway, and the South Area are also projected to experience significant employment growth by 2035. Land Park is projected to experience the lowest increase in employment, adding only 215 jobs between 2020 and 2035 (for a total of 13,248 jobs). Over the entire projection period from 2012 to 2035, the Central City and Fruitridge/Broadway areas are projected to experience the greatest increase in employment.

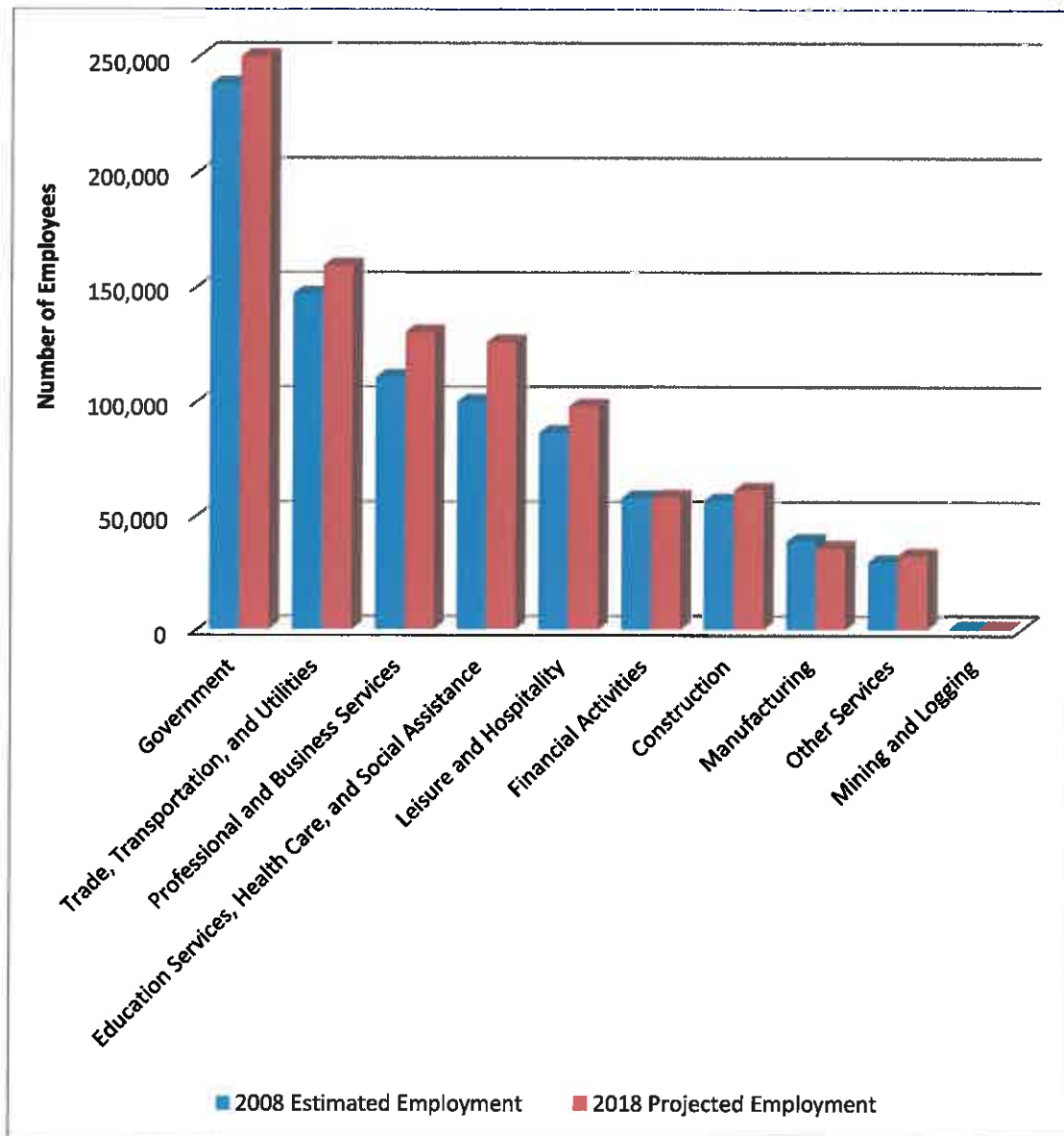
Table H 3-9 Employment Projections 2012-2035

Community Plan Area	2012	2020 (Projected)	Net New Jobs 2012-2020	2035 (Projected)	Net New Jobs 2020-2035	Change 2012-2035
Arden/Arcade	19,456	25,161	5,705	25,589	428	6,133
Central City	98,603	122,418	23,815	140,629	18,211	42,026
East Sacramento	20,112	25,077	4,965	27,307	2,230	7,195
Fruitridge/Broadway	40,015	51,781	11,766	59,531	7,750	19,516
Land Park	11,572	13,213	1,641	13,428	215	1,856
North Natomas	24,771	26,282	1,511	35,182	8,900	10,411
North Sacramento	15,917	19,929	4,012	22,007	2,078	6,090
Pocket	6,732	5,104	-1,628	6,840	1,736	108
South Area	18,878	20,669	1,791	28,229	7,560	9,351
South Natomas	12,860	13,584	724	17,362	3,778	4,502
Total	270,928	323,218	52,290	376,104	52,886	105,176

Source: SACOG (February 2013), California Department of Finance, City of Sacramento, and Mintier Harnish.

According to the 2010 projections by the California Employment Development Department (EDD), over 92,000 jobs are forecast to be added to the Sacramento region between 2008 and 2018. As shown in Figure H 3-6 projected growth in employment sectors in the region are expected to be similar to existing (2010) employment in 2018. While the government; trade, transportation, and utilities; and financial activities sectors will decline to a slightly smaller share of employment; the professional and business services; education services, health care, and social assistance; and construction sectors will grow to a slightly larger share of employment. Most of the fastest-growing employment sectors in the region, including most of the occupations with the greatest number of projected job openings over the next several years, pay relatively low wages.³

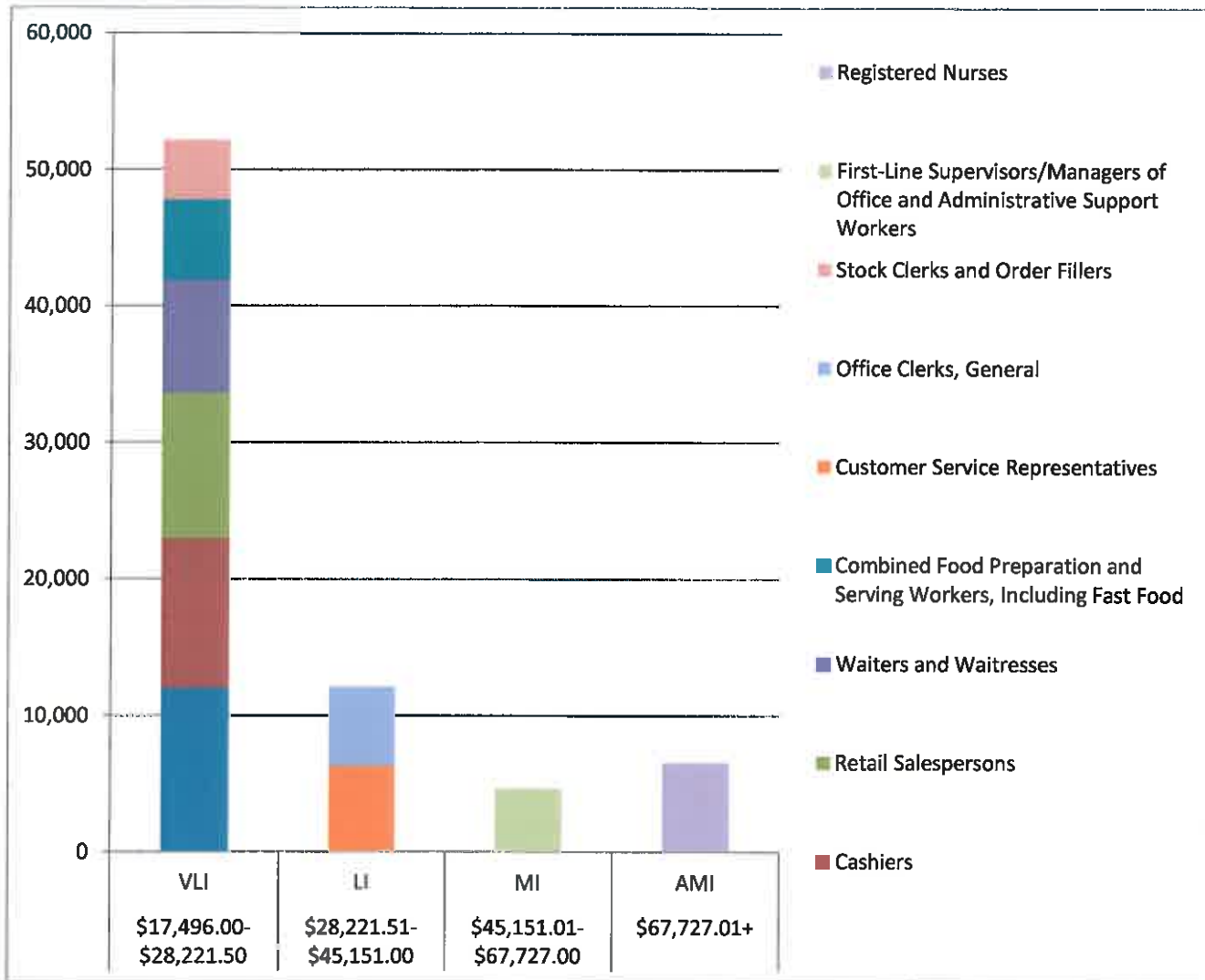
³ California Employment Development Department (EDD), 2008-2018 Fastest Growing Occupations, Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (El Dorado, Placer, Sacramento, and Yolo Counties), 2010.



Source: EDD, 2010.

Figure H 3-6: Estimated and Projected Employment Growth by Sector

Figure H 3-7 shows the 10 employment sectors that have the greatest projected number of job openings by 2018 categorized by income level based on average wages. When compared to the 2010 U.S. Census countywide median income (\$56,439), 69 percent of the 170,980 job openings in the top 10 occupations projected through 2018 pay wages equivalent to low-income or less. Only two job categories in the top 10 occupations, registered nurse and first-line supervisors/managers of office and administrative support workers, pay wages above the countywide median income, at \$101,562 and \$61,480 respectively (180 and 109 percent of median income). It should be noted that this analysis compares individual wages to the median household income, which includes many households that have two wage earners. A household with two people working in the occupations shown in Figure 3-7 may have a high enough combined income to qualify as a higher income bracket.



Note: VLI: Very low-income, LI: Low-income, MI: Moderate-income, AMI: Above moderate-income
Source: EDD, 2010.

Figure H 3-7: Projected Job Openings in the Top 10 Occupations by Income Category

Another measure of anticipated future job growth is fastest growing occupations, which includes those with a small number of total employees and a rapid growth rate, as shown in Table H 3-9. These occupations may provide clues about what industries or areas of the economy are positioned for faster growth in Sacramento. The projected growth in medical and dental assistants, for instance, may reflect an expanding health care industry. The projected growth in communications analysts may indicate an overflow from Bay Area technology firms as some functions are moved to lower cost markets such as Sacramento. Increases in self-enrichment teachers, which teach voluntary classes that students take for fun or personal enrichment, may reflect changing education priorities.

**Table H 3-9 Fastest Growing Occupations 2008–2018
(Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area)**

<i>Occupational Title</i>	<i>Annual Average Employment</i>		<i>Percent Change</i>	<i>Median Hourly Wage</i>	<i>Percent of MHI[†]</i>
	<i>2008</i>	<i>2018</i>			
Medical Scientists (except Epidemiologists)	1,650	2,420	47	\$42.20	156
Personal and Home Care Aides	20,410	29,840	46	\$11.43	42
Network Systems and Data Communications Analysts	1,590	2,290	44	\$34.86	128
Home Health Aides	3,170	4,430	40	\$10.32	38
Dental Hygienists	1,780	2,450	38	\$45.23	167
Dental Assistants	2,690	3,690	37	\$18.43	68
Self-Enrichment Education Teachers	1,060	1,450	37	\$19.60	72
Medical Assistants	2,810	3,820	36	\$14.12	52
Fitness Trainers and Aerobics Instructors	2,260	3,020	34	\$20.28	75
Surgical Technologists	520	690	33	\$23.23	86

Source: EDD, 2010.

[†] 2010 U.S. Census countywide median income (\$56,439).

In contrast to job openings in existing fields, anticipated job growth in the Sacramento region over the next 10 years includes a number of jobs in the low- and very low-income categories. Addition of these jobs should add to the lower end of a modified “barbell” income distribution, providing fewer opportunities for upward mobility.

Conclusions

While Sacramento’s median income continues to rise, the challenges for those most in need increases as well, perpetuating the gap between middle- and lower-income households. The “barbell” distribution of incomes in Sacramento is likely to become more pronounced. While higher-paying government sector; trade, transportation, and utilities sector; and professional and business services sector jobs continue to lead the region’s employment base, the occupations projected to have the greatest number of openings and the fastest-growing occupations are expected to add to the low end of the income spectrum. Among lower-income households, needs are most acute for seniors and larger families. Seniors, in particular, are least likely to benefit from job growth and economic opportunities, and may have additional housing challenges not evident simply in income categories.

While the city has experienced an economic slowdown during the recent global recession, Sacramento is anticipated to experience strong long-term employment growth. Increases in employment and accompanying population growth will drive a need for additional housing production for all income levels, including lower-income households filling many of the lower paying jobs anticipated to be created through 2018.

3.3 Housing Characteristics

Summary of Key Findings of this Section

- Nearly 32,000 housing units were built between 2000 and 2010 (including about 20,000 single-family homes), the largest amount of homebuilding since the 1950s.
- About two-thirds of the city's housing is single-family homes, of which 26 percent are renter-occupied (compared to 21 percent countywide and statewide).
- Sacramento has a relatively low homeownership rate—49 percent compared to 58 percent countywide and 56 percent statewide. The homeownership rate has decreased slightly since 2000.
- The vacancy rate excluding seasonal and homes rented or sold but not occupied in 2010 was 3 percent for owner-occupied housing, 8 percent for rental housing, and 6 percent total, above the “normal” vacancy rates for a housing market in balance. However, when including seasonal and homes rented or sold but not occupied, the overall vacancy rate is higher at about 8.5 percent.
- The Sacramento Region has one of the highest foreclosure rates of any Metropolitan Statistical Areas in the United States. The North Sacramento, South, and Fruitridge/Broadway areas have the highest vacancy and foreclosure rates within the city.
- About 63 percent of the city's housing units are more than 30 years old, making them susceptible to repair or maintenance concerns.
- Between 1 percent and 18 percent of the city's housing (2,000 to 36,000 units) may need rehabilitation and another 2,000 to 3,000 units may need replacement.

Housing Type

Between 2000 and 2010, nearly 32,000 housing units were constructed in the city, largely in North Natomas. About 20,000 single-family homes and 11,000 multifamily units were added during this period, representing the highest rate of housing construction since the 1950s, according to the U.S. Census Bureau.⁴ The proportion of single-family homes (detached and attached) held constant between 2000 and 2010. While the proportion of multifamily units also held constant overall between 2000 to 2010, the percentage of multifamily developments of 5 or more units increased by 2 percent and the percentage of multifamily developments of 2-4 units decreased by 2 percent. Table H 3-10 compares the number of housing units by type in 1990, 2000, and 2010.

⁴ The city experienced greater population and housing unit gains in the 1960s, than in the 1950s, but this was largely due to the merger of the City of Sacramento and the City of North Sacramento in 1964.

Table H 3-10 Housing Type (1990–2010)¹

Type of Structure	1990		2000		2010	
	Housing Units	% of Total	Housing Units	% of Total	Housing Units	% of Total
Single-family ²	98,105	64%	107,229	65%	127,660	65%
Multifamily 2-4 units	14,971	10%	15,859	10%	16,277	8%
Multifamily 5+ units	35,303	23%	37,156	23%	47,823	25%
Mobile homes/other	4,983	3%	3,670	2%	3,686	2%
Total	153,362	100%	163,914	100%	195,446	100%

Source: SACOG Housing Element Data Profiles, November 2012; DOF, 2010; 1990 and 2000 U.S. Census.

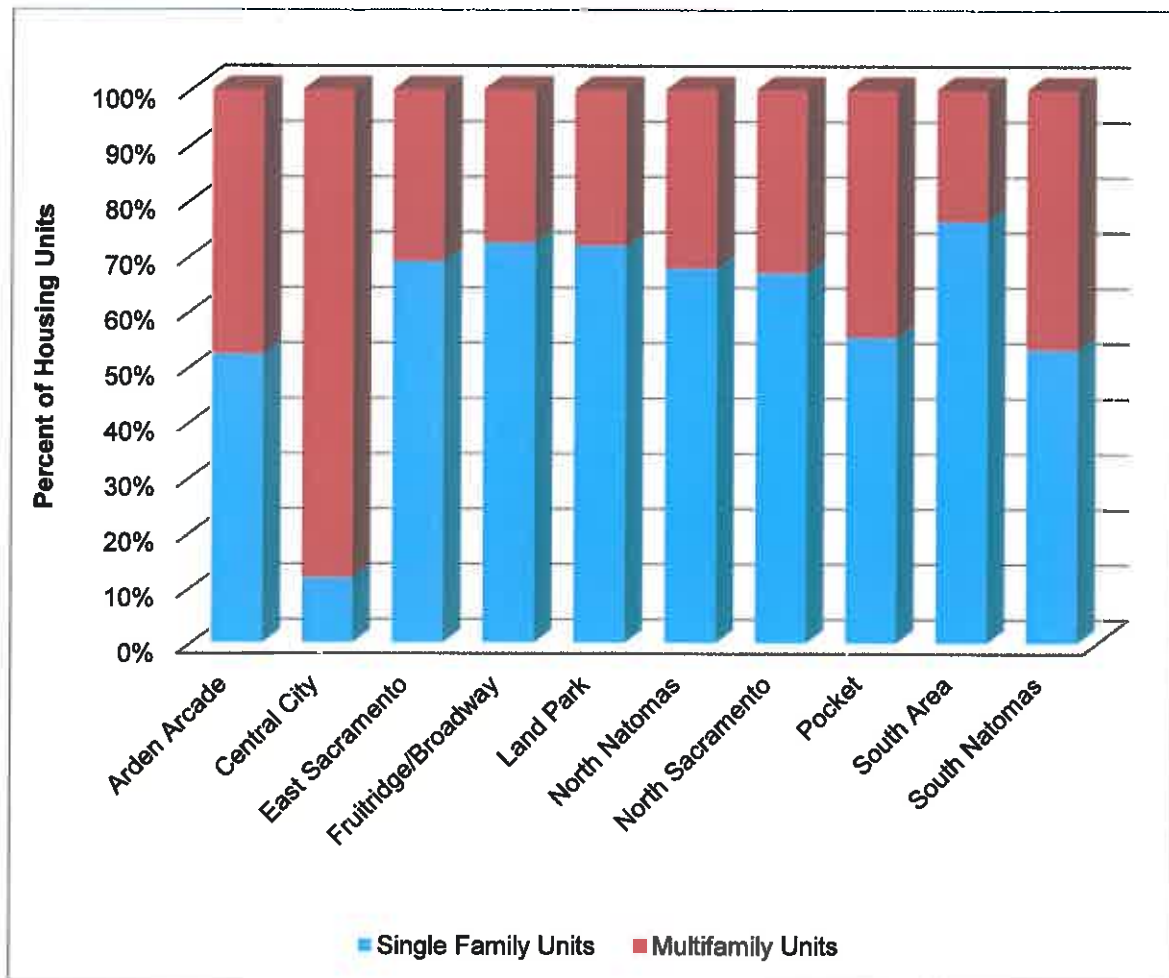
¹ 2000 Census April 1, 2000: Housing Unit total may differ in census due to different sampling methods and definitions of units.

² Single-family includes attached and detached units.

Housing type (e.g., single-family, multifamily) is not the same as tenure (owner versus rental occupancy). Citywide, nearly 26 percent of single-family homes are rentals, compared to about 21 percent countywide and statewide. Less than 4 percent of multifamily units are owner-occupied citywide, compared to over 5 percent countywide and 10 percent statewide.

Housing Type by Community Plan Area

The Central City, Arden Arcade, and South Natomas communities have the highest percentage of multifamily units in the city. These communities are characterized by a larger share of commercial and/or office development than other areas of the city and higher density residential neighborhoods. Figure H 3-8 shows the distribution of single-family and multifamily housing by community plan area. The 2012 estimates are based on City of Sacramento land use data, which are not the same as California Department of Finance estimates used in Table H 3-10.



Source: City of Sacramento, 2012.

Note: Does not include mobile homes. Mixed use and retirement community units were considered multifamily.

Figure H 3-8: Housing Type by Community Plan Area

Housing Tenure

Household Tenure (2010)		
Homeowners	86,271	49 %
Renters	88,353	51 %
Total	174,624	100 %

Sacramento has a relatively low rate of homeownership, about 49 percent, compared to homeownership countywide and statewide (58 and 56 percent, respectively). The citywide homeownership rate has decreased slightly since 2000, when it was 50 percent. As noted above, the percent of renter-occupied single-family homes in the city (26 percent) is high relative to countywide and statewide rates, which partly explains the decrease in homeownership during a time period when the number of single-family homes increased by about 19 percent. This discrepancy is further understood in light of the financial markets that accompanied this building boom, which allowed for easy access to credit and encouraged investment in real estate, especially in emerging markets such as Sacramento. After the housing market crashed many of these same areas that experienced a building boom, such as North Natomas, saw many new homeowners foreclosing on their homes and becoming renters again.

Vacancy Rates

Vacancy figures used in this section come from three different sources which report different time periods and use different methods to measure vacancy; therefore, they are not directly comparable to one another. However, using all three data sets allows for a more detailed understanding of vacancy rates in the city.

Vacancy Rates (2010)

3 % of Homeowner Units
8 % of Rental Units
6 % Total Vacancy Rate

In 2010, the vacancy rate was 3 percent for owner-occupied housing and 8 percent for rental housing. This estimate excludes units rented or sold but not occupied, seasonal homes, and other vacant housing not available to occupy. The total vacancy rate was 6 percent.⁵ Real estate and housing professionals consider a balanced housing market to have a vacancy rate of about 5 percent overall, with a rate of 2 percent for owner-occupied housing and 6 to 7 percent for rental housing.⁶ Table H 3-11 shows vacancy rates between 1990 and 2010. The higher vacancy rate in 2010 is due to the high level of housing construction during the early 2000s and the subsequent foreclosures that followed.

Table H 3-11 Vacancy Rate Excluding Units Not Available to Occupy 1990–2010 ¹	
Year	Vacancy Rate
1990	4%
2000	4%
2010	6%

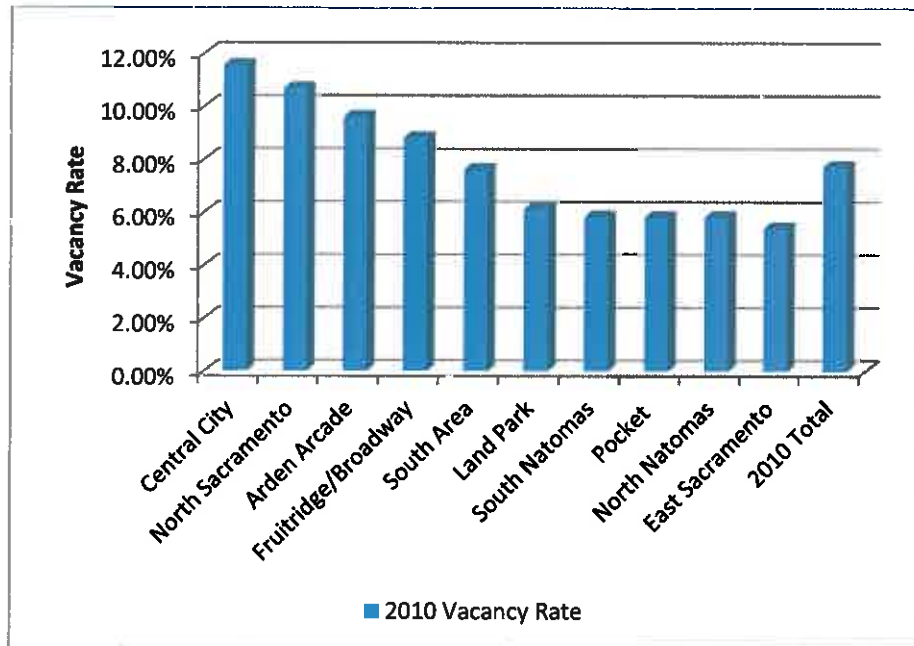
Note: ¹ Excludes units rented or sold but not occupied, seasonal homes, and other vacant housing not available to occupy.

Source: 1990, 2000, 2010 Census.

Although the city's vacancy rates in Table H 3-11 suggest a housing market in balance, there are significant differences in vacancy by community plan area and housing type. Figure H 3-9 shows average residential vacancy rates excluding units rented or sold but not occupied, seasonal homes, and other vacant housing not available to occupy by community plan area for 2010. These data indicate a vacancy rate of approximately 8 percent, slightly different from the 6 percent as estimated for the entire city. The Central City has the highest vacancy rate at almost 12 percent and East Sacramento has the lowest vacancy rate at 5.42 percent.

⁵ The City calculates vacancy rates using Census data, and excluding units rented or sold but not occupied, seasonal homes, and other vacant housing not available to occupy. These vacancy rates may not be directly comparable to the CPA data presented in Figure 3-10 or the overall vacancy data in Table 3-12.

⁶ Giang Hoang-Burdette, *Nobody's Home: California Residential Vacancy Rates*, May 9, 2012; Joan C. Fahrenthold, Associated Press, *America's Sickest Housing Markets*, 2012; Emmett Pierce, San Diego Union Tribune, *Uptick in County Rental, Vacancy Rates, Tenants Together*, June 6, 2008; William Poe, *Area Landlords High on Healthy Rental Market*, July 27, 2012; Housing New York City, 2008; Mary Ellen Podmolik, *Chicago's a Renter's Market, but Vacancies, Delinquencies on Rise*, Census Paints a Bleak Picture of Arizona Housing, *Census Paints a Bleak Picture of Arizona Housing*, 2011; Rolf Boone, *The Olympian*, *Thurston Apartment Vacancy Rates Up a Bit*, 2012; Bill Conerly, *Housing Recovery Progressing Very Slowly*, *Businomics*, 2011.



Source: City of Sacramento, 2010; 2010 Census.

Note: Because vacancy rates for the community plan areas were calculated based on the planning area and may include portions of block groups outside the city limits, the data may not be directly comparable to that presented in Table H 3-11.

Figure H 3-9: Residential Vacancy Rates by Community Plan Area

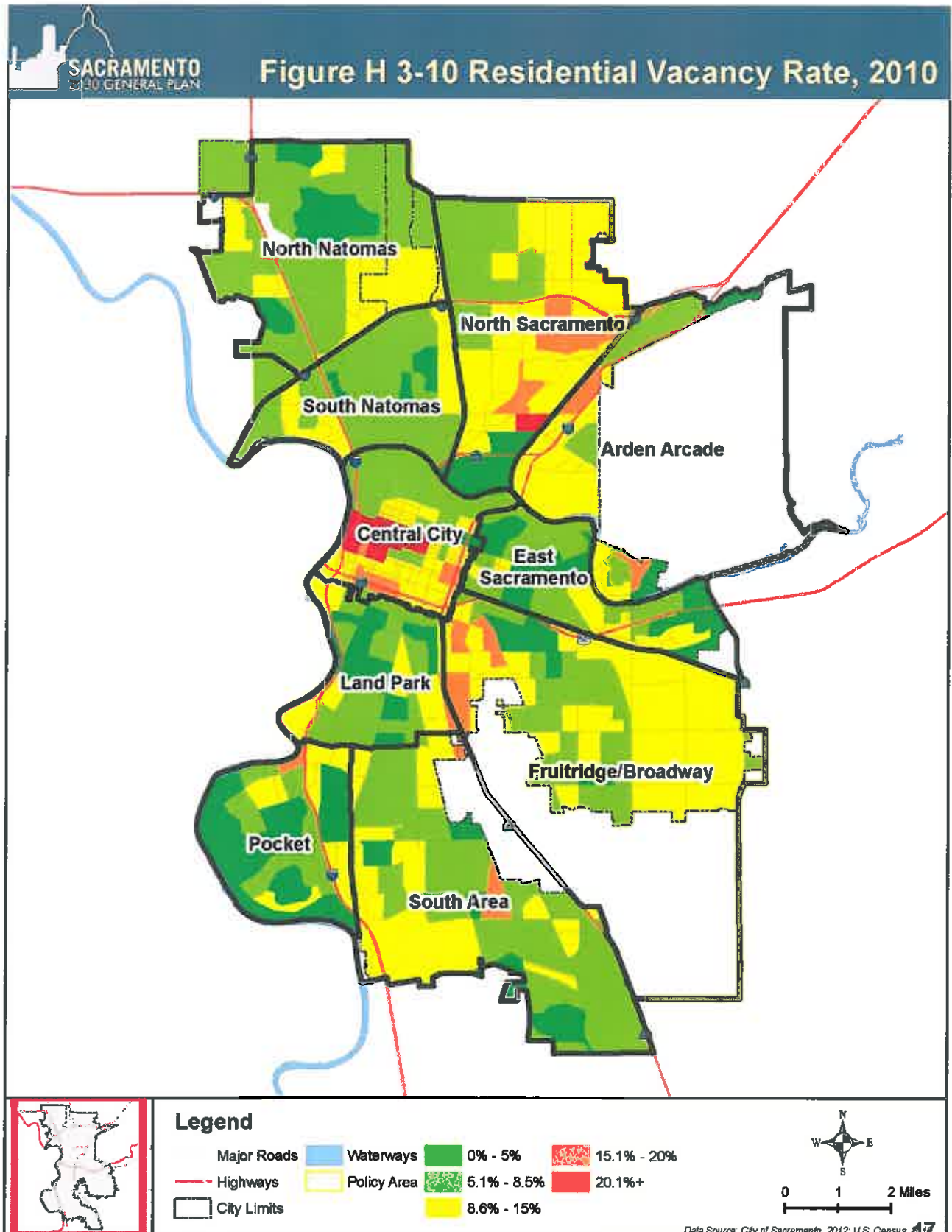
Vacancy rates in Sacramento are higher when seasonal homes and homes rented or sold but not occupied are included. As shown in Table H 3-12, the vacancy rate in Sacramento has increased since 2000 when the vacancy rate was closer to normal at 5.7 percent. However, by 2010 the vacancy rate had reached 8.5 percent when, according to the U.S. Census, a total of 16,287 of 190,911 housing units were identified as vacant within the city limits. Similarly, the Department of Finance 2012 estimates reported 16,317 vacant units within the city.

Table H 3-12 Overall Vacancy Rate in Sacramento 2000–2012			
Year	Total Housing Units	Vacant Housing Units	Vacancy Rate
2000	163,957	9,376	5.7%
2010	190,911	16,287	8.5%
2012	191,268	16,317	8.5%

Source: SACOG Housing Element Data Profiles, November 2012; 2000, 2010 U.S. Census; Department of Finance Table 2: E-5 City/ County Population and Housing Estimates, 2012.

Figure H 3-10 shows the overall vacancy rate by Census block group in the city of Sacramento. Most block groups in the city have vacancy rates above the optimal level of 5 percent. Less than 20 percent of block groups had a vacancy rate of 5 percent or less. The highest concentration of extremely high vacancy rates is in the Central City, where many block groups in the northern Downtown area are more than 20 percent vacant. There are also several block groups that are 15 to 20 percent vacant in North Sacramento along Interstate 80 and Business 80, and between the South Area and Fruitridge/Broadway Areas along Highway 99.

A third source of vacancy data is the non-profit organization Sacramento Self Help Housing. Sacramento Self Help Housing collects vacancy data for low-cost (generally class “B” and “C”) rental apartment complexes. The majority (but not all) of the units polled by Sacramento Self Help Housing are located within the city of Sacramento. During the third quarter of 2012, Sacramento Self Help Housing’s data indicate approximately a 4 percent vacancy rate for these lower cost apartments. This vacancy rate is substantially below 6 to 7 percent suggested for a balanced rental housing market.



Age and Condition of Housing

Age of Housing

The age of housing, by itself, does not necessarily equate with poor housing conditions. However, a neighborhood with a large stock of older housing (particularly older non-subsidized rental housing) occupied by a high percentage of lower-income households has a much greater potential for housing problems than an affluent neighborhood with older housing.

If not properly maintained, housing can exhibit obvious signs of “wear and tear” after 30 years (or even less, depending on the quality of materials and construction). Non-structural components such as paint, siding, doors, windows, roof shingles, electrical, plumbing, and ventilation can deteriorate or fail during the first 30 years. After 40 years or more, housing can exhibit structural problems (e.g., sagging roofs, foundation failure, walls out of plumb) if subject to inadequate maintenance and repairs.

Table H 3-13 shows when housing units were built in the city. Of the 191,000 housing units in the city counted by the ACS in 2010, about 63 percent were built before 1980, and about 50 percent were built before 1970. The median age of housing was built in 1972. Of all housing units built before 1970, 65 percent were owner occupied and 35 percent were renter occupied. In 2000 approximately 17 percent of pre-1970 housing units were occupied by households below the poverty level of income.⁷ Except for subsidized rental housing maintained to state or federal quality standards, these older housing units occupied by persons living in poverty may be most vulnerable to problems of housing condition.

<i>Year Built</i>	<i>Number of Units</i>	<i>% of total</i>
2005 or later	8,939	4.7%
2000–2004	19,253	10.1%
1990–1999	13,224	6.9%
1980–1989	28,473	14.9%
1970–1979	30,611	16.0%
1960–1969	23,969	12.5%
1950–1959	26,638	13.9%
1940–1949	17,264	9.0%
1939 or earlier	22,629	11.8%
TOTAL	191,000	100%

Source: SACOG Housing Element Data Profiles, November 2012; 2006–2010 ACS (Selected Housing Characteristics).

Housing Condition

Potential Housing Rehabilitation Need. Since 2008, the City of Sacramento has been conducting comprehensive and proactive code enforcement activities of rental properties in targeted neighborhoods of the city as part of the Rental Housing Inspection Program (RHIP), which is discussed in more detail in Chapter 9. The program has resulted in a marked decrease in substandard rental housing throughout the city

⁷ Comparable statistics for 2010 are not available from the 2010 Census or 2006–2010 ACS.

as owners are subject to fines and re-inspection if code violations are found. Of the 17,166 properties inspected between 2008 and 2012, only 122 units (or 1 percent) were deemed substandard. Of the substandard rental properties 68 percent were single-family homes, 29 percent were duplexes, 2 percent were small multifamily projects (3 to 4 units), and 1 percent were larger multifamily projects (5 or more units). Based on data as well as discussions with City Code Enforcement staff, it is estimated that only about 1 percent of the city's rental housing stock (about 1,950 units) would be considered substandard and in need of substantial rehabilitation.

Another indicator of housing condition, particularly that of single-family homes, is the data from the City's Vacant Building Program. Many areas of Sacramento have been impacted by the wave of foreclosures that began in 2006. Foreclosures resulted in large numbers of vacant homes in neighborhoods such as Meadowview (South Area), Oak Park (Fruitridge/Broadway Area), and Del Paso Heights (North Sacramento area), among others. In order to address concerns about substandard housing conditions associated with bank-owned foreclosed properties, the City revised its Vacant Building Ordinance to decrease the wait time before a structure may be declared a nuisance, increased fees and penalties, and streamlined the vacant building enforcement process. Unlike the RHIP, the City's Vacant Building Program responds to resident complaints. The number of complaints began increasing in 2006 and peaked in 2008, but have generally declined since then as more investors have purchased these foreclosed homes, repaired them, and converted them into rental housing. As a result, what was a considerable problem for many neighborhoods in terms of housing condition, public safety, and blight has begun to ease suggesting that the condition of many of these homes is slowly improving. Table H 3-14 shows the number of vacant building complaints by year and by community plan area.

Table H 3-14 Residential Vacant Building Cases by Community Plan Area

Community Plan Area	2006	2007	2008	2009	2010	2011	2012	Total
Arden Arcade	1	1	3	1	1	2	3	12
Central City	17	15	17	5	10	10	14	88
East Sacramento	5	6	1	2	5	1	5	25
Fruitridge/Broadway	91	128	169	131	123	95	105	842
Land Park	9	9	8	8	5	4	7	50
North Natomas	6	13	16	15	15	4	5	74
North Sacramento	61	134	170	100	76	47	79	667
Pocket	2	7	8	10	10	4	3	44
South Area	42	95	189	141	160	78	86	791
South Natomas	6	22	40	34	9	13	8	132
Citywide	240	430	621	447	414	258	315	2,725

Source: City of Sacramento, Code Enforcement Division, Vacant Building Program, 2013.

The 2005-2009 CHAS data indicates that about 36,000 housing units affordable to extremely low- and very low-income residents were built before 1980. This figure could be a proxy for housing rehabilitation need based on the age and presumed average condition of these units. By this measure approximately 21 percent of the city's housing units may need rehabilitation.

Based on these two sources, the City estimates that at least 2,000 but as many as 36,000 housing units in the city may need rehabilitation.

Potential Housing Replacement Need. The best proxy for housing conditions available through the US Census is self-reported deficiencies in plumbing and kitchen facilities. In the 2010 ACS, 1,043 total units in the city were estimated to lack plumbing facilities, and 1,972 units were estimated to lack kitchen facilities. According to this measure, a total of 3,015 housing units may need replacement.

In 2007, the Center for Housing Policy conducted a study of housing problems for working families in various metropolitan areas across the country, including the Sacramento Metropolitan Area.⁸ The Center concluded that approximately 2 percent of working families (those earning between minimum wage and 120 percent of median income) live in dilapidated housing that may need replacement.⁹ By applying this rate to the number of working families in the city in 2010, about 2,031 working families may live in dilapidated housing in the city. This number could be higher, however, because Sacramento has a relatively older housing stock with a higher proportion of working families than other jurisdictions in the Sacramento region.

Based on these two sources, the City estimates its housing replacement need at between 2,000 and 3,000 housing units.

Conclusions

Sacramento experienced a boom in housing construction during the 2000s, the highest level experienced since the 1950s. Nearly 32,000 housing units were constructed between 2000 and 2010, mostly single-family homes. Citywide, about two-thirds of housing units are single-family homes (detached and attached). Despite the high percentage of single-family homes, Sacramento lags in homeownership, in part due to the large percentage of lower income households in the city – about half of all households. Just under half of Sacramento households are homeowners, compared to 58 percent countywide and 56 percent statewide.

Vacancy rates excluding units rented or sold but not occupied, seasonal homes, and other vacant housing not available to occupy in 2010 were 3 percent for owner-occupied housing and 8 percent for rental housing, above the “normal” vacancy rates for a housing market in balance. Overall vacancy rates in Sacramento are higher when seasonal homes and homes rented or sold but not occupied are included, at about 8.5 percent total in 2010. However, lower-cost apartments have a vacancy rate of just 4 percent, increasing pressures on lower-income families to find affordable housing.

About 63 percent of the city’s housing stock was built before 1980, meaning that a large number of housing units are susceptible to a need for rehabilitation or replacement. Although the City has not conducted a comprehensive housing condition survey, information from several sources suggests that between 2,000 and 36,000 housing units may need rehabilitation and between 2,000 and 3,000 housing units may need replacement.

⁸ The U.S. Census Bureau defines Sacramento Metropolitan Area as the counties of Sacramento, Placer, El Dorado, and Yolo. No data was available specifically for the City of Sacramento in the Center for Housing Policy report.

⁹ The study defined dilapidated conditions as severe physical problems, including inadequate plumbing, heating, and/or electrical systems.

3.4 Housing Cost and Affordability

Summary of Key Findings of this Section

- The median home price decreased in the city from \$333,700 in 2007 to a low of \$149,250 in 2012.
- Area rents increased 6 percent per year on average between 2002 and 2007. Rent increases were higher in the early 2000s but leveled off after 2003, increasing only four percent between 2007 and 2010.
- In 2005 about 7 percent of homes were priced at a level affordable to a household earning the median income in the Sacramento area. This drastically increased to 83.2 percent by 2011 and seems to have held constant in 2012 (81.0 for the third quarter).
- Market rents in Sacramento are not affordable to extremely low-income households or most very low-income households.
- Many low-income households can afford market rents in older buildings, and some newly constructed apartment units have market rents affordable to even very low-income households.
- In 2009, the HUD CHAS data estimated that 38 percent of homeowners and over 51 percent of renters paid more than 30 percent of their incomes for housing.
- About 68 percent of lower-income households paid more than 30 percent of their incomes for housing in 2009.
- Overcrowding decreased from 11 percent of all households in 2000 to 5 percent in 2010.

There are several ways to measure housing affordability and affordability trends. These measures typically focus on supply, demand, income, and development cost factors such as vacancy rates, the relationship of median housing costs to median income, the percent of income devoted to housing costs, and the percent of households living in overcrowded conditions. Housing affordability is usually defined as a cost that does not exceed 30 percent of household income, including mortgage or rent, taxes, insurance, and utility costs. Households paying more than 30 percent of their incomes for housing are described as “overpaying” or “cost burdened.”

This section evaluates these various measures of housing cost and affordability and how these measures have changed over time.

Home Sales

As with California in general, prices for single-family homes in the Sacramento area experienced dramatic increases from 2002-2007, before declining over the past five years (2008-2012). Home prices decreased in Sacramento on average more than 13 percent annually between 2007 and 2012. In 2012, the median home price in the city of Sacramento was at a low of \$149,250. The median price in 2012 dropped below the pre-boom median price in 2002. Table H 3-15 compares city and county housing prices between 2007 and 2012.

Table H 3-15 Median Sales Price 2007-2012

Area	Median Price ¹						% Average Annual Change	Total % Change
	2007	2008	2009	2010	2011	2012		
Sacramento County	\$347,700	\$277,250	\$209,800	\$191,500	\$177,400	\$172,000	-8%	-51%
City of Sacramento	\$333,700	\$270,050	\$195,000	\$158,050	\$149,300	\$149,250	-13%	-55%

Source: Zillow.com, 2012.

¹ January-December, except for 2012 (January- October). Not adjusted for inflation.

Since 2007, the median sales price has fallen about 8 percent annually countywide and 13 percent citywide. The lowest home prices in both the city and the county occurred in 2012, with an overall drop of approximately 51 percent for the county and 55 percent for the city between 2007 and 2012. It is not yet clear how long the current trend of declining prices will continue, but housing prices tend to be cyclical. For example, housing prices dropped as steeply (or more so) during the early 1990s, yet rebounded beginning in the late 1990s and hit new highs in 2005 and 2006. In the long-term sales prices are likely to rise, and current (January 2013) data has already indicated that this may be the case, as the median sales price in the city has increased by about 5 percent to \$157,300.

The recent housing price decline resulted from a variety of larger economic factors, including a slowdown in the housing market, tightening credit, and rising foreclosure activities (discussed in more detail below). However, there are many signs that a housing recovery is underway. Foreclosure activities have showed some signs of slowing in recent years (2,766 in Sacramento County during the third quarter of 2012 compared to 4,351 in the third quarter of 2011¹⁰). Current (December 2012) market trends show that the number of homes for sale is at a low point.¹¹ Home listings in December 2012 were down 50 percent from the prior year, representing only one month of inventory. With a four- to six- month inventory considered normal, the current climate is a seller's market.

Rental Costs

In 2010, the median contract rent in the Sacramento Metropolitan Statistical Area (El Dorado, Placer, and Sacramento Counties) was \$896, compared to \$856 in the city. Rents rose very rapidly between 2001 and 2003, but have leveled off since then, with smaller-year to year increases. The average annual increase from 2001 to 2007 was approximately six percent. The median contract rent rose by four percent between 2007 and 2010.

Larger annual rent increases in the early 2000s suggested a strong demand for rental housing associated with economic growth. By contrast, growth in the number of new rental units was relatively modest prior to 2003, according to the California Department of Finance, further explaining the rise in rental rates. After 2005, economic growth slowed along with increases in rents. Growth in the number of new rental housing units was higher between 2003 and 2006 just as the housing market was cooling off and housing demand

¹⁰ Notices of Default for the county, October 17, 2012. Accessed on December 4, 2012.

<http://www.dqnews.com/Articles/2012/News/California/CA-Foreclosures/RRFor121017.aspx>.

¹¹ Hudson Sangree, Effort to Aid Buyers Fizzles. Sacramento Bee. January 18, 2013.

was weakening. The number of new rental housing units continued to increase by 2010 as the vacancy rate rose. In the short term, high vacancy rates and a depressed housing market are expected to continue to moderate rent increases. Once the local housing market rebounds, however, the long-term trend of higher rent increases may continue.

Table H 3-16 shows rental rates for the Sacramento area by unit size.

Table H 3-16 Rental Rates by Number of Bedrooms City of Sacramento	
Unit Type	2012
Studio	\$625
1 Bedroom	\$732
2 Bedroom	\$887
3 Bedroom	\$1,200
4 Bedroom	\$1,450
Median	\$988

Source: Zillow, 2012.

Older, smaller Class B and C apartment complexes typically have more affordable rents, but also have lower vacancy rates as a result.

Affordability

Affordable housing is defined, in most cases, as housing and related costs (e.g., utilities, insurance, property taxes for owner-occupied properties) that can be obtained for 30 percent or less of a household's gross income. Although in the past local housing costs have tended to increase faster than local incomes, both home prices and rents declined significantly during the recent recession. These downward trends followed earlier rapid price increases for rent (especially between 2001 and 2003) and home prices (which peaked in 2006). Home prices have been increasing in early 2013, indicating that home prices are on the rise again. In the short term, stable rents and home prices represent a positive trend for housing affordability, but in the long term, the historical trend of cost increases is likely to continue.

Ownership Affordability

A measure of ownership housing affordability is the Housing Opportunity Index, the percentage of homes that a household earning median income can afford in the area. The Sacramento Area Housing Opportunity Index (HOI) is one such affordability index and is prepared by Wells Fargo and the National Association of Home Builders. Housing affordability goes through cycles of increasing and decreasing affordability with changes in the local housing market and economy.

Before 1998 affordability in the Sacramento region was generally increasing. The general trend in the affordability of ownership housing from the late 1990s to 2000s was a decline in the proportion of homes that households earning median income could afford. The affordability index dropped from a high of 68.8 percent in 1998 to a low of 7.3 percent in 2005. However, Table H 3-18 shows that affordability has actually increased since 2005 with a decline in home prices. The housing affordability index began increasing again in 2006, and reached a historical high of 83.2 in 2011.

Table H 3-18 Sacramento Area Affordability Index for Select Years	
Year	Index Percentage (%) ¹
1991	26.9
1992	42.3
1993	62.5
1994	58.6
1995	61.1
1996	61.2
1997	65.5
1998	68.8
1999	56.7
2000	45.5
2001	44.0
2002	43.7
2003	25.4
2004	14.5
2005	7.3
2006	9.2
2007	27.2
2008	66.0
2009	72.3
2010	79.3
2011	83.2
2012	81.0

Source: National Association of Home Builders Housing Opportunity Index, 2012.

¹ Figures are the percentage of homes that a household earning median income can afford during the fourth quarter of each year (1st quarter 2002, 3rd quarter 2012).

Rental Affordability

There is no rental housing equivalent specifically for Sacramento to the Housing Opportunity Index. To estimate rental affordability, Fair Market Rents can be used as an approximate measure to determine affordability for lower and moderate-income households¹². Fair Market Rents (FMRs) include the shelter cost plus the cost of tenant-paid utilities (except telephones, cable or satellite television service, and internet service) as calculated by the US Department of Housing and Urban Development (HUD) for the Sacramento MSA. Table H 3-19 shows 2012 FMRs and how they compare to actual median market rents. Generally, the FMR is higher than the current (2011) median market rent.

¹² In general, FMRs are the maximum chargeable gross rent in an area for projects participating in the HUD Section 8 (Housing Choice Voucher) Program. FMRs are based on the cost of modest, non-luxury rental units in the local market area for various size units (1 bedroom, 2 bedroom, etc.). For more information, see <http://www.huduser.org/datasets/fmr.html>.

Table H 3-19 Fair Market Rents, Sacramento Metropolitan Area		
Unit Size	HUD FMR (2012)	Median Market Rent ¹
Efficiency	\$737	--
1 bedroom	\$837	\$732
2 bedroom	\$1,021	\$887
3 bedroom	\$1,473	\$1,200
4 bedroom	\$1,689	\$1,450

Source: HUD, The Final FY 2012 FMRs for All Bedroom Sizes, 2012.

¹ Median Market Rent for December 2012 from Zillow.com.

The 2012 FMRs for different apartment sizes were compared with state income standards. Depending on family size, some market rate rental units may be affordable to lower income households. At a FMR of \$1,021, a two-bedroom apartment is affordable to a household earning about \$40,825, which would be affordable to low-income (LI) households with two to four members, but not to very low-income (VLI) or extremely low-income (ELI) households. An efficiency apartment FMR of \$737 would require an annual income of \$29,475. This rent would be affordable to a VLI couple, or a LI individual. Fair Market Rents in Sacramento are not typically affordable to VLI households and are never affordable to ELI households. It is unlikely that the market will ever be able to provide units affordable to ELI households, given that the affordable rent often cannot cover the debt service on the unit, much less the cost of operations.

Another measure of rental affordability is the relationship between rents for newer apartment complexes and household incomes. An internet search of almost 20 newer apartment complexes found monthly rents ranging from \$666 to \$1,215 for one-bedroom units, \$750 to \$1,495 for two-bedroom units, and \$835 to \$1,575 for three-bedroom units.¹³ Some market rents on the smallest, least expensive newer units might be affordable to very low-income households earning close to 50 percent of the area median income, but not to extremely low-income households (30 percent or less of the area median income).

Affordability and Ability to Pay

The following section compares 2012 income levels and ability to pay for housing with actual housing costs. According to the U.S. Department of Housing and Urban Development (HUD), housing is classified as “affordable” if households do not pay more than 30 percent of income for payment of rent (including utilities) or monthly homeownership costs (including mortgage payments, taxes, and insurance). Since above moderate-income households do not generally have problems locating affordable units, affordable housing is usually defined as units that are reasonably priced for low- and moderate-income households. Table H 3-20 shows the definition of housing income limits as they are applied to housing units in Sacramento.

According to HUD, the median family income for a four-person household in the Sacramento PMSA was \$76,100 in 2012. Income limits for larger or smaller households were higher or lower, respectively, and are calculated using a formula developed by HUD.

¹³ Apartment complexes listed on www.zillow.com and www.forrent.com built since 2005, in the City of Sacramento, excluding luxury rental projects in downtown/midtown Sacramento, which have rents between 26 and 130 percent higher than the rental ranges cited in this section.

Table 3-20: HUD Income Limits based on Persons per Household, 2012					
Income Categories	Persons per Household				
	1	2	3	4	5
Extremely Low-Income	\$16,000	\$18,300	\$20,600	\$22,850	\$24,700
Very Low-Income	\$26,650	\$30,450	\$34,250	\$38,050	\$41,100
Low-Income	\$42,650	\$48,750	\$54,850	\$60,900	\$65,800
Median-Income	\$53,287	\$60,947	\$68,607	\$76,100	\$82,261
Moderate-Income	\$63,960	\$73,080	\$82,200	\$91,320	\$98,640

Source: California Department of Housing and Community Development, 2012
<http://www.huduser.org/portal/datasets>

Table 3-21 shows the 2012 HUD-defined household income limits for extremely low-, very low-, low-, and moderate-income households per Sacramento PMSA by the number of persons in the household. Additionally, the table shows maximum affordable monthly rents and maximum affordable purchase prices for homes. For example, a three-person household was classified as low-income (80 percent of median) with an annual income of up to \$54,850 in 2012. A household with this income could afford to pay a monthly gross rent (including utilities) of up to \$1,371 or could afford to purchase a house priced at or below \$225,051. This assumes a household with this income has money to afford a down payment.

Table 3-21: Ability to Pay for Housing based on HUD Income Limits, 2012

Extremely Low-Income Households at 30% of 2012 Median Family Income

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	2	3	4	5	6
Income Level	\$16,000	\$18,300	\$20,600	\$22,850	\$24,700	\$26,550
Max. Monthly Gross Rent ¹	\$400	\$458	\$515	\$571	\$618	\$664
Max. Purchase Price ²	\$65,649	\$75,086	\$84,523	\$93,754	\$101,345	\$108,936

Very Low-Income Households at 50% of 2012 Median Family Income

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	2	3	4	5	6
Income Level	\$26,650	\$30,450	\$34,250	\$38,050	\$41,100	\$44,150
Max. Monthly Gross Rent ¹	\$666	\$761	\$856	\$951	\$1,028	\$1,104
Max. Purchase Price ²	\$109,346	\$124,937	\$140,529	\$156,120	\$168,635	\$181,149

Low-Income Households at 80% of 2012 Median Family Income

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	2	3	4	5	6
Income Level	\$42,650	\$48,750	\$54,850	\$60,900	\$65,800	\$70,650
Max. Monthly Gross Rent ¹	\$1,066	\$1,219	\$1,371	\$1,523	\$1,645	\$1,766
Max. Purchase Price ²	\$174,994	\$200,023	\$225,051	\$249,875	\$269,980	\$289,879

Median-Income Households at 100% of 2012 Median Family Income

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	2	3	4	5	6
Income Level	\$53,287	\$60,947	\$68,607	\$76,100	\$82,261	\$88,423
Max. Monthly Gross Rent ¹	\$1,332	\$1,524	\$1,715	\$1,903	\$2,057	\$2,211
Max. Purchase Price ²	\$218,638	\$250,068	\$281,497	\$312,241	\$337,520	\$362,801

Moderate-Income Households at 120% of 2012 Median Family Income

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	2	3	4	5	6
Income Level	\$63,960	\$73,080	\$82,200	\$91,320	\$98,640	\$105,960
Max. Monthly Gross Rent ¹	\$1,599	\$1,827	\$2,055	\$2,283	\$2,466	\$2,649
Max. Purchase Price ²	\$262,430	\$299,850	\$337,269	\$374,689	\$404,723	\$434,758

Notes: Incomes based on the Sacramento PMSA (El Dorado, Placer, and Sacramento Counties); FY 2012 Median Family Income: \$76,100; HUD FY 2012 Section 8 Income Limits

¹ Assumes that 30% of income is available for either: monthly rent, including utilities; or mortgage payment, taxes, mortgage insurance, and homeowners insurance

² Assumes 95% loan @ 4.5% annual interest rate and 30-year term; assumes taxes, mortgage insurance, and homeowners' insurance account for 21% of total monthly payments

Source: U.S. Department of Housing and Urban Development (HUD); and Mintier Harnish, 2012.

Subprime Lending and Foreclosures

Background

The 2000s were a time of immense housing boom and bust in the United States. Low interest rates and large investments of foreign capital in the early 2000s made access to credit easy. This easy access to credit led to increased demand from buyers looking to purchase homes, which led to rapidly increasing home prices and a building boom. Eventually the housing market became saturated with a surplus of unsold homes, which caused housing prices to peak and begin to sharply decline in mid-2006.

During this period of expanding credit, lending standards began to deteriorate, particularly between 2004 and 2007 in the subprime mortgage market. Subprime loans are loans offered to individuals who do not qualify for a loan at the prime rate due to poor credit history, but historically they have also been offered to non-White households even though that household might qualify for a conventional loan. Subprime loans carry higher interest rates than conventional loans. Lenders began offering more subprime loans and increasingly risky loan options and borrowing incentives, such as adjustable rate and zero down payment mortgage loans to high-risk borrowers and in particular to African American and Hispanic households.¹⁴

One of the more risky loan options used frequently during this time period was adjustable rate mortgages. Because of easy access to credit and the belief that home prices would continue to appreciate, many subprime borrowers purchased adjustable rate mortgages, thinking they would be able to refinance their mortgages after a year or two of appreciation before the initial low-interest grace period ended and higher interest rates went into effect. However, when housing prices began a steep decline in mid-2006, refinancing became more difficult. As adjustable rate mortgages began to reset at higher interest rates, many homeowners found they were unable to afford the higher monthly payments and began to default on their mortgage loans, leading to a drastic increase in the number of defaults and foreclosures.

This increase in defaults and foreclosures on subprime mortgages starting in 2006 is known as the subprime mortgage crisis. Due to the complex repackaging of subprime mortgages into larger investments, the subprime mortgage crisis contributed significantly to a financial meltdown in 2008 and a global recession. In 2010 President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act), which made substantial changes to the financial regulation system in the United States, including creating new loan origination standards for residential mortgage lenders. Furthermore, on January 1, 2013, the State of California enacted the Homeowner Bill of Rights, which is designed to protect homeowners and borrowers during the mortgage and foreclosure process.

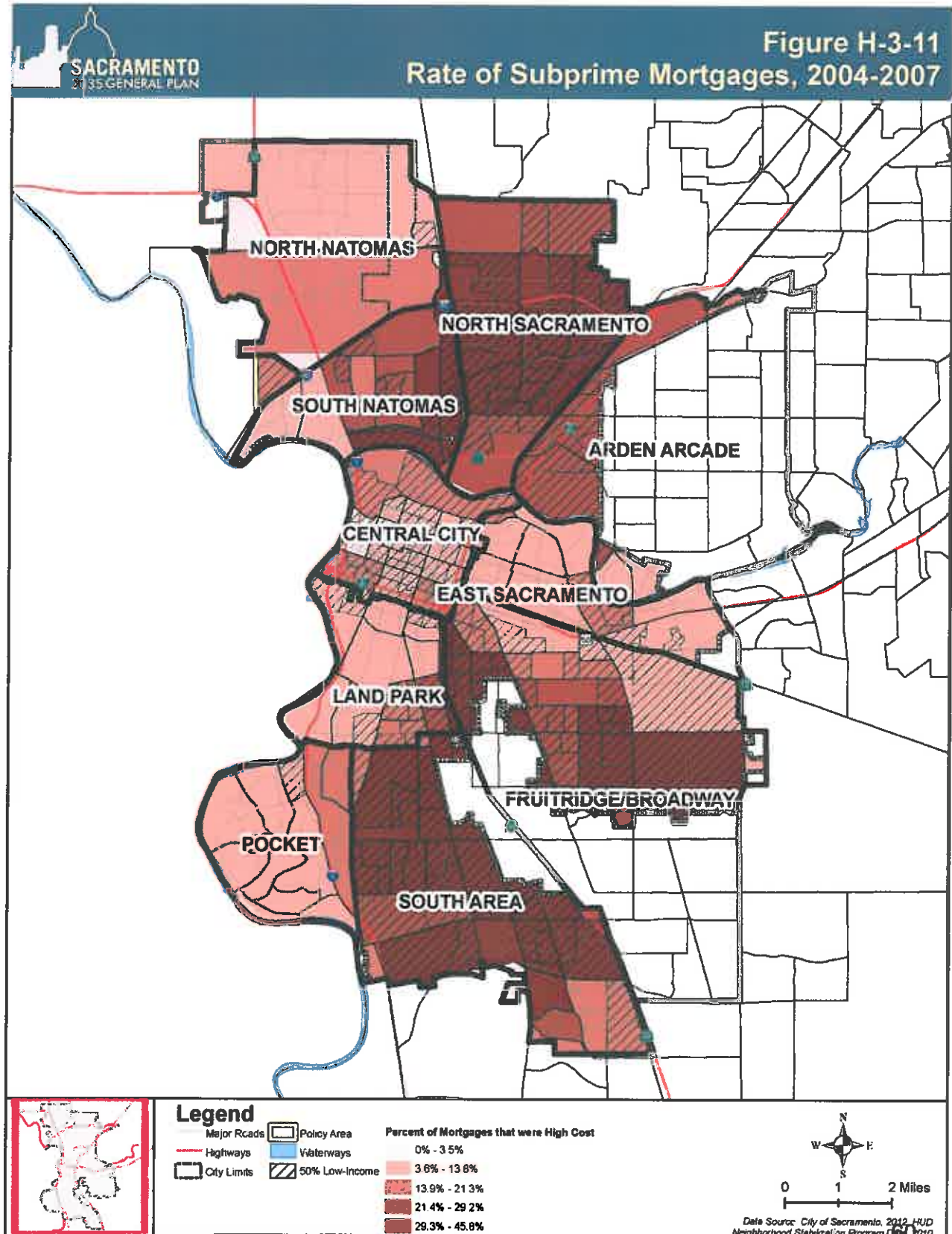
Subprime Lending Trends

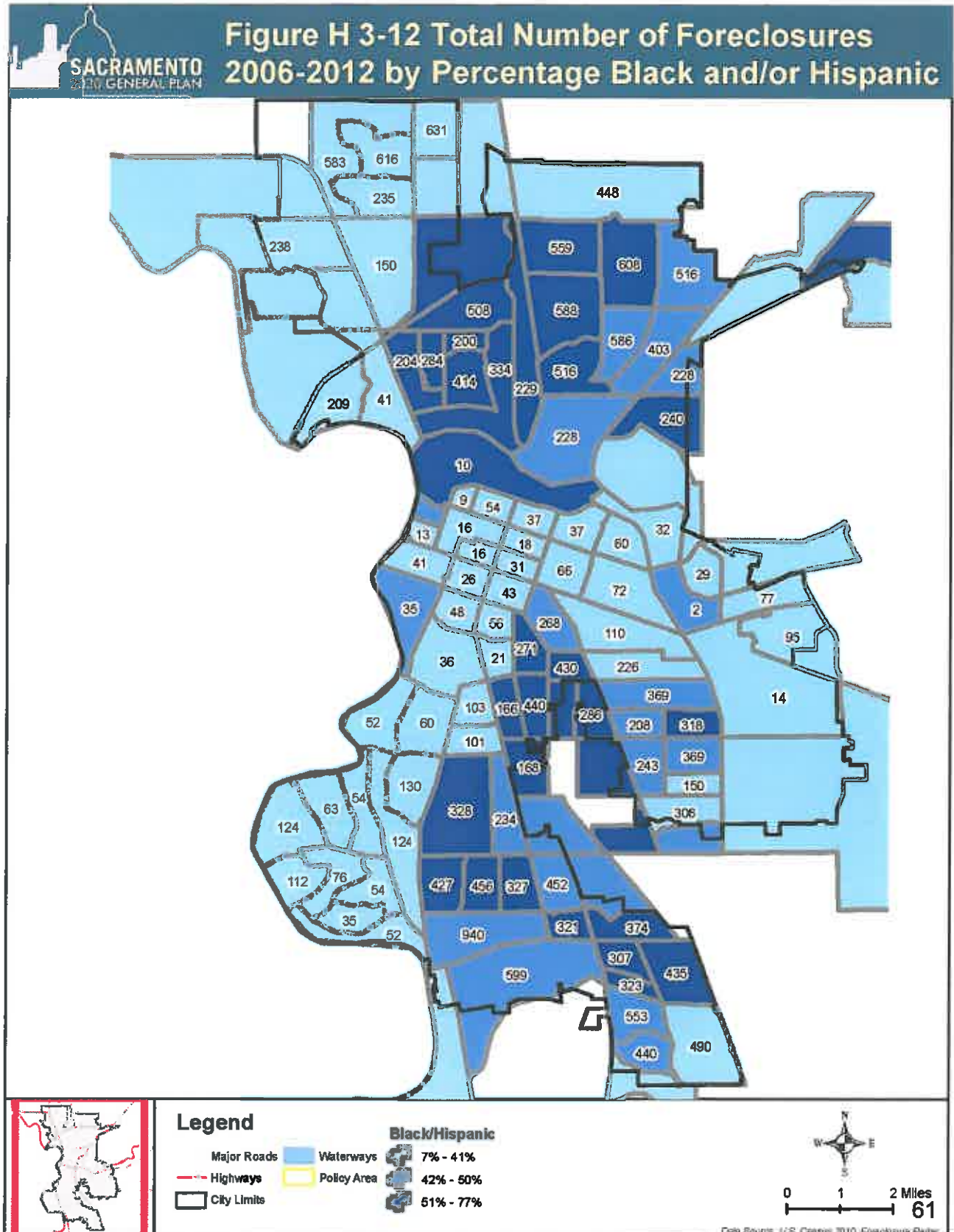
Figure H 3-11 shows the percentage of mortgages that were subprime (i.e., high-cost) between 2004 and 2007 according to HUD in 2010. As shown on the figure, North Sacramento, the South Area, and Fruitridge/Broadway had higher rates of subprime mortgages than other areas of Sacramento. In some Census Tracts within Fruitridge/Broadway, more than 40 percent of all conventional mortgage loans were subprime between 2004 and 2007.

¹⁴ Carolina Reid and Elizabeth Laderman, Federal Reserve Bank of San Francisco. *The Untold Costs of Subprime Lending: Examining the Links among Higher-Priced Lending, Foreclosures and Race in California*. November 18, 2009.

Figure H 3-11 also shows there was a correlation between areas with higher rates of subprime mortgages and areas with higher concentrations of lower-income residents in Sacramento. As shown on Figure H-3-11, almost all of the neighborhoods with the highest rates of subprime loans were neighborhoods where 50 percent or more of the households were considered low-income (i.e., earned less than 80 percent of the area median income).

Nationally and locally, there is a relationship between subprime lending and race and ethnicity. According to the Center for Responsible Lending, African Americans and Latinos were disproportionately affected by the foreclosure crisis. Borrowers of color were about 30 percent more likely to receive a subprime loan than White borrowers, even after accounting for income and credit. Figure H 3-12 shows the total number of foreclosures recorded from 2006 to 2012 and the percentage of the population that is Black and/or Hispanic by Census Tract. Generally, the Census Tracts with the greatest number of foreclosures also have the highest percentage of Black and/or Hispanic persons. When compared to Figure H 3-11, Figure H 3-12 shows there is a high correlation between the areas with the highest percentage of Black and/or Hispanic persons and the areas with the highest percentage of subprime mortgages. Most of the areas where more than 29 percent of all mortgage loans were subprime were also more than 51 percent Black and/or Hispanic. Similarly, most areas where less than 3 percent of all mortgage loans were subprime were also less than 41 percent Black and/or Hispanic.

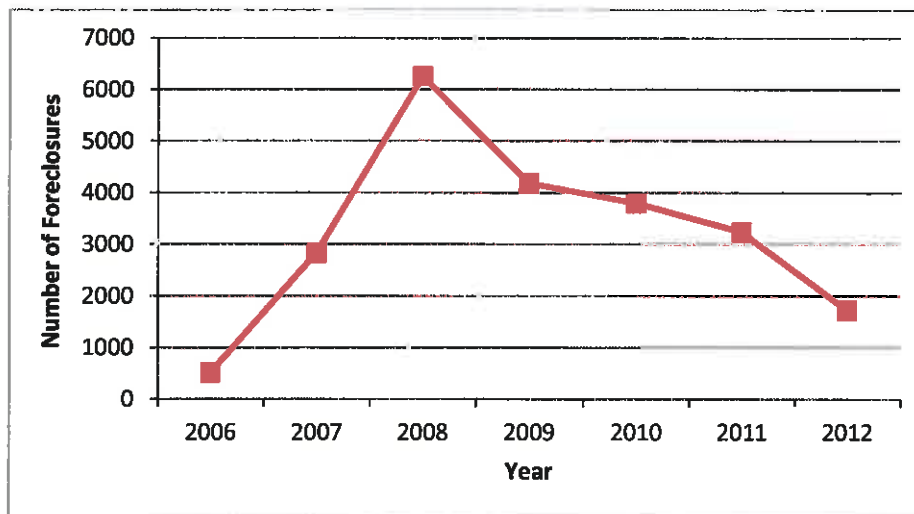




Foreclosure Trends

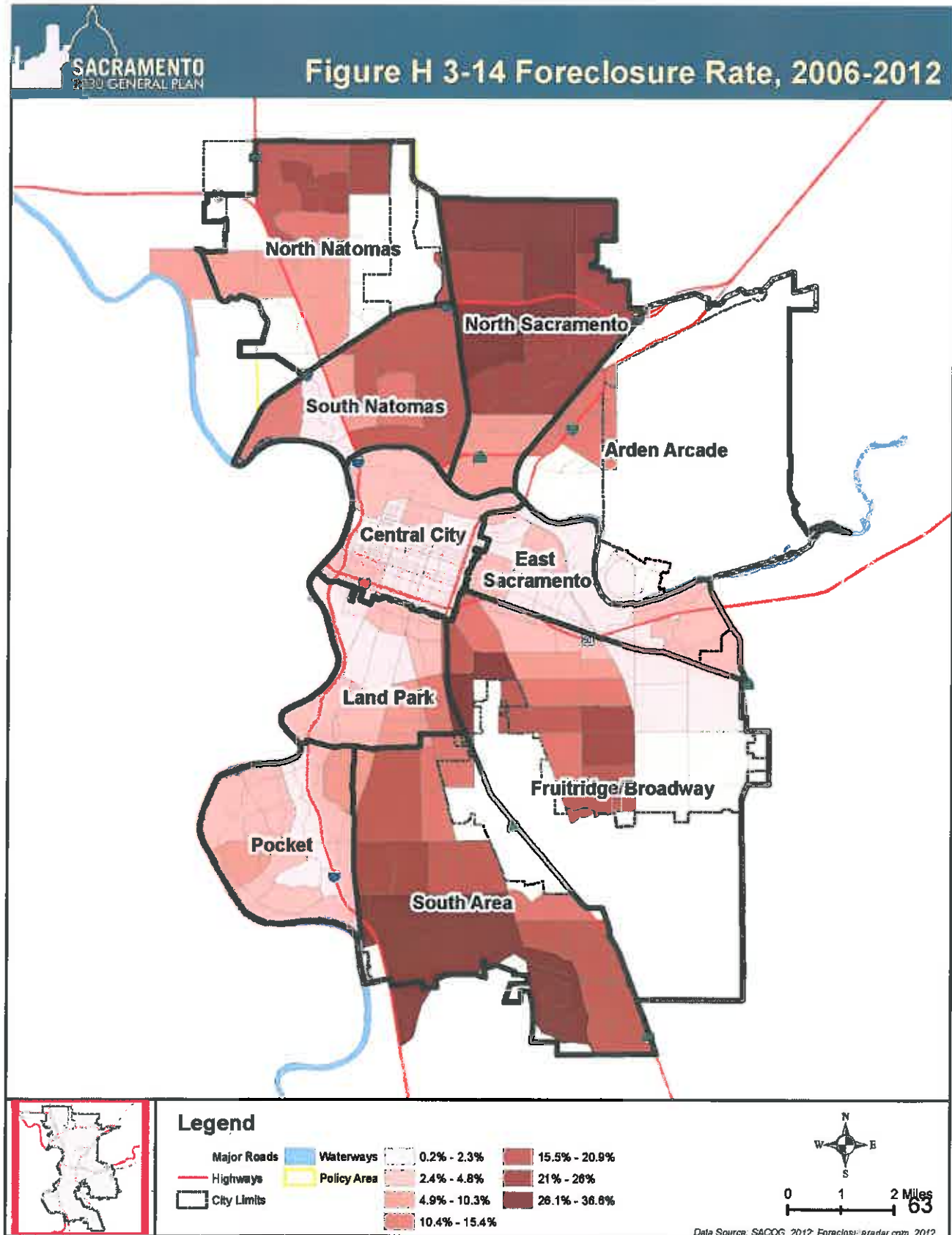
California was one of the states hardest hit by the foreclosure crisis. According to the California Reinvestment Coalition, since the beginning of the foreclosure crisis, more foreclosures have occurred in California than any other state. As of December 2012 California had the third highest foreclosure rate, with one in every 457 homes receiving a foreclosure filing (compared to 1 in 810 homes nationally). Only Florida and Nevada had higher rates. However, nationally and at the state and local levels, the number of foreclosures is decreasing. According to DataQuick, foreclosure resales accounted for 16.6 percent of all California resale activity during the last quarter of 2012, down from 20.0 percent the prior quarter and 33.6 percent in 2011. It peaked at 57.8 percent in the first quarter of 2009.

Figure H 3-13 shows the number of foreclosures in Sacramento from 2006 to 2012. The total number of foreclosures in Sacramento peaked at 6,232 housing units at the beginning of the recession in 2008. Over the next four years, the number of foreclosures dropped to 1,720 housing units in 2012. Figure H-3-14 shows the distribution of foreclosures between 2006 and 2012 in Sacramento. As shown in the figure, North Sacramento and the South Area experienced the highest rates of foreclosure, with some Census Tracts having more than 30 percent of homes in foreclosure.

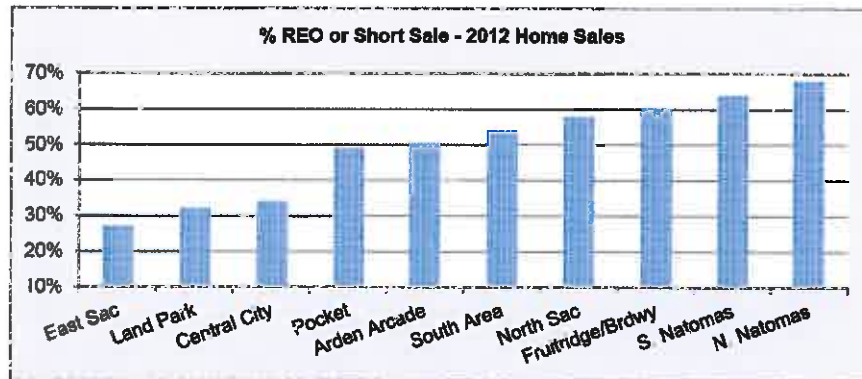


Source: SACOG, 2012; Foreclosureradar.com, 2012.

Figure H 3-13: Foreclosures 2006-2012



As shown in Figure H 3-15, a significant percentage of 2012 home sales in the city of Sacramento were real estate owned (REO) or short sales, ranging from a low of slightly below 30 percent in East Sacramento to a high of nearly 70 percent in North Natomas. In most of the community plan areas, REO and short sales made up about 50 to 60 percent of total home sales.



Source: Data Quick, data through October 2012.

Figure H 3-15: REO or Short Sales as a Percentage of Total 2012 Home Sales by Community Plan Area

While foreclosure rates are decreasing, foreclosures still make up a large share of total home sales in the Sacramento area. More than 2 percent of homeowners in the Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area were in foreclosure in the first quarter of 2012, the sixth-highest amount in 75 metropolitan areas.¹⁵

Overpayment

“Overpayment” is another measure commonly used by public agencies to measure housing affordability. HUD refers to overpayment as “housing cost burden” in its CHAS data. Households that pay more than 30 percent of their gross income for housing are said to be “overpaying” for housing. The 2005-2009 CHAS data provides some insight into overpayment. As shown in Table H 3-22, about 44 percent of households are overpaying for housing. Overpayment is more common for renter households.

Overpayment (2009)

34,150 Homeowner Households (38%)
42,345 Renter Households (51%)

Income Spent on Housing	Owner	%	Renter	%	Total	%
Less than 30 Percent	54,665	62	41,470	49	96,135	56
30 to 50 Percent ("cost burdened")	20,550	23	20,680	25	41,230	24
50 Percent or more ("severely cost burdened")	13,600	15	21,665	26	35,265	20
Total	88,815	100	83,815	100	172,630	100

Source: SACOG Housing Element Data Profiles, November 2012; 2005-2009 CHAS data.

¹⁵ Joan C. Farenthold, Associated Press, America's Sickest Housing Markets, 2012.

Residents at the lower end of the income scale are more likely to overpay for housing. Table H 3-23 shows the number of lower-income households in 2009 that paid more than 30 percent of their income for housing. In all, 56,500 households, or 68 percent of lower-income households, were estimated to overpay for housing in 2009. In 2009, 80 percent of ELI households overpaid for housing, compared to 75 percent of VLI, and 53 percent of LI households. Renters are also more likely to overpay for housing. Overall, 61 percent of lower-income owners and 71 percent of lower-income renters were overpaying for housing in 2009. While the total number of lower-income households overpaying for housing has decreased since 2000 (from 74,642 to 56,500 households), the proportion of lower-income households overpaying for housing has increased (from 58 to 68 percent of households).

<i>Category</i>	<i>Owners Overpaying</i>		<i>Renters Overpaying</i>		<i>Total Overpaying</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Extremely Low-Income (<30% MFI)	4,130	74	17,795	81	21,925	80
Very Low-Income (30–50% MFI)	5,075	62	12,425	82	17,500	75
Low-Income (50–80% MFI)	7,785	55	9,290	51	17,075	53
All Lower Income (<80% MFI)	16,990	61	39,510	71	56,500	68

Source: SACOG Housing Element Data Profiles, November 2012; 2005-2009 CHAS data.

Overcrowding

Overcrowded Households (2010)

2,902 Homeowner Households
6,091 Renter Households
8,993 Total Overcrowded Households (5%)

An overcrowded household is one that lives in a dwelling unit with more than one person per room (excluding bathrooms, porches, balconies, foyers, halls, or half-rooms). Overcrowding is caused by two major problems: lack of availability and lack of affordability of appropriately sized units, particularly for large families. When households are unable to afford adequate

housing, “doubling up” with family or friends may lead to an increase in overcrowding.

Overcrowding increased from about 9 percent in 1990, to 11 percent in 2000, but decreased to approximately 5 percent in 2010. The data from 2010 represent a significant decline from the 2000 total. This downward trend in overcrowding has been reflected in the 2006 and 2010 ACS.

Availability of Subsidized Housing

There are two types of rental assistance available to renters in need of assistance: 1) rent restricted housing units in projects assisted with public funds, and 2) rental housing vouchers that pay property owners the difference between what a renter can afford and a payment standard based on the fair market rent.

The Sacramento Housing and Redevelopment Agency (SHRA) is a joint powers agency created by the Sacramento City Council and the Sacramento County Board of Supervisors to serve as the Housing Authority, the Redevelopment Agency, and the Housing Department for the City and the County of Sacramento. California Assembly Bill 1X26, the Dissolution Act, eliminated all redevelopment agencies throughout the state effective February 1, 2012, including the Redevelopment Agencies of the City and

County. The Dissolution Act allowed successor agencies to wind down the affairs of the former redevelopment agencies. The City and County have assumed these roles and have designated SHRA as the local entity to retain the housing assets and housing functions of the former Redevelopment Agencies.

SHRA has one of the largest inventories of public housing among California Housing Authorities. Assisted housing is an important component of the housing inventory for maintaining housing diversity and choice and for housing households with extremely low and very low incomes. Currently, SHRA administers 1,868 units of public housing within the city of Sacramento and an additional 1,047 units of public housing in other portions of Sacramento County, and approximately 12,000 Housing Choice Vouchers (formerly Section 8) throughout the city and county of Sacramento, providing assistance to extremely low- or very low-income households.

In its past function as a Redevelopment Agency, SHRA provided funding for the construction, rehabilitation, purchase, and preservation of affordable rental and ownership units throughout the city and county. From 2007 to 2012, SHRA funded 554 new rental units, rehabilitated 1,958 rental units and 44 single family units, and provided down payment assistance for 274 homeownership units in the city.

Conclusions

The median home price in Sacramento decreased by about 55 percent between 2007 and 2012 to a low of \$149,250. In accordance with declining home prices, housing affordability has significantly increased since the late 2000s. An estimated 81.0 percent of households in the city can afford a median-priced home in 2012 compared to 7 percent in 2005. This drastic increase in affordability indicates that many households who desire to become homeowners can now afford to do so, including many middle income households who traditionally do not qualify for homebuyer assistance. However, though home prices are much more affordable access to those homes especially for low-income homebuyers and even some moderate-income homebuyers remains an issue due to tighter lending standards and the presence of investors paying cash for homes. In the long-term sales prices are likely to rise, and current (January 2013) data has already indicated that this may be the case, as the median sales price in the city has increased by about 5 percent to \$157,300.

Rents rose in the early 2000s – approximately six percent on average – although not as dramatically as housing prices. Rents in Sacramento have generally stabilized, rising less than 3 percent per year between 2003 and 2007, and about 4 percent between 2007 and 2010. The initial rise in rents during the early 2000s may have been due to high population growth and strong housing demand during a time when the supply of rental housing did not keep pace with population growth. A large number of apartment complexes have been completed in the Sacramento area since 2000, eventually increasing the supply of rental housing and, perhaps, contributing to the slow-down in rent increases as vacancy rates also continued to rise. Even so, very little of the unregulated rental housing constructed since 2000 is affordable to very low- and extremely low-income households.

Housing cost burden is high in the city, although the total number of households overpaying for housing has decreased since 2000. In 2009, 38 percent of homeowners and 51 percent of renters paid more than 30 percent of their incomes for housing. Overpayment was highest among extremely low-income renters (over 80 percent) and very low-income renters (over 75 percent).

There has been a decrease in overcrowded housing units since 2000, from approximately 11 percent of all households to 5 percent in 2010. This can be a result of several things, for example families or individuals can now afford to rent a place by themselves or large families can now afford larger units.

As late as the early 1990s, Sacramento could be generally considered an “affordable” place to live. Though changes in the market, demographic changes and population growth reversed this trend in the early 2000s, Sacramento is affordable once again. However, the increasing share of lower-income households with housing cost burdens may signal the need for more variety of regulated housing options.

3.5 New Housing Needs, Special Housing Needs, and At-Risk Housing

Summary of Key Findings of this Section

- The City should plan to accommodate 24,101 housing units between 2013 and 2021, of which 35 percent should be affordable to lower-income households.
- There are over 15,000 subsidized rental housing units in the city, including public housing, of which 1,483 are at highest risk of converting to market rate housing.
- Almost 16 percent of city households have extremely low-incomes. Black households, elderly households, and Hispanic households are most likely to have extremely low-incomes.
- Over 8,300 city residents live in group quarters, mostly in nursing homes and other residential care facilities.
- Female-headed households with children account for about 10 percent of all households. Over 30 percent have poverty level incomes.
- Seniors account for about 11 percent of city residents. Almost 21 percent have extremely low-incomes. Among seniors, single women have the lowest median income.
- Large families (households with five or more related persons) account for 10 percent of city households. About 60 percent of large family renters have lower incomes.
- About 14 percent of city civilian noninstitutionalized residents over the age of five have one or more disabilities.
- A January 2011 countywide homeless count found 2,376 homeless individuals. Over 1,400 homeless individuals were counted in various shelters and transitional housing, while over 950 were counted in unsheltered locations.

This section presents the City’s share of estimated new housing need as established by the Sacramento Area Council of Governments (SACOG) through the Regional Housing Needs Allocation (RHNA) process between 2013 and 2021. In addition to the RHNA, new housing need in Sacramento should reflect demographic and economic trends in the city, and existing needs that are not being met. The city has an inventory of over 15,000 subsidized rental housing units including public housing that are affordable to lower-income households, a valuable resource that should be preserved, if possible.

This section also identifies special housing needs, including the needs of seniors, female-headed households, disabled residents, students, large families, farm workers, and extremely low-income (ELI) households.

These housing needs must be considered in formulating the City's housing policy. Some special needs groups have needs beyond housing, including job training, health care, mental health care, child care, and/or other supportive services. With a few exceptions, special needs groups are disproportionately lower income and have higher poverty rates than the population at large, creating further challenges to finding suitable housing that is also affordable.

New Construction Need

The 2013 Regional Housing Needs Assessment (RHNA) for the Sacramento region covers the planning period from January 1, 2013 to October 31, 2021. SACOG allocated 24,101 housing units as the City's share of regional housing needs during this period. Approximately 21 percent of these housing units should be affordable to extremely low- and very low-income households, 14 percent to low-income households, and 19 percent to moderate-income households. The City's obligation under State law is to demonstrate how it will accommodate its share of regional housing needs with adequately zoned sites that are development ready. The City does not need to guarantee that all of the housing units it must accommodate can actually be built. Table H 3-24 shows the City's housing allocation from SACOG by income level.

Table H 3-24 New Construction Needs (January 1, 2013–October 31, 2021)		
<i>Income Group</i>	<i>Number of Units</i>	<i>% of Total</i>
Very Low	4,944	21
Low	3,467	14
Moderate	4,482	19
Above Moderate	11,208	46
Total	24,101	100

Source: SACOG Regional Housing Needs Allocation (RHNA) September, 2012.

In addition to identifying overall housing needs, the City must demonstrate that it can accommodate a variety of housing types (e.g., single room occupancy units, residential care facilities, homeless shelters) that house those with special needs. State law also requires that cities and counties plan for the needs of extremely low-income households. The City may assume that 50 percent of its very low-income regional housing allocation is for extremely low-income (ELI) households.¹⁶ With this assumption, the City's housing need for ELI households is 2,472 new units over the nearly nine-year RHNA period.

At-Risk Housing

Assisted Housing Projects. In 1989, the California Government Code was amended to include a requirement that localities identify and develop a program in their housing elements for the preservation of assisted, affordable multifamily units. Subsequent amendments have clarified the scope of the analysis to also include units developed pursuant to inclusionary housing and density bonus programs. In the preservation analysis, localities are required to provide an inventory of assisted, affordable units that are eligible to convert within 10 years. As part of the analysis, an estimation of the cost of preserving versus

¹⁶ Under state law, SACOG is not required to prepare a regional housing allocation specifically for extremely low-income households. However, the City must include quantified objectives in the Housing Element for the number of housing units that might be constructed, rehabilitated, or preserved for ELI households.

replacing the units is to be included, as well as details on alternative programs designed to preserve the affordable units.

The city of Sacramento is home to approximately 15,000 affordable units, including public housing. In general, once the period of restricted rent/occupancy expires, a property owner may charge market rents for the previously restricted units. There is a threat that low-income occupants may have to find alternative housing if rents rise to market levels, although in properties with Housing Assistance Payments (HAP) vouchers, those residents are provided “enhanced” vouchers to subsidize their rent in market rate projects.

Although these projects are required by law to be listed as at risk of converting to market rate housing, it is not a very good indicator of whether these units will actually convert. The majority of units included in this list are projects built under Federal Housing Administration (FHA) mortgage insurance programs in the late 1960s and early 1970s. In addition to the FHA mortgage insurance, most of these projects also included Housing Assistance Payment (HAP) vouchers, which function similarly to locally controlled Housing Choice Vouchers, formerly Section 8. These vouchers allow the owner to collect fair market rent, but restrict occupancy to lower-income residents and assure that the resident will only be responsible for that portion of the rent equal to 30 percent of their income. Because these vouchers are contingent on annual appropriations from the federal government, HAP vouchers must be annually renewed. Much of the affordability of these older FHA properties is linked directly to the voucher subsidy, and so technically, the units are constantly “at risk”. Over time, data and experience has shown that many owners continue to renew their contracts beyond the expiration date, providing evidence that the link between affordability expiration date and conversion is not inevitable.

Even with the relatively low likelihood of conversion, the City is proactive in preventing the loss of affordable housing units. In 2004, the City has adopted a Preservation Ordinance which requires that owners of projects with federal mortgage insurance and/or HAP vouchers provide the Sacramento Housing and Redevelopment Agency (SHRA) and the tenants of the property written notice within one year of an anticipated prepayment, termination of a subsidy contract, or termination of rental restrictions. This allows SHRA time to work with the owner to find a way to maintain the affordability of the units through subsidies or incentives, negotiation for purchase, or connecting the owner to an affordable housing developer for purchase. Should the owner still opt to convert to market rate rents, the ordinance ensures that tenants have at least 180 day notice and gives SHRA the right to inspect the property and sales agreement and to impose penalties to owners who fail to comply.

The inventory of assisted units required to be reported on in the Housing Element includes all multifamily rental units regulated by federal, state, and/or local programs, many of which are covered by the City’s Preservation Ordinance. Such units include those developed under the US Department of Housing and Urban Development (HUD) programs, tax exempt mortgage revenue bond programs, low-income housing tax credits, redevelopment programs, inclusionary housing programs, and density bonus programs that are eligible for conversion to market rate within the next 10 years (2013 to 2023). The total number of units at-risk for this period is 1,837.

Table H 3-25 presents a list of housing units that have income restrictions that may expire before 2023. The 328 units within the projects considered lower risk are those owned by SHRA or a non-profit housing organization. The remaining 1,509 units are within projects owned by profit motivated organizations, however, 374 of these higher risk units are “at-risk” only due to the annual renewal requirements associated with the HAP vouchers described above.

Table H 3-25 Units in Projects at Risk of Conversion to Market Rate Housing

<i>Project Name</i>	<i>Street Address</i>	<i>At-Risk Year</i>	<i>Primary Funding Sources</i>	<i>Total Units</i>	<i>Assisted Units</i>
Units at Higher Risk of Conversion					
Countrywood Village East	5500 Mack Road	2012	HUD	168	34
Park Place	1230 N St	2013	231 NC/SR	148	143
Larchmont Valley Hi	5280 Meadow Park Wy	2013	HUD/ HAP HFDA/NC/SR	10	10
Normandy Arms	1327 E St	2013	HUD/ HAP/LMSA	20	20
Artisan Square	1615 Del Paso Blvd	2013	HOME	7	7
Hellenic Senior Center	7847 Rush River Dr	2013	HUD/ HAP	70	70
Gloria Drive Apartments	7201-4 Gloria Dr	2013	HUD/ HAP	32	32
Victoria Apartments	1307 F St	2013	HUD/ HAP	10	10
Pioneer Towers	515 P Street	2013	HUD	198	100
Woodbridge Apartments	2028 San Juan Rd	2014	CDLAC Bond	301	61
Somerset Parkside	1001 – 1029 Q Street	2014	RHCP	26	26
St. Francis Manor	2515 J St	2014	HUD/ HAP 202/8	128	126
Camelot North	1222 E Street	2014	LMSA	20	20
Camelot South	1222 E Street	2014	LMSA	20	20
Whispering Pines Apartments	1454 Meadowview Road	2014	LMSA	96	96
Don Carlos	1510 O St	2015	RRP/DPR	8	8
Johnston House	1522 14th St	2015	RRP SHRA	6	6
L & D Properties	2425 Q St	2015	HOME	10	10
Alcoa Boise Cascade	701 Fairgrounds Drive	2015	LMSA	52	52
Dillon Christina Western	701 Fairgrounds Drive	2015	LMSA	140	140
Greenfair Towers II	701 Fairgrounds Drive	2015	LMSA	194	194
Shiloh Arms	4009 23rd Ave	2016	HUD/ HAP	106	106
Cascade Apartments	7600 Fruitridge Road	2016	HUD	74	73
Sequoia Hotel	911 K St	2016	TI, HCD	92	92
N/A	502 10th St	2016	HOME	8	7
N/A	511 9th St	2016	TI	2	2
Guild Theater/ Woodruff Hotel	3456 3 rd Ave	2016	TI	16	12
17 th Street Commons	1524 17th St	2017	HOME, TI	11	11
Grand Avenue Villa	3740 May Street	2017	LMSA	18	18
N/A	324 T St	2018	TI	3	3
Subtotal				1,994	1,509
Units at Lower Risk of Conversion					
River City Residences	1816 O Street	2012	HUD	15	15

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Table H 3-25 Units in Projects at Risk of Conversion to Market Rate Housing

<i>Project Name</i>	<i>Street Address</i>	<i>At-Risk Year</i>	<i>Primary Funding Sources</i>	<i>Total Units</i>	<i>Assisted Units</i>
Wong Center	331 J Street	2012	LMSA	187	187
Florin Gardens Coop. East Phase II	2536 Wah Avenue	2013	HUD/HAP	52	52
Florin Garden Apartments Coop.	6951 24 th Street	2014	LMSA	72	55
SAC PHA 8 Scattered Lots	7546 Skelton Way	2017	HUD/HAP	8	8
Steven's Place	2411 F St	2017	HOME	16	11
Subtotal				350	328
Total Units				2,344	1,837

Source: SACOG Housing Element Data Profiles, November 2012; Sacramento Housing and Redevelopment Agency, 2012.

Local Funding Definitions:

CDLAC = Tax exempt bond financing (California Debt Limit Allocation Committee)

HOME = HOME Investment Partnership Program (Federal Funding)

HUD/HAP = Housing and Urban Development/ Housing Assistance Payments Contract

TCAC = Tax Credit financing (Tax Credit Allocation Committee)

TI = Tax Increment

CDBG = Community Development Block Grant funding (Federal funding)

RRP = Rental Rehabilitation Program

Downtown = Downtown redevelopment project area Low-Income Housing Fund

HCD = State Department of Housing & Community Development

LMSA = Loan Management Set-Aside

SHRA = Sacramento Housing and Redevelopment Agency

202/8 = HUD Section 202 and 208 Programs

NC/SR = Section 8 New Construction/Substantial Rehabilitation

DPR = Down Payment Resource

HFDA = Section 8 Funding through Housing Finance and Development Agency

RCHP = Rental Housing Construction Program

Preservation Options

In addition to identifying units at risk of converting to market rate housing, Government Code Section 85583(a)(8)(B) requires a comparison of costs to replace lost units through construction or rehabilitation to the cost of preserving the existing units. Preservation of the at-risk units can be achieved in several ways, including 1) facilitating a transfer of ownership of these projects to affordable housing organizations; 2) purchasing of affordability covenants; and 3) providing rental assistance to tenants.

Purchase of Affordability Covenant

The first option to preserve the affordability of at-risk projects is to provide an incentive package to owners to maintain the projects as low-income housing. Incentives could include restructuring the existing loan, and/or supplementing the HAP fair market rent to market levels, if market rents are substantially more than the HUD allowed fair market rent, and/ or providing a low interest loan or grant to finance project rehabilitation. It is difficult to estimate the cost of purchasing affordability covenants due to the number of variables in such a purchase.

Transfer of Ownership

Long-term affordability of low-income units can be secured by transferring ownership of these projects to non-profit or for-profit affordable housing organizations. By doing so, these units would be eligible for refinancing using a range of affordable housing financing programs, including low-income housing tax credits and tax-exempt mortgage revenue bonds that ensure affordability for at least 55 years from the time of funding. Most of these transactions also include rehabilitation of the project to modernize the property and to extend the useful life of the major systems. Upon review of recently financed preservation projects that have been acquired and refinanced as shown in Table H 3-26, the average cost of acquiring and rehabilitating these affordable housing units is \$112,307 per unit, or \$206,307,959 for all 1,837 at-risk units.

<i>Preservation Project</i>	<i>Number of Units</i>	<i>Total Cost</i>	<i>Cost/Unit</i>
Norwood Avenue Apartments	28	\$1,840,000	\$65,714
Wong Center Apartments	187	\$31,916,593	\$170,677
Y.W.C.A. Residential Hotel	32	\$3,217,000	\$100,531
Average	82	\$12,324,531	\$112,307
Total for all 1,837 "At Risk" units			\$206,307,959

Source: Sacramento Housing and Redevelopment Agency, 2013.

Rent Subsidy

Tenant-based subsidies could be used to preserve the affordability of housing. Similar to Housing Choice Vouchers (formerly Section 8), the City, through a variety of potential funding sources, could provide a voucher to lower income households. The level of subsidy required to preserve at-risk affordable housing through rent subsidies is estimated to equal the Fair Market Rent for a unit minus the housing cost affordable by a lower-income household. Table H 3-27 estimates the rent subsidies required to preserve the housing affordability for a theoretical project with equal numbers of three different prototypical units. Based

on the estimates and assumptions shown in the table, approximately \$3.7 million annually would be required to preserve the current at-risk inventory of 1,837 units.

Table H 3-27 Potential Rent Subsidies					
		1 BR	2 BR	3 BR	TOTAL
Per Unit Affordable Rent ¹					
A	Low Income (60% AMI)	\$914	\$1,029	\$ 1,142	
B	Very Low Income (50% AMI)	\$761	\$856	\$951	
C	Average (A & B)	\$838	\$943	\$ 1,047	
D	Per Unit Fair Market Rent	\$837	\$1,021	\$ 1,473	
E	Monthly Per Unit Subsidy (D-C)	\$0	\$78	\$426	
F	Annual Subsidy/Unit (E * 12)	\$0	\$936	\$5,112	
	Total "At Risk" Units ²	612	613	612	1,837
	Total Annual Subsidy	\$0	\$573,768	\$3,128,544	\$3,702,312

Source: HUD, 2012; SACOG, 2012; Mintier Harnish, 2013.

¹ Gross rents as allowed under the HOME and low-income housing tax credit programs.

² Assumes 1/3 of total "At Risk" units within each bedroom size.

Replacement Costs Cost Comparisons

To estimate replacement housing costs for units potentially lost in the affordable housing market, per unit construction costs of recently approved or constructed projects are used. The land for the projects listed was donated, so the estimated cost does not include the land cost, which would add substantially to the overall project cost (estimated land costs are discussed in Chapter 8, Constraints). Based on costs for recently funded new construction multifamily projects, it is estimated that the average per unit cost is \$280,540 as shown in Table H 3-28

Table H 3-28 Estimated Replacement Cost			
New Construction Project	Number of Units	Total Cost ¹	Cost/Unit
Broadway and Martin Luther King Blvd.	56	\$14,039,751	\$250,710
Kelsey Village	20	\$5,704,286	\$285,214
La Valentina	81	\$29,952,000	\$369,778
North of Richards Blvd. on North Seventh Avenue	180	\$33,581,000	\$186,561
Average	85	\$20,819,259	\$273,066
Total for all 1,837 "At Risk" units			\$501,622,242

Source: Sacramento Housing and Redevelopment Agency, 2013.

In summary, the three cost estimating scenarios find the relative preservation costs to be:

- Acquisition and rehabilitation - \$206,307,959
- Rent subsidy - \$3,702,312 annually or \$ 370,231,200 over ten years
- Replacement through new construction - \$501,622,242

Replacement and preservation of these 1,837 at-risk units is costly, regardless of the preservation method. Providing an acquisition and rehabilitation program would be the least costly option. Additionally, there are many Federal and State funding programs available for acquisition, rehabilitation, and new construction of affordable housing.

There are several organizations active in the region that have the capacity to own and manage affordable rental projects and have expressed an interest in being notified of the availability of assisted rental housing. These organizations listed in Table H 3-29 have been pre-approved by HCD to participate in acquisition of at-risk properties. In addition to these qualified companies, there are many other affordable housing developers locally and throughout the state who participate in preservation projects.

Table H 3-29 Qualified Entities in Sacramento County

<i>Company</i>	<i>City</i>
ACLC, Inc	Stockton
Affordable Housing Foundation	San Francisco
C. Sandidge and Associates	Pinole
Christian Church Homes of Northern California, Inc.	Oakland
Community Home Builders and Associates	San Jose
Community Housing Opportunities Corporation	Davis
Eden Housing, Inc.	Hayward
Eskaton Properties Inc.	Carmichael
Housing Corporation of America	Laguna Beach
Nehemiah Progressive Housing Dev. Corp.	Sacramento
Norwood Family Housing	Sacramento
Project Go, Inc.	Rocklin
ROEM Development Corporation	Santa Clara
Rural California Housing Corp	West Sacramento
Sacramento Valley Organizing Community	Sacramento
Mutual Housing California	Sacramento
Satellite Housing Inc.	Berkeley
Solano Affordable Housing Foundation	Fairfield
Transitional Living and Community Support	Sacramento

Source: California Department of Housing and Community Development, 2012.

Conclusions

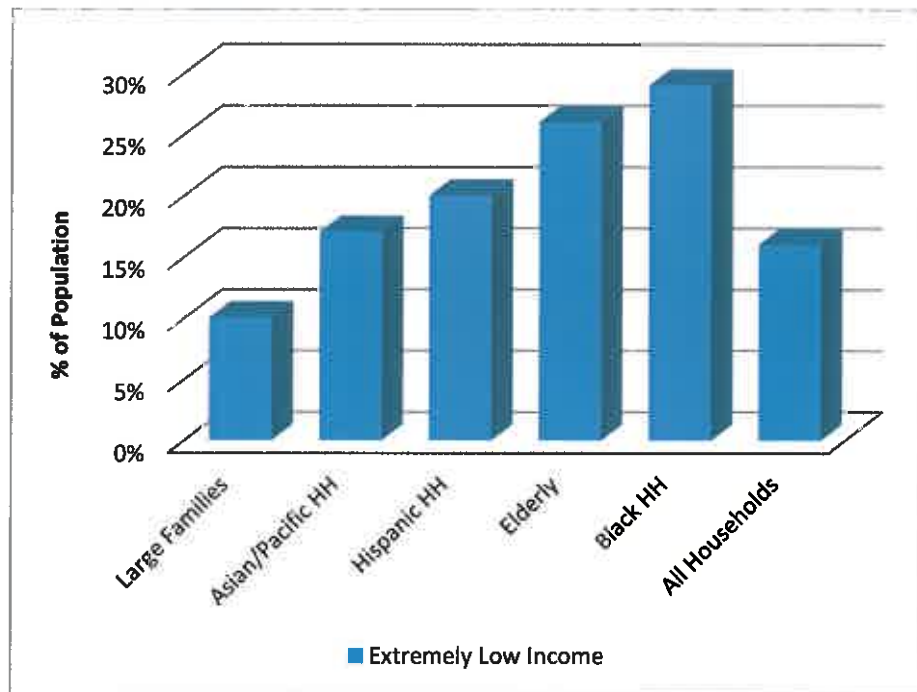
The City of Sacramento takes a very effective approach to ensuring its stock of regulated rental units remains affordable and available to lower income residents. While 1,837 units are considered “at risk” during this housing element cycle, given the City’s proactive Preservation Ordinance and the presence of Housing Assistance Payments (HAP) vouchers on many of the units, it is unlikely that many affordable units will look to convert. Should owners opt to convert to market rate, the City has numerous programs and policies in place to facilitate new affordable development and to provide alternate affordable housing options to any displaced residents (see Chapter 9 for more detail). Since adoption of the Preservation Ordinance in 2004, the City has provided funding to preserve 517 units from conversion, ensuring additional long-term affordability in the existing affordable housing stock.

Special Housing Needs

Special housing needs relate to age, disability, income, family size, or other circumstances (such as student status) that create additional challenges to obtaining suitable housing that is also affordable. The following section describes these special needs groups and their associated housing availability issues.

Extremely Low-Income (ELI) Households. Extremely low-income (ELI) households are those with an income of 30 percent or less of the area median income, adjusted for family size. According to HUD’s

2005-2009 CHAS data, approximately 27,495 households (approximately 16 percent of the city's total households) were ELI households. Special needs households are more likely than the population at large to have extremely low incomes. This includes seniors whose primary source of income is Social Security, persons with disabilities, minimum wage workers, homeless persons, and single parents. In Sacramento, Black or African American, elderly, or Hispanic households are more likely to have extremely low incomes. Figure H 3-16 shows population groups, including special needs groups and racial minorities who have a higher percentage of ELI households.



Source: HUD (2005-2009 CHAS)

Figure H 3-16: Percentage of ELI Households by Population Group

In 2012, a family of four making 30 percent of area median income (ELI) earned \$22,850. This income equates to a wage of about \$10.99 per hour for a single wage-earner, or almost three dollars more than the 2012 state minimum wage. As would be expected in a population of such little means, most ELI households (80 percent) rent their homes. However, among elderly ELI households (26 percent of all ELI households), homeownership rates rise to approximately 37 percent.

Regardless of tenure, 85 percent of ELI households experience additional housing problems such as overpayment, overcrowding, and/or severe structural dilapidation. About 80 percent of ELI households paid more than 30 percent of their incomes for housing, including 67 percent who paid more than 50 percent of their incomes. This same extremely low-income family of four described above could afford a monthly housing cost of approximately \$571 a month. This ELI family would have to spend 63 percent of their monthly income to afford the median three-bedroom apartment rent of \$1,200 per month.

Virtually all ELI households are expected to need aid, including housing cost subsidies and social services. The City's program for addressing chronic homelessness, which provides housing followed by additional services based on the client's needs, is likely to assist many ELI households with extreme housing issues.

Other programs available to serve ELI clients include the Single Room Occupancy (SRO) strategy, public housing units, housing choice vouchers, and low-income housing tax credits.

Group Quarters Population. The group quarters population includes residents with special needs, both for housing and support services. Group quarters residents include inmates at County jails, prisons, military quarters, college dormitories, nursing homes, and other types of housing or shelter in which unrelated people live in common. Group quarters populations do not include residents of assisted living facilities that have individual living units, such as senior apartments with on-site assistance.

Special needs related to residents of group quarters most typical in Sacramento are most likely to reflect the needs of infirm older adults, persons with disabilities and other self-care limitations, and homeless individuals and families. These special needs groups are discussed later in this section.

The group quarters population decreased by approximately 8 percent from 2000 to 2010 in the city from 9,002 to 8,314 individuals. The largest subset of the group quarters population in 2010 was 2,775 persons living in non-institutionalized facilities such as group homes or residential care facilities (also called “community-based homes”) that provide care and supportive services. Such places include homes for the mentally ill, developmentally disabled, and others with self-care limitations; drug/alcohol halfway houses not operated for correctional purposes; and communes.

In 2010, 1,367 people were living in nursing homes, which was a decrease of almost 29 percent over the 2000 total of 1,917. Another 2,254 individuals resided in correctional facilities (including inmates at the main County jail who did not list another place or residence), which was a 9 percent increase over the 2000 total of 2,059.

The final group quarter category included 1,493 residents of colleges, which was a 65 percent increase over the 2000 total of 907. The majority of students who live or study in Sacramento are non-traditional students, with housing needs independent of their status as students.

Table H 3-30 presents the types of group quarters populations in 2000 and 2010. Due to differences in how group quarters population were classified in 2000 and 2010, these two sets of data are not directly comparable. The drastic decrease of persons in military quarters is likely due to the fact that McClellan Air Force Base closed in 2001. McClellan Air Force Base is located adjacent to the city limits.

Table H 3-30 Group Quarters Populations 2000-2010		
<i>Type of Group Quarters</i>	<i>2000 Population</i>	<i>2010 Population</i>
Correctional Institutions	2,059	2,254
Nursing Homes	1,917	1,367
Other Institutions	855	291
College Dormitories	907	1,493
Other Non-institutional Group Quarters	N/A	2,775
Juvenile Institutions	N/A	134
Military Quarters	3,172	0
Total	9,002	8,314

Source: 2000 and 2010 Census.

N/A -- Not available.

Single Female-Headed Households. Single female heads-of-households have special needs due to their incomes and family status. Single mothers (single female-headed households with children) and single women 65 years of age or more (single elderly women) on fixed incomes are among the special needs population at greatest need. The needs of single elderly women are discussed in the section on seniors following this section.

Single Female-headed Households (2010)

27,640 Single Female-headed Households
16% of all Sacramento Households

15,285 Single Female-headed Households with
own children under 18 years (9% of households)

The number of single female-headed households with own children increased between 2000 and 2010, as shown in Table H 3-31, while the number of single mothers as a percentage of total households has remained steady. Single mothers face housing challenges because of their incomes, in that many single mothers do not earn enough to qualify for market rate housing, and subsidized housing is in short supply, especially those units of sufficient size and with sufficient amenities to meet the needs of families. Many single mothers also receive some form of public housing assistance. In 2012, 77 percent of public housing residents countywide were female headed households. With 43 percent of public housing residents under the age of eighteen, it can be surmised that a large majority of these households are single mothers.

Table H 3-31 Single Female-headed Households with Own Children Under 18 Years		
Year	Single Female-headed Households With Own Children Under 18 Years	Percent of Total Households
2000	14,356	9%
2010	15,285	9%

Source: SACOG Housing Element Data Profiles, November 2012; 2000, and 2010 Census.

According to the 2006-2010 American Community Survey, approximately 32 percent of single mothers had incomes below the poverty level. Poverty level, like income levels, varies depending on family size; for a family of four, the poverty level in 2009 was \$22,314, or 39 percent of Sacramento area median income during that same year. Over half (51 percent) received some form of public assistance income, such as Supplemental Security Income, public assistance, or food stamps. The median income for single mothers—\$27,648—was less than half (48 percent) of the median income for all families in the city.

A phenomenon on which the Census Bureau began reporting at the turn of the century is the number of grandparents raising their own grandchildren. Of the nearly 4,200 grandparents raising their own grandchildren in the city in 2010, 64 percent were women. Nearly 24 percent of grandparents raising grandchildren lived at the poverty level.¹⁷

Single female-headed households with children can be assisted by many of the same strategies targeted to very low- and extremely low-income households in general. However, childcare, early childhood education (such as Head Start), and other family supportive services are particularly important for these households.

¹⁷ The 2006-2010 American Community Survey did not report on the percentage of grandmothers with poverty level incomes raising grandchildren.

Seniors. Seniors (persons age 65 or more) are a special needs group because a high percentage have relatively low incomes and decreasing mobility, which limit their housing options. Many seniors own homes that no longer meet their needs; for example, their homes may be too large, not located near medical and other service, and/or need repairs or accessibility modifications.

In 2010, 49,420 seniors lived in the city and 29,999 households were headed by seniors in the city (see Table H 3-2 for detailed population age numbers). Overall the senior population is rising, up 6 percent since 2000, despite the declining proportion of seniors as a subset of the total population. Senior headed households have slightly increased since 2000, perhaps due in part to the decreasing number of seniors living in nursing homes.

Seniors, as a group, have lower incomes than the population at large. The median income in 2009 of households headed by seniors was \$34,760, about 69 percent of the median income of all households in the city. This median senior income was approximately 60 percent of area median income for a family of two and 68 percent of area median income for a single person in 2009.

In contrast to city households as a whole, who had a 49 percent ownership rate in 2010, 68 percent of senior households were homeowners in 2010, down from 71 percent in 2000. Although most elderly residents own their homes, often unencumbered by debt, many may be in a situation characterized as “house rich and cash poor.” In other words, a person may have large equity in a home, but still be forced to live on a minimal fixed income. Selling the home may not be an available option, because the cost to rent a housing unit may override the income made available by the home sale. Seniors who do rent face the problem of paying ever increasing rents on fixed incomes. Approximately 32 percent of elderly households were estimated to be renters in 2010, or 10,157 senior households.

In addition to financial difficulties, many seniors face transportation difficulties and are unable to use public transit due to limited mobility. Compounding this problem, more than half of all seniors live alone and therefore may not have access to any type of transportation assistance.

The vast majority of the senior population desires to live an independent lifestyle as long as possible. Housing and assistance programs for seniors should put priority on independent living, attempting first to maintain these persons in their own homes.

Female Householders 65 Years of Age or More. A subgroup of seniors that may have special housing needs are single elderly women. In 2010, 10,968 households were headed by women 65 years of age or more. Women in this age group face housing challenges that are often greater than the senior population as a whole because these women have substantially lower incomes than seniors as a group and less ability to obtain housing that meets their needs.

According to the 2006-2010 American Community Survey, single elderly women had a median income of about \$20,760, about 41 percent of the median income for all Sacramento city households and about 60 percent of the median senior household income of \$34,670. In 2006 over half (53 percent) of these single women owned their homes, and it is likely that a substantial number of these homeowners experienced difficulties in maintaining and/or adapting their homes for accessibility, given that over half (52 percent) of elderly women had one or more disabilities.²¹ In 2006 over 14 percent of elderly women reported that their

disabilities affect their ability for self-care, while nearly 27 percent reported that they had difficulties going outside their homes.¹⁸

Large Families (2005-2009 CHAS)

10,025 Owner Households (57%)

7,550 Renter Households (43%)

17,575 Total Large Family Households

Large Families. A large family is defined as a household of five or more related individuals. Large families represent the overwhelming majority (98 percent) of large households according to the 2006-2010 American Community Survey

In 2010, about 10 percent of all households (17,575) were large families. This number represents a 10 percent decrease in ten years.

The primary housing challenge facing large families is insufficient income to afford housing of adequate size to meet their needs. Homeownership among large families increased from 2000 to 2009. By 2009, 57 percent of large families owned their homes, and 43 percent were renters in the city. Large families are proportionally more represented in lower income brackets than in the household population as a whole.

Large families in higher income categories tend to be homeowners or have adequate income to own or rent units of adequate size and sufficient number of bedrooms. However, large families who are renters are more likely to have difficulty finding housing, due both to their lower incomes and the limited number of larger units in the rental housing stock. In 2009, about 81 percent of large families (6,145) living in rental housing were low-, very low- or extremely low-income.

Residents with Disabilities (2010)

65,436 Civilian Noninstitutionalized
Individuals with Disabilities

Disabled. Individuals with disabilities have special needs related to relatively low incomes, housing accessibility, self-care, access to transit, and proximity to health care and supportive services. Many individuals with disabilities cannot afford housing that meets their needs or cannot afford to live in neighborhoods with good access to transit.

According to the 2008-2010 American Community Survey, 65,436 civilian noninstitutionalized individuals over age five in the city of Sacramento had one or more sensory, physical, mental, self-care, or “go outside the home” disabilities.¹⁹ This number represents about 14 percent of the city’s civilian noninstitutionalized population over age five.

The 2000 CHAS data provides the most recent detailed income data for disability status by age. Detailed disability status is not available from the 2009 CHAS data. The 2000 CHAS data shows 31,454 lower-income households with disabilities.²⁰ Over 44 percent were very low-income households (including more than 25 percent extremely low-income), and the other 20 percent were low-income.

¹⁸ Comparable data is not available from the 2006-2010 American Community Survey.

¹⁹ The Census Bureau defined disabilities based on two questions from the 2000 Census Long Form: 1) a long-lasting condition such as blindness, deafness, a severe vision or hearing impairment, or a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying; and 2) a physical, mental, or emotional condition lasting six months or more that creates a difficulty in learning, remembering, concentrating, dressing, bathing, getting around inside the home, or going outside the home alone to shop or visit a doctor’s office. Individuals may have more than one disability. The Census Bureau used the same definitions for the American Community Survey.

²⁰ CHAS data includes only the number of households with disabilities, not the number of individuals. Comparable data for 2009 is not available.

SB 812, which took effect January 2011, amended State housing element law to require an evaluation of the special housing needs of persons with developmental disabilities. A "developmental disability" is defined as a disability that originates before an individual becomes 18 years old, continues or can be expected to continue indefinitely, and constitutes a substantial disability for that individual. This includes mental retardation, cerebral palsy, epilepsy, and autism.

The 2008-2010 American Community Survey estimates that 29,828 Sacramento residents have a cognitive difficulty, which comprises 46 percent of disabilities in the city. According to the California Department of Developmental Services, as of July 1, 2012, the Alta California Regional Center served 17,570 residents with developmental disabilities in the region, 4,489 (26 percent) of which resided in the city of Sacramento. Of this total, 36 percent are ages 0-14, 17 percent are ages 15-22, 38 percent are ages 23-54, 6 percent are ages 55-64, and 3 percent are ages 65 or over. The Sierra Vista Developmental Center in Yuba City, which also served residents from the region, closed in 2009. Most developmentally disabled residents in the region (60.1 percent) have a type of mental retardation and many (19.4 percent) are autistic.

While about 28 percent of developmentally disabled individuals live in supported housing, 72 percent live at home. Many developmentally disabled persons are able to live and work independently. However, more severely disabled individuals require a group living environment with supervision, or an institutional environment with medical attention and physical therapy. Additionally, almost half (44.1 percent) of developmentally disabled individuals are under the age of 18. Because developmental disabilities exist before adulthood, the first housing issue for the developmentally disabled is the transition from living with a parent/guardian as a child to an appropriate level of independence as an adult.

Another perspective on the disabled population in Sacramento County can be seen by examining the number of Supplemental Security Income (SSI) recipients living in Sacramento County. In December 2011, based on information from the State Department of Social Services, there were 54,470 blind and/or disabled individuals receiving SSI throughout Sacramento County. The SSI is a program based on individual need and resources and does not include the Social Security Disability Insurance Program (SSDI), the disability insurance program employees normally pay into. Recipients in the SSDI program would add to total disabled population.

Based on information from caseloads from the Community Services Planning Council, 25,590 people received mental health services from Sacramento County in 2009. More recent data shows that 9,045 people received mental health services from the County during the month of May 2011 alone. This total includes both city residents and those from elsewhere in Sacramento County.

Because disabilities include a wide range and severity of sensory, physical, mental, and developmental conditions, the special needs of persons with disabilities is wide ranging, as well. In addition to affordable and accessible housing, transportation, and proximity to services, many persons with disabilities need on-site support or even full-time care in a group home environment.

Students. Three major public colleges are located within the city of Sacramento: California State University Sacramento (CSUS), Sacramento City College, and Cosumnes River College. The latter two are two-year colleges. The University of California, Davis Medical Center is also located in the city, and many of the medical school functions are also located on the Medical Center campus.

In the fall of 2011, enrollment at CSUS, the only four year college in the city, was about 28,000. As of Fall 2011, the enrollment at Sacramento City College was almost 22,800 students, with an additional 15,450

students at Cosumnes River. This amounts to a total enrollment of about 66,250 students for all three campuses, or 14 percent of the entire population of the city. The UC Davis Medical Center reports approximately 800 students, plus interns assigned to the medical center. In general, approximately 11 percent of the city's population was enrolled in college or graduate school according to the 2006-2010 American Community Survey, pointing to the fact that many students, especially those at the two-year colleges and the medical center, do not live within the city boundaries.

CSUS is the only college in the city with on-campus housing. Its student housing capacity is approximately 1,600. Consequently, 94 percent of students at CSUS and 98 percent of students citywide live off campus, including in housing leased by the University. While the University is in the process of significantly increasing its on-campus student housing capacity, currently, most students live with their parents or in rental units throughout the Sacramento area.

Sacramento has a large percentage of older, continuing education students, who have already established homes and careers. Over 23 percent of students at CSUS are age 25 or older. This factor somewhat decreases the low-income housing needs generated by the college, although data as to the magnitude of this factor is not available.

There are many other colleges in Sacramento, including law schools, bible colleges, trade schools and university extensions. These schools have low enrollments relative to the city's population. However, one large private college, McGeorge School of Law in Oak Park, has approximately 860 day students.

Farmworkers. Farmworkers represent a small fraction of the city's labor force. In 2010, 1,326 city residents were employed in the agriculture, forestry, and fishing and hunting industries. According to the 2007 Agricultural Survey, in 2007 the entire county of Sacramento had 4,745 farmworkers. Although little agricultural activity remains within the Sacramento city limits, the region includes significant agricultural activity that attracts farmworkers and their families.

Farmworkers

4,475 Farmworkers in Sacramento County

In 2000, a study to enumerate and profile migrant and seasonal farmworkers in California was completed for the U.S. Department of Health and Human Services. This study estimated that 2,831 migrant farmworkers and 3,284 seasonal farmworkers were employed in Sacramento County. Including all members of farmworker households, 10,882 farmworkers and their family members were estimated to reside or work in the county. While the study did not differentiate those living in the unincorporated portions of the county, based on the location of farming activities, it can be assumed that a large majority of these farmworker households reside in the unincorporated portions of Sacramento County, and few in Sacramento city or other cities.

According to the 2000 Comprehensive Housing Affordability Survey (CHAS), seasonal farmworkers (those who live in the area full-time) are part of the area's lower-income population. Migrant farmworkers, on the other hand, are not counted by the Census as part of the local population and may not be counted in Census-based studies of affordable housing needs. However, migrant workers do have shelter needs while working in the county. Farmworker housing needs for migrant and seasonal farmworkers may be greatest in proximity to agricultural areas of the county such as the Delta, than within the incorporated area of the city of Sacramento, which is remote from farming areas. City farmworker housing needs are anticipated to be relatively small.

As the county's farmlands are developed for urban uses, some permanent farmworkers may be displaced from farm employment and may seek jobs and housing in more urban areas. Again, strategies to assist very low-income households will also benefit this special needs population.

Homeless Population. While the Sacramento County Department of Human Assistance (DHA) has historically administered the community's Continuum of Care (CoC) and homeless programs, a collaborative effort by numerous stakeholders transitioned the management of these programs

Homeless Population (Sacramento County)

January 27, 2011 Homeless Count
2,376 Total Homeless People

to the non-profit organization Sacramento Steps Forward (SSF) in 2011. As part of their efforts to continually monitor, understand, and appropriately plan for housing and service needs for the homeless population, the City and County, through DHA and SSF, undertake a single day (or a "point-in-time") count of the homeless. This project has numerous contributing partners, including but not limited to the following: the Downtown Sacramento Partnership, law enforcement (police and park rangers), community volunteers, Sacramento Steps Forward, and the Leadership Council of the Ten Year Plan.²¹ The homeless population is varied and complex, and enumerating this population is difficult. The count is conducted for two reasons. First, it is required by the Department of Housing and Urban Development (HUD) as part of the annual application for McKinney-Vento funding. Secondly, the count is conducted as part of the ongoing monitoring for the Ten Year Plan to End Chronic Homelessness. The count relies on a methodology that allows for focused geographic counting and extrapolation of that count to the broader geography of the city and County. Although DHA has been conducting point-in-time counts since 2003, this research-based methodology was first used for the 2007 and 2008 counts.

Table H 3-32 describes a point-in-time count of the subgroups in Sacramento's homeless population by shelter status. On January 27, 2011, DHA conducted a homeless count to determine the size of the homeless population throughout the County in shelters, transitional housing, and on the streets. This point-in-time count documented 2,376 individuals, including 584 in emergency shelters, 819 in transitional shelters, and 955 on the streets.²² At the time of the 2011 count, 67 percent of homeless people had at least one disability, such as mental illness (26 percent) or alcohol/drug dependency (41 percent). About 13 percent of homeless people counted in the 2011 survey were veterans of the U.S. Armed Forces, although the U.S. Department of Veterans Affairs estimates that approximately one-third of homeless people nationally are veterans.

²¹ The Leadership Council is one component of the leadership structure created to implement the Ten Year Plan to End Chronic Homelessness. In 2011, through a collaborative effort of numerous stakeholders, the non-profit organization Sacramento Steps Forward was formed to administer the County Department of Human Assistance Continuum of Care and other homeless programs. Please see their website for more information: <http://www.sacramentostepsforward.org/>

²² Sacramento County Department of Human Assistance, 2011

Table H 3-32 2011 Homeless Subpopulations

<i>Sub-Populations</i>	<i>Total</i>	<i>Sheltered*</i>	<i>Unsheltered</i>
Chronically Homeless Individuals	353	111	242
Chronically Homeless Families	0	0	0
Seriously Mentally Ill	619	310	309
Chronic Substance Abuse	967	590	377
Veterans	297	116	181
Persons with HIV/AIDS	50	20	30
Victims of Domestic Violence	516	199	317
Unaccompanied Children (under 18)**	27	7	20

* Includes persons in emergency shelters and transitional housing, except chronic homeless individuals and families includes only emergency shelters.

** In 2011, HUD changed the title of this row from "unaccompanied youth" to "unaccompanied children." However, the definition of "any person under age 18 who presented for services alone" remains unchanged.

Source: County Department of Human Assistance; 2011 Continuum of Care Homeless Population and Subpopulations Chart.

The Ten Year Plan to End Chronic Homelessness focuses on the "housing first" model, which aims to get homeless individuals and families into permanent housing. However, through the Continuum of Care, the City and County also recognize the great need to provide emergency and transitional shelter facilities. Countywide data indicating the estimated shelter needs for homeless individuals and families is presented in Table H 3-33 and the number of existing beds available by shelter type are presented in Tables H 3-34 through H 3-36.

Currently (2011) Sacramento meets the existing need for emergency shelter beds for individuals and is very close to meeting the existing need for emergency shelter beds for families (seven beds short). Sacramento does not meet the existing need for individual or family beds in transitional or permanent supportive housing. As shown in Table H 3-33, the unmet need in transitional housing is 1,079 beds and the unmet need in permanent supportive housing is 1,062 beds. The greatest need is for individual permanent supportive housing with an unmet need of 983 beds and individual transitional housing with an unmet need of 576 beds.

Table H 3-33 2011 Countywide Needs of Homeless Individuals

<i>Homeless Populations</i>		<i>Estimated Need</i>	<i>Current Inventory</i>	<i>Unmet Need/Gap</i>
Beds: Individuals	Emergency Shelter	532	532	0
	Transitional Housing	1,202	626	576
	Permanent Supportive Housing	1,821	838	983
	Total	3,555	1,996	1,559
Beds: Families	Emergency Shelter	361	354	7
	Transitional Housing	946	443	503
	Permanent Supportive Housing	690	611	79
	Total	1,997	1,408	589

Source: Sacramento County 2013-17 Draft Consolidated Plan, 2012; Sacramento Steps Forward, 2011.

Homeless Shelter and Housing Facilities. Sacramento's emergency shelters, transitional housing, and permanent supportive housing are listed in Tables H 3-34, 3-35, and 3-36. Sacramento Steps Forward counted 4,039 homeless shelter and housing beds for individuals and families during the warm weather months, with an additional 150 shelter beds available during the winter overflow period (November to March). These facilities serve the homeless throughout Sacramento County, although they are scattered throughout the city and unincorporated portions of the County. The current inventory includes 745 emergency beds, 913 transitional beds and 2,281 permanent beds for homeless in the city of Sacramento. Almost 60 percent of homeless shelter and housing facilities surveyed are at capacity or overutilized and the overall average facility use rate is 101 percent. Overutilization is most pronounced for permanent supportive housing: 70 percent of shelters are at capacity or overutilized and the average shelter use rate is 103 percent. Overall, transitional and emergency shelters (excluding winter overflow beds) are almost at capacity but not overutilized on average.

Table H 3-34 Emergency Shelter Facilities and Beds for the Homeless

<i>Single Female Shelters</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Loaves and Fishes, Sister Nora's Place	City	13	88%
Sacramento Area Emergency Housing Center Women's Refuge	County	10	100%
<i>Single Male Shelters</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Union Gospel Mission Emergency Shelter	County	84	98%
Volunteers of America North A Street Aid-in-Kind	City	80	100%
<i>Single Male and Female Shelters</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Sacramento Self Help Housing, Cathedral/Downtown Housing	City	5	160%

Table H 3-34 Emergency Shelter Facilities and Beds for the Homeless			
Sacramento Self Help Housing/The Effort at Salvation Army T-3 Program	City	11	100%
The Effort at Salvation Army Interim Care Program	City	28	100%
The Salvation Army Lodge Program	City	65	109%
The Salvation Army Veteran's	City	13	85%
Transitional Living & Community Support for Mentally Ill Women & Men (Carol's Place)	City	22	86%
Volunteers of America Open Arms (HIV)	City	12	92%
<i>Youth Shelters</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Diogenes & WIND Youth Center	County	12	42%
<i>Single Females with Children</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
St. John's Emergency Shelter Program	County	112	85%
Women Escaping a Violent Environment Emergency	City	54	74%
<i>Adults with Children</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Frances House Emergency Motel Vouchers	N/A	16	88%
Traveler's Aid, Emergency Motel Vouchers for Families	N/A	10	180%
Sacramento Area Emergency Housing Center Motel Voucher Program	N/A	48	162%
Sacramento Area Emergency Housing Center Family Shelter	City	55	93%
Volunteers of America Bannon Street Aid-in-Kind	City	62	50%
Interfaith Network Family Promise Center	City	11	100%
<i>Shelter for the Mentally Ill</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Transitional Living & Community Support for Mentally Ill Women & Men (Carol's Place)	City	22	86%
Total Emergency Shelter Beds	—	745	99%
<i>Winter Overflow Shelters (November to March)</i>	<i>Location</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Volunteers of America Winter Sanctuary	City	100	103%
Volunteers of America Winter Shelter Program	City	28	68%
Sacramento Area Emergency Housing Center Winter Overflow Shelter	City	22	132%
Total Winter Overflow Beds	—	150	101%
Grand Total Emergency Shelter Beds	—	895	99%

Source: 2-1-1 Sacramento databases, 2012 and Sacramento Steps Forward, January 2012.

Table H 3-35 Transitional Housing Opportunities for the Homeless¹

<i>Shelter</i>	<i>Number of Beds</i>	<i>Utilization Rate</i>
Clean and Sober New Life	80	100%
Lutheran Social Services Transitional Housing Families	35	117%
Lutheran Social Services Transitional Housing Youth	20	105%
Resources for Independent Living Transitional Center	6	100%
Sacramento Area Emergency Housing Center Extended Shelter Program	6	50%
Sacramento Children's Home Sacramento Crisis Nursery	4	125%
Sacramento Cottage Housing Inc. Quinn Cottages	70	87%
The Salvation Army Transitional Living Program	105	90%
Traveler's Aid Families Beyond Transition	52	125%
Vietnam Veterans of California GDP Sacramento Veterans Resource Center	30	100%
Vietnam Veterans of California GDP Women's Transitional Housing	6	100%
Transitional Living and Community Support MICA	9	44%
Transitional Living and Community Support Palmer	48	92%
Volunteers of America Adolfo TH-Plus Housing for Foster Youth	10	138%
Volunteers of America Independent Living and Readiness Program	100	71%
Volunteers of America Mather Community Campus	313	108%
Walking the Village Tubman House	19	100%
Total Transitional Beds	913	97%

Source: Sacramento Steps Forward, January 2012.

¹ Transitional housing includes apartment units and support services with residency limited to two years. Permanent housing has no residency limitation.

Table H 3-36 Permanent Housing Opportunities Targeted to the Very Low-Income and/or Formerly Homeless Individuals and Families

<i>Shelter</i>	<i>Number of Beds</i>	<i>Utilization Rate¹</i>
Department of Veteran's Affairs, VASH Vouchers	160	134%
Lutheran Social Services, Achieving Community Change Together	33	--
Lutheran Social Services, Adolfo PSH Program	26	104%
Lutheran Social Services, Mutual Housing at the Highlands	66	100%
Lutheran Social Services, Saybrook PSH Project	177	97%
Mercy Housing, 7 th & H Street Housing Community	150	--
Mercy Housing, Ardenaire Apartments	22	136%
Mercy Housing, Budget Inn	74	101%
Mercy Housing, The King Project	80	96%
Sacramento Area Emergency Housing Center, Casa Serenes	30	117%
Sacramento Area Emergency Housing Center, Cases De Esperanza	18	100%
Sacramento Area Emergency Housing Center, Home at Last	22	--
Sacramento Area Emergency Housing Center, Omega PSH Project	57	119%
Sacramento Area Emergency Housing Center, Omega Expansion	21	95%
Sacramento Cottage Housing Inc., McClellan Park PSH	284	94%
Sac County DHA Shelter Plus Care	895	71%
Sacramento Self Help Housing Friendship Housing Program	24	104%
Sac Self Help Housing Friendship Housing Program Expansion	40	102%
Shasta Hotel Cooperative Shelter Plus Care	18	100%
St. John's Program for Women and Children	30	147%
St. John's Program for Women and Children (Non-HUD)	31	100%
Transitional Living and Community Support, Folsom Oaks	18	100%
Transitional Living and Community Support, PACT Permanent Housing Program (PPHP)	8	100%
Transitional Living Community Support T Street Co-op	9	100%
Transitional Living Community Support WORK	25	92%
Turning Point Community Programs, Pathways	40	90%
Turning Point Community Programs, YWCA	11	100%
Volunteers of America Nova House	12	83%
Total Permanent Beds	2,381	103%

Source: Sacramento Steps Forward, January 2012.

² Utilization rate is based on a January 2012 housing survey by Sacramento Steps Forward. Some shelters that were under development and not surveyed in January 2012 are now currently (May 2013) active.

Chapter 3 Conclusions

The city of Sacramento is a city with a dynamic and changing population, a wide variety of housing types, and a diverse supply of resources and opportunities. Understanding the population demographics, affordability trends, and current housing characteristics is necessary when creating comprehensive policies and programs to address current and future housing needs. The City has identified six themes that capture the broad housing goals to be addressed in the Housing Element; data relevant to each theme is summarized below from the community profile.

Sustainability and Stability

Sacramento is a city of both older, established neighborhoods and one of new housing units and development opportunities. As such, this theme plays out differently in new communities and in existing neighborhoods. By diversifying the current housing stock and providing housing for changing populations who demand alternative housing options, new neighborhoods are strengthened. With about half of the city's current housing stock over 30 years old and up to 21 percent of the current housing stock in need of rehabilitation, the City has also the unique opportunity to encourage the incorporation of sustainability in existing housing.

Given the interplay of existing infill areas and greenfield development areas, the city has a variety of individual neighborhoods, each with its own housing characteristics. As shown in Table H 3-10, one of the most important is the mixture of single-family and multi-family housing units. The majority of the city neighborhoods are characterized by a majority of single-family units, with the notable exception of the Central City. As the general demographics of the city shift to smaller households, more senior households and more racially diverse households, the need for variety of housing types and tenures throughout the city may shift this distribution closer to the more urban housing types found in the Central City.

Production

As a basic tenet of the Housing Element, the City is required to plan to accommodate its “fair share” of new growth allocated to the six-county SACOG region, enumerated in the Regional Housing Needs Allocation (RHNA). Between 2013 and 2021, the City's RHNA requires that the City plan to accommodate 24,101 new housing units, including 8,411 units for lower-income households.

Beyond planning for growth to meet the RHNA, however, the City has needs for improving housing for existing residents. These needs include ensuring that between 1 and 18 percent of households living in substandard units can improve the conditions they live in and that the 44 percent of the households, including many lower-income families who overpay for their housing can find relief to this economic strain.

Extremely Low-Income and Special Needs Housing

While the Regional Housing Needs Allocation requires the City to plan for 2,472 new housing units for extremely low-income (ELI) households, other measures of ELI needs point to the need for an approach that looks beyond new construction. These measures include enhancing opportunities for the 27,495 existing ELI households in the city, 80 percent of whom are overpaying for their current housing and preserving existing affordable ELI housing throughout the city. This would also include preserving the city's asset of almost 2,000 public housing units, which house, on average, households making 7 percent of area median income. In addition, there are over 1,800 subsidized rental units in the private market with expiring

affordability restrictions, many of which are occupied by ELI households and which have subsidies ensuring this occupancy.

Rehabilitation and Preservation

The city's existing neighborhoods are aging at the same time that the new growth greenfield areas are building out with new housing. To ensure that the existing neighborhoods are maintained as valuable and viable with attractive housing options, reinvestment in these assets will be needed. Considering that 35 percent of the older housing stock is renter-occupied, this task becomes more important. In addition to the aging of market-rate housing, there is a need to maintain the existing subsidized housing stock, including public housing, subsidized housing and homeless and transitional shelters.

Accessibility

With over 65,000 city residents living with some sort of physical, mental, or sensory disability, there is a need to consider housing options for this population. Given the interplay of disability and income, with the majority of disabled individuals being lower-income, housing opportunities could attempt to bridge the gap between affordability and accessibility. In addition, considering the growing senior population and the aging housing stock, thoughtful targeting of rehabilitation resources can help stabilize this population, allowing seniors to remain in their homes and ensuring on-going affordability.

Housing Integration and Providing Housing Opportunities for All Income Groups

While the city is ethnically and racially diverse, with about 55 percent of the population non-White and growing segments of Hispanic and Asian households, income disparities among minority populations lead to economic and geographic segregation. The city as a whole has a lower median income than the surrounding region, and within the city, economic stratification is still an issue.

Although market prices declined drastically and 81 percent of households earning the area median income can afford a median-priced home, home purchase is still out of reach for many buyers, especially very low- and extremely low-income households. Meanwhile, the median rent is still increasing and unaffordable to most of these same households. About 50 percent of the city's population is lower-income and while the market is currently providing for some lower-income households, housing opportunities for these households will diminish as market prices rise. A mix of affordable housing types will provide increased opportunities for the lowest income households.

In addition, the city currently has a low ownership rate overall of 49 percent, well below the state average of 56 percent. Increasing homeownership and providing ownership opportunities for the modest income worker, therefore, would address this concern. As the economy in Sacramento grows and shifts, housing can play a vital role in attracting employers. Ownership housing at more moderate levels can also help to boost the lagging middle class in the city. When combined, these dual strategies will help to improve the current disparate income distribution.