



INVESTING IN COMMUNITIES

## **NOTICE OF REGULAR MEETING MEETING** **Sacramento Housing and Redevelopment Commission**

**Wednesday, August 5, 2015 – 6:00 pm**

**801 12<sup>th</sup> Street**

**2<sup>nd</sup> Floor Commission Room**

**Sacramento CA**

### **ROLL CALL**

### **APPROVAL OF AGENDA**

1. APPROVAL OF MINUTES – July 15, 2015 meeting

### **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 electronic devices that they have in their possession.

### **PUBLIC HEARING**

3. 2013-2017 Consolidated Plan Substantial Amendment and Authorization for the Sacramento Housing and Redevelopment Agency (SHRA) to Enter Into an Individual Project Agreement (IPA) to Accept Reimbursement for the Comprehensive Alcohol Treatment Program, Execute Related Documents and Amend its Budget
4. Approval Of The 2013-2017 Consolidated Plan Substantial Amendment, Approval Of The One-Year Action Plan Amendment; Execute Related Documents, Retroactively Reimburse Comprehensive Alcohol Treatment Program Costs; And Amend The Sacramento Housing and Redevelopment Agency (SHRA) Budget

### **BUSINESS ITEMS**

5. Approval of Downtown Housing Initiative Plan

### **SPECIAL PRESENTATION**

6. City Mixed income ordinance - draft ordinance review

### **EXECUTIVE DIRECTOR REPORT**

### **COMMISSION CHAIR REPORT**

### **ITEMS AND QUESTIONS OF COMMISSION MEMBERS**

### **ADJOURNMENT**

**REPORTS:** Copies of documents relating to agenda items are available for review in the Agency Clerk's office located at 801 12<sup>th</sup> Street, Sacramento CA 95814. Agendas and reports are also posted online at [www.shra.org](http://www.shra.org). Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Agency Clerk's office during normal business hours and will also be available at the meeting.

**AMERICANS WITH DISABILITIES ACT:** 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.



## MINUTES

### **Sacramento Housing and Redevelopment Commission (SHRC)**

#### **Regular Meeting**

**July 15, 2015**

Meeting noticed on July 10, 2015

### ROLL CALL

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

MEMBERS PRESENT: Alcalay, Macedo, Griffin, Morgan, Painter, Johnson

MEMBERS ABSENT: Creswell, Raab

STAFF PRESENT: La Shelle Dozier, David Levin, Tyrone R. Williams, MaryLiz Paulson, Lira Goff, Sarah Thomas, Tina McKinney, Karen Lukes, Tashica McIntyre

APPROVAL OF AGENDA – The Agenda was approved as submitted.

1. APPROVAL OF MINUTES – Minutes from the June 3<sup>rd</sup>, 2015 meeting were approved as submitted.

### CITIZENS COMMENTS

2. None.

### Informational Presentations

3. Sacramento Housing and Redevelopment Agency Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2014 – City Report

(Heard with Item #4)

4. Approval Sacramento Housing and Redevelopment Agency Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2014 – County Report

The new Director of Finance Tina McKenney was introduced. Kelly Tang presented the item.

### BUSINESS ITEMS

5. Authorization to Execute Memorandum of Understanding with Key Partners Regarding Sacramento Promise Zone Designation – City Report

(Heard with Item #5)

6. Authorization to Execute Memorandum of Understanding with Key Partners Regarding Sacramento Promise Zone Designation – County Report

Tyrone R. Williams presented the item.

On a motion by Commissioner Morgan, seconded by Commissioner Macedo, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows

AYES: Alcalay, Johnson, Griffin, Macedo, Morgan, Painter

NOES: none

ABSTAIN: none

ABSENT: Creswell, Raab

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier introduced new Commissioner Matt Johnson, then reviewed the following:

- SHRA is a Choice Neighborhoods Initiative Implementation Finalist.
- There are two special events scheduled for the commission in August and September. A south-area tour on August 12<sup>th</sup> and ethics training on September 9<sup>th</sup> from 6pm - 8pm.
- MaryLiz provided Agency response to previous comments and concerns from Edgewater residents.
- The next meeting will be August 5th

COMMISSION CHAIR REPORT

None.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Macedo requested a list of Healthy Sacramento Partners from Tyrone R. Williams.

ADJOURNMENT

As there was no further business to be conducted, Chair Griffin adjourned the meeting at 6:50 p.m.

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AGENCY CLERK



July 31, 2015

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2013-2017 Consolidated Plan Substantial Amendment and Authorization for the Sacramento Housing and Redevelopment Agency (SHRA) to Enter Into an Individual Project Agreement (IPA) to Accept Reimbursement for the Comprehensive Alcohol Treatment Program, Execute Related Documents and Amend its Budget

SUMMARY

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

RECOMMENDATION

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](http://www.CityofSacramento.org)

Staff Report

**August 25, 2015**

### **Honorable Mayor and Members of the City Council**

**Title:** 2013-2017 Consolidated Plan Substantial Amendment and Authorization for the Sacramento Housing and Redevelopment Agency (SHRA) to Enter Into an Individual Project Agreement (IPA) to Accept Reimbursement for the Comprehensive Alcohol Treatment Program, Execute Related Documents and Amend its Budget

**Location/Council District:** Citywide

**Recommendation:** Adopt a Council **Resolution:** 1) making environmental findings; 2) adopting the 2013-2017 Consolidated Plan Substantial Amendment; 3) authorizing the Sacramento Housing and Redevelopment Agency to submit the 2013-2017 Consolidated Plan Substantial Amendment to the United States Department of Housing and Urban Development (HUD); and 4) authorizing SHRA to a) assume administration of the Comprehensive Alcohol Treatment Program (CATC) program from the County of Sacramento effective July 1, 2015, b) execute an IPA with the City of Sacramento for SHRA to administer the CATC program on the City's behalf, c) receive reimbursement from the City of Sacramento for costs related to the program as invoiced by the CATC provider, and d) amend its budget to accept said funds.

**Contact:** La Shelle Dozier, Executive Director, 440-1319; Geoffrey M. Ross, Federal Programs Manager, 440-1357

**Presenters:** Geoffrey Ross

**Department:** Sacramento Housing and Redevelopment Agency (SHRA)

### **Description/Analysis**

**Issue:** This report recommends approval of a Substantial Amendment to the 2013-2017 Consolidated Plan to add the new Downtown Housing Initiative, Neighborhood Priority Areas, and the Promise Zone, thereby updating the Consolidated Plan, and requests authorization to submit the amended plan to HUD. The Consolidated Plan is a five-year planning document covering the 2013-17 period (approved by City Council Resolution No. 2013-0010 and Housing Authority Resolution No. 2013-0001). The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy to meet those needs. The Downtown Housing Initiative, Neighborhood Priority Areas and Promise Zone areas encompass neighborhoods that have demonstrated need, but also have the capacity for positive neighborhood change

**2013 – 2017 Consolidated Plan Substantial Amendment and Authorization for SHRA to Execute an IPA with the City of Sacramento for the Comprehensive Alcohol Treatment Program and Amend Its Budget**

due to the history and current levels of investment and community engagement and will serve as the 2013-17 Consolidated Plan Target Areas. A map of the specific target areas is included as Exhibit A. The target areas will be used to help guide Community Development Block Grant (CDBG) public facility and infrastructure investments. This report further recommends authorization for SHRA to accept city funds, and amend its budget, for reimbursement of costs related to the CATC Program. CATC provides short-term detoxification treatment and helps identify long-term housing and treatment options for chronic homeless alcoholics. As of June 30, 2015, the County of Sacramento's Department of Human Assistance (DHA) no longer desired to administer the program and requested SHRA assume administrative responsibilities. SHRA proposes to execute an IPA with the City of Sacramento to accept City funding to reimburse Volunteers of America (VOA) for CATC program related costs, and SHRA will execute an agreement with VOA for VOA to continue as the program provider.

**Policy Considerations:** The proposed Substantial Amendment to the Consolidated Plan is to update the Target Areas to be reflective of the Downtown Housing Initiative, the City of Sacramento's Neighborhood Priority Areas, and the Promise Zone Initiative. The goals and objectives are consistent with the adopted Consolidated Plan and include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities. The CATC Program is also in line with the Consolidated Plan goals of providing public services to the community.

**Economic Impacts:** Not applicable.

**Environmental Considerations:** The proposed actions are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3) and (4).

**Sustainability Considerations:** The Consolidated Plan is consistent with the City's Sustainability Master Plan's Focus Area 5 – Public Health and Nutrition by improving residents' health, and providing a five-year planning document to improve health, nutrition, social and economic sustainability.

August 25, 2015

2013 – 2017 Consolidated Plan Substantial Amendment and Authorization for SHRA to Execute an IPA with the City of Sacramento for the Comprehensive Alcohol Treatment Program and Amend Its Budget

**Commission Action:** On August 5, 2015, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES

NOS

ABSENT

ABSTAIN

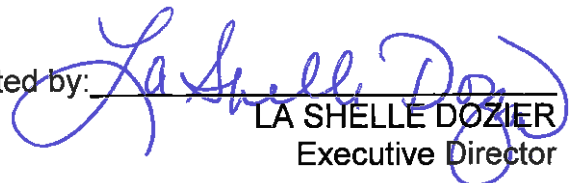
**Rationale for Recommendation:** When a substantial amendment to the Consolidated Plan and/or One-Year Action Plan is proposed to carry out a new activity or program not previously described (purpose, scope, location and beneficiary), the Citizen Participation Plan (24 CFR Part 570.43), which is adopted at the same time as the original Consolidated Plan, requires the formal notice of a public hearing and citizen comment period per 24 CFR 91.105 and 505(b).

**Financial Considerations:** The Consolidated Plan Substantial Amendment is an administrative action and no additional funds are requested. SHRA will be reimbursed by the City for costs related to the CATC Program as invoiced by the CATC provider for work actually completed and not to exceed \$708,351. Staff is also requesting authorization to amend its budget to accept funds from the City for CATC program related costs.

**M/WBE/Local Business Enterprise (LBE), Section 3 and First Source**

**Considerations:** The Consolidated Plan Substantial Amendment recommended in this staff report is administrative therefore; there are no M/WBE or Section 3 requirements. The First Source Program is not applicable to this report. City LBE will be applied to applicable activities to the extent required by City policies.

Respectfully Submitted by:

  
LA SHELLE DOZIER  
Executive Director

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01	Description/Analysis
02	Background
03	Resolution
04	Exhibit A – Consolidated Plan Target Areas Map

## Background

### 2013-2017 Consolidated Plan Substantial Amendment

In the Mayor's 2015 State of the City address, a new housing initiative was proposed for Downtown Sacramento. The Mayor proposed a goal of developing 10,000 places to live in the Downtown Sacramento area within the next ten years. The goal builds upon the momentum taking place in Downtown Sacramento and is based on four key elements: 1) Transit-Oriented Development that links transportation to housing and jobs; 2) Housing Conversion that repurposes vacant and blighted buildings; 3) Smart Housing that integrates seamless cutting-edge technology with flexible live/work environments; and 4) Rapid Re-housing focusing on off-street solutions for homeless individuals.

During the 2015 City Council budget development workshops the City Council asked that "Priority Neighborhoods" be defined. In addressing this request staff developed a priority neighborhoods map that reflects communities challenged with business attraction/retention, poverty, unemployment, and declining property values. Neighborhoods with both high levels of serious crime and poverty have been identified as Priority Neighborhoods.

In the 2015 State of the Union Address, the President laid out an initiative to designate a number of high-poverty urban, rural and tribal communities as Promise Zones, where the federal government will partner with and invest in communities to accomplish the following goals: Create jobs, leverage private investment, increase economic activity, expand educational opportunities, and reduce violent crime.

On April 28, 2015, HUD announced Sacramento as one of the communities to receive a Promise Zone designation. The Promise Zone includes eight Property and Business Improvement Districts (PBIDs), one Implementation Grant Finalist community and one Choice Neighborhoods Initiative (CNI) Planning Grant community, and a myriad of diverse and eclectic neighborhoods each with its own unique identity. SHRA in partnership with key partners will work to coordinate resources, build capacity and create public-private partnerships to drive area revitalization. The partners have adopted the following five goals to improve the quality of life and accelerate revitalization: 1) create jobs; 2) increase economic activity; 3) improve educational opportunities; 4) improve health and wellness; and 5) facilitate neighborhood revitalization.

The above referenced actions: 1) the Downtown Housing Initiative, 2) the City of Sacramento's Priority Areas, and 3) the Promise Zone Initiative have been integrated and incorporated into the 2013-2017 Consolidated Plan Target Areas. The revised Target Areas reflective of these initiatives can be seen on Exhibit A –Consolidated Plan Target Areas. The target areas will be used to help guide Community Development Block Grant (CDBG) public facility and infrastructure investments.



## **RESOLUTION NO. 2015 -**

**Adopted by the Sacramento City Council**

On date of

### **APPROVAL AND AUTHORIZATION TO SUBMIT THE 2013–2017 CONSOLIDATED PLAN SUBSTANTIAL AMENDMENT; AUTHORIZATION FOR THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ADMINISTER THE COMPREHENSIVE ALCOLHOL TREATMENT CENTER PROGRAM, EXECUTE RELATED DOCUMENTS AND AMEND ITS BUDGET**

- A. The U.S. Department of Housing and Urban Development (HUD) requires the adoption of a Five-Year Consolidated Plan to identify the programs and projects identified for expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS/HIV (HOPWA) and Emergency Solutions Grant (ESG) funds.
- B. Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of the City of Sacramento, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, HOPWA and ESG funding originating from HUD.
- C. On January 8, 2013 the 2013-2017 Consolidated Plan was adopted by Resolutions 2013-0001 and 2013-0010.
- D. In the 2013 State of the Union Address, the President laid out an initiative to designate a number of high-poverty urban, rural and tribal communities as Promise Zones, where the federal government will partner with and invest in communities to accomplish the following goals: create jobs, leverage private investment, increase economic activity, expand educational opportunities, and reduce violent crime.
- E. On April 28, 2015 HUD announced that Sacramento had been selected as one of the communities to receive the Promise Zone designation.
- F. In the Mayor's 2015 State of the City Address, a new housing initiative was proposed for Downtown Sacramento. The Mayor proposed the goal of developing 10,000 places to live in the Downtown Sacramento area within the next ten years. The goal builds upon the momentum taking place in Downtown Sacramento and is based on four key elements: 1) Transit-Oriented Development that links transportation to housing and jobs; 2) Housing Conversion that repurposes vacant and blighted buildings; 3) Smart Housing that integrates seamless cutting-edge technology with flexible live/work environments; and 4) Rapid Re-housing focusing on off-street solutions for homeless individuals.

- G. On May 19, 2015, the City Council approved resolution number 2015-0484 to designate 18 city neighborhoods as priority areas.
- H. As of June 30, 2015, the County of Sacramento Department of Human Assistance (DHA) desires to no longer administer the Comprehensive Alcohol Treatment Program (CATC).
- I. City staff are working to seek authorization from the City Council to approve and authorize the City Manager and SHRA to execute an Individual Project Agreement (IPA) for the administration of the CATC Program and for SHRA to receive city funds for reimbursement of CATC Program related costs as invoiced by the CATC provider.
- J. The proposed actions are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3) and (a)(4).
- K. A duly noticed public hearing regarding this action was held before the Sacramento Housing and Redevelopment Commission on August 5, 2015.

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

Section 1. The above recitals, including the environmental recitals, are found to be true and correct.

Section 2. The 2013-2017 Consolidated Plan Substantial Amendment is hereby approved.

Section 3. SHRA is authorized to submit the 2013-2017 Consolidated Plan Substantial Amendment to HUD.

Section 4 SHRA is authorized to assume administration of the CATC program from DHA as of July 1, 2015.

Section 5. SHRA is authorized to execute an IPA with the City of Sacramento for the CATC Program at 700 North 5th Street, Sacramento CA 95814. The City of Sacramento will reimburse SHRA for program related costs as invoiced by the CATC provider. SHRA is further authorized to amend its budget to accept said funds.

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Exhibit A: Consolidated Plan Target Areas Map

## **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

August 5, 2015

**APPROVAL AND AUTHORIZATION TO SUBMIT THE 2013–2017 CONSOLIDATED PLAN SUBSTANTIAL AMENDMENT AND ONE-YEAR ACTION PLAN AMENDMENT; AUTHORIZATION FOR THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ADMINISTER THE COMPREHENSIVE ALCOHOL TREATMENT CENTER PROGRAM, EXECUTE RELATED DOCUMENTS AND AMEND ITS BUDGET**

### **BACKGROUND**

- A. The U.S. Department of Housing and Urban Development (HUD) requires the adoption of a Five-Year Consolidated Plan to identify the programs and projects for the expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS/HIV (HOPWA) and Emergency Solutions Grant (ESG) funds.
- B. Since 1982 SHRA, on behalf of the City and County of Sacramento, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, HOPWA and ESG funding originating from HUD.
- C. On January 8, 2013 the 2013-2017 Consolidated Plan was adopted by City Resolutions 2013-0001 and 2013-0010, and by County Resolutions 2013-0018 and HA-2342.
- D. In the 2013 State of the Union Address, the President laid out an initiative to designate a number of high-poverty urban, rural and tribal communities as Promise Zones, where the federal government will partner with and invest in communities to accomplish the following goals: create jobs, leverage private investment, increase economic activity, expand educational opportunities, and reduce violent crime.
- E. On April 28, 2015 HUD announced the selection of Sacramento as one of the communities to receive the Promise Zone designation.

- F. In the City of Sacramento Mayor's 2015 State of the City Address, a new housing initiative was proposed for the Downtown Sacramento. The Mayor proposed the goal of developing 10,000 places to live in the Downtown Sacramento area within the next ten years. The goal builds upon the momentum taking place in the Downtown Sacramento and is based on four key elements: 1) Transit-Oriented Development that links transportation to housing and jobs; 2) Housing Conversion that repurposes vacant and blighted buildings; 3) Smart Housing that integrates seamless cutting-edge technology with flexible live/work environments; and 4) Rapid Re-housing focusing on off-street solutions for homeless individuals.
- G. On May 19, 2015, the City Council approved resolution number 2015-00484 to designate 18 city neighborhoods as priority areas.
- H. The Legislature and Governor of the State of California have provided grant funds under the California Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). The California Cultural and Historical Endowment (CCHE) was delegated responsibility for the administration of the Proposition 40 grant funding related to historic preservation projects.
- I. SHRA is currently providing construction management for the Isleton Bing Kong Tong Rehabilitation project.
- J. As of June 30, 2015, the County Department of Human Assistance (DHA) desires to no longer administer the Comprehensive Alcohol Treatment Program (CATC).
- K. City staff is working to seek authorization from the City Council to approve and authorize the City Manager and SHRA to execute an Individual Project Agreement (IPA) for the administration of the CATC Program and for SHRA to receive city funds for reimbursement of CATC Program related costs as invoiced by the CATC provider.
- L. The proposed actions to approve and execute the amended 2013-2017 Consolidated Plan and enter into an agreement with DHA to administer the CATC are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3) and (a)(4).
- M. Environmental review for the Isleton Bing Kong Tong restoration project was completed in 2013. SHRA is currently in consultation with the State of California Historic Preservation Office (SHPO) in regards to any modifications to the original scope of work for Phase 3 of the Bing Kong Tong restoration project.

- N. A Mitigated Negative Declaration has been prepared for the Walnut Grove Winnie Street Project in accordance with the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 21064.5, 15105 and 15072. The Agency has determined that the project will have no significant impact on the environment and the preparation of an Environmental Impact Report (EIR) is not required. Mitigation measures for cultural resources are required and have been agreed to by the County of Sacramento. A Notice of Intent to Adopt a Mitigated Negative Declaration was published on July 16, 2015, and no comments were received.
- O. An Environmental Assessment has been prepared for the Walnut Grove Winnie Street Project in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40. The Agency has determined that the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required. A combined Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOIRROF) was published on July 16, 2015, and no comments were received.
- P. A duly noticed public hearing regarding the actions outlined in this resolution was held before the Sacramento Housing and Redevelopment Commission on August 5, 2015.

**BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:**

Section 1. The above recitals, including the environmental recitals, are found to be true and correct.

Section 2. The 2013-2017 Consolidated Plan Substantial Amendment is hereby approved.

Section 3. The 2015 One-Year Action Plan amendment to allocate \$75,000 in unallocated CDBG capital reserve and \$50,000 in unallocated CDBG program income for a total of \$125,000 for the 2015 Walnut Grove Winnie Street Water System Project is hereby approved.

Section 4: The Executive Director, or designee, is authorized to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as necessary to carry out the Project in compliance with adopted policies, guidelines, regulations and federal law as approved to form by Agency Counsel.

Section 5. The Executive Director, or designee, is authorized to submit the 2013-2017 Consolidated Plan Substantial and 2015 One-Year Action Plan Amendments to HUD.

Section 6. Phase 3 of the Isleton Bing Kong Tong Project is hereby approved. The allocation of previously allocated CDBG funds to be used as match for the California Cultural Historic Endowment (CCHE) grant if said CCHE Project is awarded is hereby authorized.

Section 7. The Executive Director is authorized to award contracts and execute any and all related documents as necessary to carry out Phase 3 of the Isleton Bing Kong Tong Project.

Section 8. The Executive Director, or designee, is authorized to assume administration of the CATC program from DHA.

Section 9. The Executive Director is authorized to execute an IPA with the City of Sacramento for the CATC Program at 700 North 5th Street, Sacramento CA 95814. The City of Sacramento will reimburse SHRA for program related costs as invoiced by CATC program provider. The Executive Director, or designee, is further authorized to amend its budget to accept said funds.

Section 10. The Executive Director, or designee, is authorized to draw previously allocated (by Resolution 2014-0869) County CDBG funds from HUD for May 2015 through August 2015 for CATC program expenses thereby retroactively reimbursing DHA and Volunteers of America.

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Exhibit A: Consolidated Plan Target Areas Map

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CHAIR

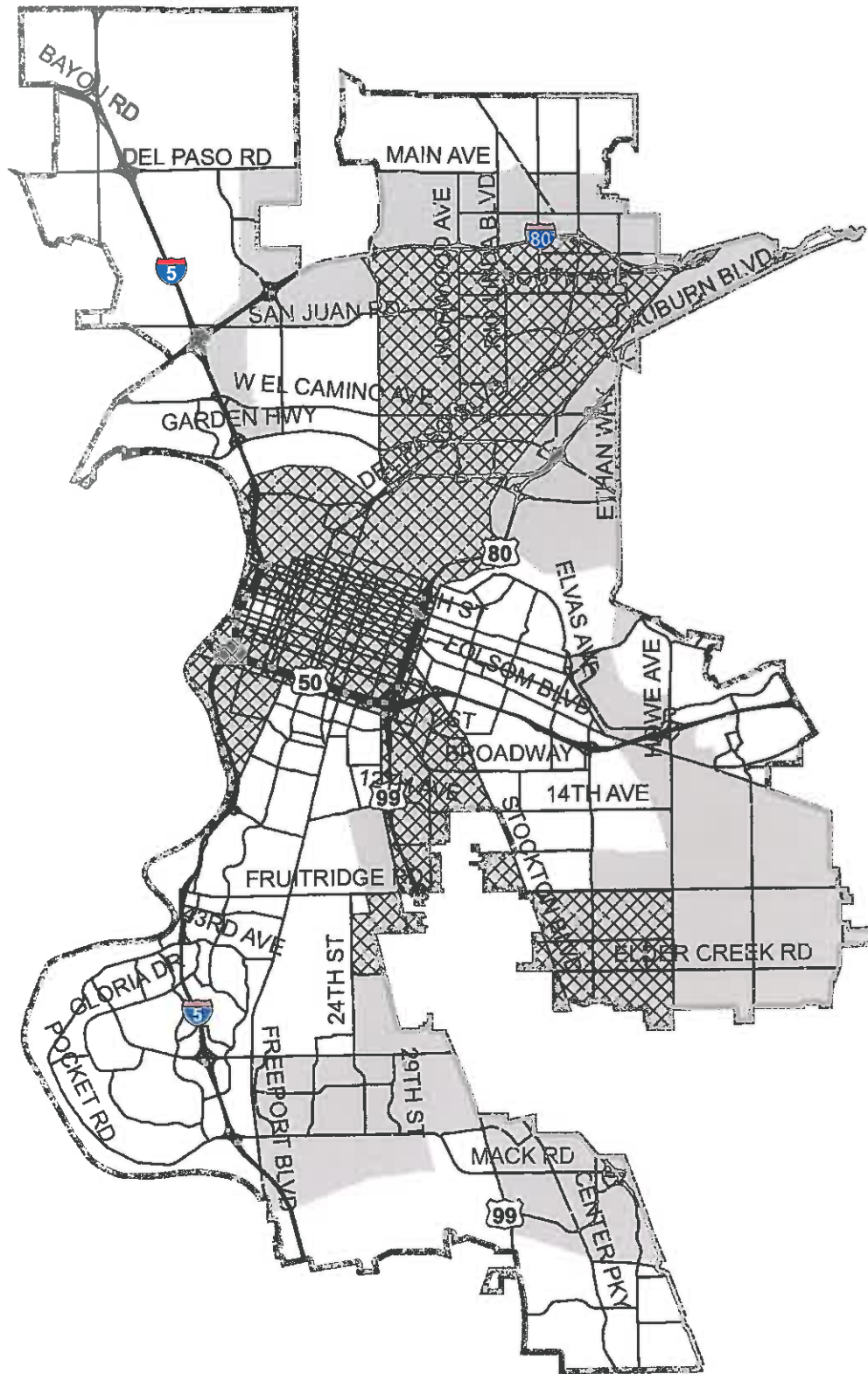
ATTEST:

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CLERK



# Consolidated Plan Target Areas Map



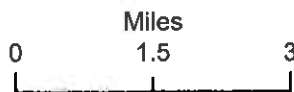
City of Sacramento



CDBG Priority Area



ACH LowMod Census Tract



SHRA GIS  
July 20, 2015



July 31, 2015

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2013-2017 Consolidated Plan Substantial Amendment and Authorization for the Sacramento Housing and Redevelopment Agency (SHRA) to Enter Into an Individual Project Agreement (IPA) to Accept Reimbursement for the Comprehensive Alcohol Treatment Program, Execute Related Documents and Amend its Budget

SUMMARY

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

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment



**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
August 25, 2015

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of The 2013-2017 Consolidated Plan Substantial Amendment, Approval Of The One-Year Action Plan Amendment; Execute Related Documents, Retroactively Reimburse Comprehensive Alcohol Treatment Program Costs; And Amend The Sacramento Housing and Redevelopment Agency (SHRA) Budget

Supervisory  
District: All

Contact: La Shelle Dozier, Executive Director, 440-1319  
Geoffrey M. Ross, Federal Programs Manager, 440-1357

**Overview**

This report recommends approval of a Substantial Amendment to add the Promise Zone, thereby updating the Consolidated Plan, and requests authorization to submit the amended plan to the United States Department of Housing and Urban Development (HUD). This report further recommends the approval of a new Community Development Block Grant (CDBG) project, thereby amending the 2015 One-Year Action Plan. Staff also recommends authorization to utilize \$600,000 in previously allocated CDBG funds to match a grant from the California Cultural and Historic Endowment (CCHE) for Phase 3 of the Isleton Bing Kong Tong Project. Staff also recommends that the Sacramento Housing and Redevelopment Agency (SHRA) assume administration of the Comprehensive Alcohol Treatment Center (CATC) program from the County Department of Human Assistance (DHA) and authorizes the draw from HUD of \$200,000 of previously approved CDBG funds May 2015 through August 2015 to retroactively reimburse DHA and Volunteers of America (VOA) for program related costs. Finally, staff recommends authorizing Sacramento Housing and Redevelopment Agency (SHRA) to execute the documents required to assume administration of the CATC program.

**Board Recommendations**

Adopt the attached resolutions that:

1. The above recitals, including the environmental recitals, are found to be true and correct.
2. Adopts the 2013-2017 Consolidated Plan Substantial Amendment.
3. Approves the 2015 One -Year Action Plan amendment to allocate \$75,000 in unallocated CDBG capital reserve and \$50,000 in CDBG program income (PI) for a total of \$125,000 for the Walnut Grove Winnie Street Water System Project, approves the 2015 Walnut Grove Winnie Street Water Systems Project, authorizes SHRA to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as necessary to carry out the project in compliance with adopted policies, guidelines, regulations and federal law as approved to form by SHRA Counsel.
4. Authorizes the County Executive, or designee, to execute agreements with SHRA to

- carry out the 2015 Winnie Street Water Systems Project in compliance with adopted policies, guidelines, regulations and federal law as approved to form by County Counsel.
5. Authorizes SHRA to submit the 2013-2017 Consolidated Plan Substantial and 2015 One-Year Action Plan Amendments to HUD.
  6. Approves Phase 3 of the Isleton Bing Kong Tong Building Project and authorizes previously allocated CDBG funds to be provided as match to the CCHE grant if said CCHE grant is awarded to the Isleton Bing Kong Tong Project.
  7. Authorizes SHRA to award contracts, and execute any and all related documents as necessary to carry out Phase 3 of the Isleton Bing Kong Tong Project.
  8. Authorizes SHRA to assume administration of the CATC program from DHA as of July 1, 2015 and execute agreements with CATC program provider and amend its budget.
  9. Authorize SHRA to draw previously approved CDBG funds from HUD for May 2015 through August 2015 for CATC program expenses thereby retroactively reimbursing the Sacramento County Department of Human Assistance and Volunteers of America. SHRA is further authorized to execute documents related to the CATC program and amend the SHRA budget.

#### **Measures/Evaluation**

When a substantial amendment to the Consolidated Plan and/or One-Year Action Plans is proposed to carry out a new activity or program not previously described (purpose, scope, location and beneficiary), the Citizen Participation Plan (24 CFR Part 570.43), which is adopted at the same time as the original Consolidated Plan, requires the formal notice of a public hearing and citizen comment period per 24 CFR 91.105 and 505(b). To date no comments have been received.

#### **Fiscal Impact**

Staff recommends allocating \$75,000 from unallocated CDBG capital reserve and \$50,000 from unallocated CDBG PI for a total of \$125,000 to the Walnut Grove Winnie Street Water System Improvement Project. The Substantial Amendment to the 2013-2017 Consolidated Plan is an administrative action and no funds are being requested. The previously authorized CDBG allocation of \$600,000 for Phase 2 of the Isleton Bing Kong Tong Rehabilitation Project and the \$200,000 for the CATC program were allocated in the 2015 Action Plan (by Resolution 2014-0869) and no further funding is being requested. Staff is recommending that the previously \$200,000 in CDBG allocated funds be utilized to retroactively reimburse CATC program costs realized between May 2015 and August 2015.

## **BACKGROUND**

The Consolidated Plan is a five-year planning document covering the 2013-17 period (by Resolutions No. 2013-0018 and HA-2342). The Consolidated Plan identifies the County's housing and community development needs and describes a long-term strategy to meet those needs.

## **DISCUSSION**

This report recommends approval of the Substantial Amendment to add the new Promise Zone, thereby updating the 2013-2017 Consolidated Plan, approve and fund a new activity, and requests authorization to submit the amended plan to HUD.

### **Promise Zone**

The Promise Zone area encompasses neighborhoods in both the City and County of Sacramento that have demonstrated need, but also have the capacity for positive neighborhood change due to the history and current levels of investment and community engagement. The Promise Zone includes eight Property and Business Improvement Districts (PBIDs), one Implementation Plan Finalist community and one Choice Neighborhoods Initiative (CNI) Planning Grant community, and a myriad of diverse and eclectic neighborhoods each with its own unique identity. SHRA, in partnership with key partners will work to coordinate resources, build capacity and create public-private partnerships to drive area revitalization. The partners have adopted the following five goals to improve the quality of life and accelerate revitalization: 1) create jobs, 2) increase economic activity, 3) improve educational opportunities, 4) improve health and wellness, and 5) facilitate neighborhood revitalization. By this action, the Promise Zone boundary is being incorporated into the Consolidated Plan Target Areas. Refer to Exhibit A – Consolidated Plan Target Areas. The target areas are used to help guide CDBG public facility and infrastructure investments.

### **Walnut Grove Winnie Street Water System Project**

Staff requests approval to amend the 2015 One-Year Action Plan and the SHRA budget to allocate CDBG funds, and enter into a Memorandum of Understanding with the County for the Walnut Grove Winnie Street Water System Project, and to contract with a consultant for the necessary environmental clearance documents. The decades old underground water pipes on Winnie Street are failing, causing substantial damage to one of the town's historic buildings. Walnut Grove residents notified the Sacramento County Water Agency (SCWA) about issues with the water system, and, upon SCWA's investigation, it was determined that approximately 12 residences located along Winnie Street were receiving water from unauthorized connections to the SCWA water system. None of the property owners have the capacity to take ownership of or repair the water system and anecdotally stated that the current conditions have been in place for over 70 years. SCWA determined that the pipes were in poor condition, have deteriorated

due to lack of maintenance/repair, and are undersized for the residential water demands. As SCWA lacks the funds to replace the failing infrastructure, SHRA is requesting an allocation of CDBG funds to replace the failing pipes with modern and more durable materials. SCWA will return after the infrastructure has been upgraded with a recommendation for SCWA to annex the water system and transfer ownership to SCWA.

This project meets the CDBG National Objective of Historic Preservation by providing funds for actual costs related to restoring or preserving property by replacing the failing water system that has broken and damaged one of the town's historic buildings on Winnie Street. The town of Walnut Grove was placed on the National Historic Register as a Historic District in 1990.

#### Isleton Bing Kong Tong Project Update

Phase 1 of the Isleton Bing Kong Tong Building renovation, completed in 2014, stabilized and rehabilitated the historic building's exterior and a portion of the interior.

In the 2015 Action Plan, CDBG funds for Phase 2 of the project were allocated \$600,000 (Board Resolution 2014-0869) for costs related to spot/blight removal and health/safety issues which include: environmental, design and construction of handicapped-accessibility improvements (e.g., restroom and lift), and upgrades to fire suppression systems, stairs, walls (interior/exterior), floors, ceilings, Heating Ventilation and Air Conditioning (HVAC), electrical, plumbing, painting, signage and lighting. Final architectural drawings are in process and will be submitted to the State Office of Historic Preservation this winter for review. Staff anticipates the project to be under construction by the summer of 2016.

#### Phase 3- Isleton Bing Kong Tong Museum Display Elements

Staff is assisting the Isleton Brannon-Andrus Historical Society (Historical Society) with its application for a CCHE grant for Phase 3. The CCHE application requires a dollar-for-dollar match. Staff recommends utilizing the existing pre-approved \$600,000 in CDBG allocation mentioned above as the match. SHRA staff will continue to provide project construction management services to the Historical Society including processing payments to contractors and vendors. Staff may require the establishment of an escrow account for fund disbursement.

Phase 3 meets the State of California's Legislative objectives for the CCHE grant to provide public services by aiding the museum to expand and enhance the museum's ability to serve the public and increase accessibility to the museum's cultural collections.

If the Historical Society is successful in obtaining the grant, Phase 3 will complete the building. Phase 3 will complete interior work that is integral to the operations of the facility and includes:

- Building access and safety improvements to increase access for people with disabilities
- Display case climate control to improve collection storage and exhibit environments

- Display case security and lighting
- Fabrication/construction/installation of display cases
- Interior planning and design
- Interpretive exhibit signs/aids
- One-time expense to move exhibits from storage to the museum for display
- Permits and fees
- Physical room dividers
- Project partners/funding sign

#### Comprehensive Alcohol Treatment Center Program (CATC)

CATC provides short-term alcohol detoxification treatment and helps identify long-term housing and treatment options for chronic homeless alcoholics. DHA has requested that SHRA assume program administration effective July 1, 2015.

Upon Board of Supervisor approval, SHRA will assume administration of the CATC program. The Volunteers of America (VOA) will continue on as the operator of the program. SHRA will execute an agreement with VOA after receiving approval to administer the program.

The 2015 Action Plan (by Resolution 2014-0869) allocated \$200,000 in County CDBG to the program and staff will recommend continued funding in the 2016 Action Plan. In addition to County CDBG, the County supplies the facility and the Sheriff Department contributes approximately \$400,000 in support of the program.

In addition, City staff will seek approval from the Sacramento City Council to execute an Individual Project Agreement with SHRA for the administration of the CATC program on its behalf and for SHRA to receive approximately \$708,351 in City General Funds to reimburse SHRA for CATC program related costs as invoiced by VOA.

#### COMMISSION ACTION

At its meeting of August 5, 2015, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

## **MEASURES/EVALUATIONS**

The proposed Substantial Amendment to add the Promise Zone to the existing Consolidated Plan and the One-Year Action Plan Amendment are consistent with the goals and objectives outlined in the adopted Consolidated Plan. The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities. The CATC program also furthers the Consolidated Plan goals by providing a public service to homeless persons.

## **FINANCIAL ANALYSIS**

Staff recommends allocating \$75,000 in unallocated CDBG capital reserve and \$50,000 in unallocated CDBG PI for a total of \$125,000 to the Walnut Grove Winnie Street Water System Project. The 2013-2017 Consolidated Plan Substantial Amendment and CCHE grant application are administrative actions and no funds are being requested. Staff is not requesting additional funding for the CATC program but is requesting authorization for SHRA to retroactively reimburse DHA and VOA for program related costs accrued between May 2015 and August 2015. This retroactive payment will be drawn from HUD with the previously allocated \$200,000 in CDBG.

## **POLICY CONSIDERATIONS**

The Citizen Participation Plan (24 CFR Part 570.43) requires that a Substantial Amendment to the Consolidated Plan and/or One-Year Action Plans be adopted when carrying out a new activity or program not previously described (purpose, scope, location and beneficiary). Substantial Amendments will follow local procedures for formal noticing of public hearings and citizen comment period per 24 CFR 91.105 and 505(b).

## **ENVIRONMENTAL REVIEW**

### **Bing King Tong Building Improvements**

Environmental review for this project was completed in 2013. In concurrence of project continuation, SHRA is currently in consultation with SHPO in regards to any modifications to the original scope of work.

### **Walnut Grove Winnie Street Water System Project**

A Mitigated Negative Declaration has been prepared in accordance with the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 21064.5, 15105 and 15072. SHRA staff have determined that the project will have no significant impact on the environment and the preparation of an Environmental Impact Report (EIR) is not required. Mitigation

Approval Of The 2013-2017 Consolidated Plan Substantial Amendment, Approval Of The One-Year Action Plan Amendment; Authorization To Accept Grant Funds, Execute Related Documents, Retroactively Reimburse Comprehensive Alcohol Treatment Program Costs; And Amend The Agency Budget  
Page 7

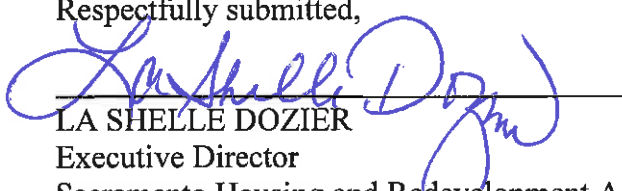
measures for cultural resources are required and have been agreed to by the County of Sacramento. A Notice of Intent to Adopt a Mitigated Negative Declaration was published on July 16, 2015, and no comments were received.

An Environmental Assessment has been prepared in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40. SHRA staff have determined that the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required. A combined Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOIRROF) was published on July 16, 2015, and no comments were received.

**M/WBE/SECTION 3 AND FIRST SOURCE CONSIDERATIONS**

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that funding. Section 3 requirements will be applied to the extent as may be applicable. Staff will require SHRA procured contractors to use the First Source Program for employment opportunities.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

\_\_\_\_\_  
BRADLEY J. HUDSON  
County Executive

Attachments:

RES – County BOS Resolution  
Exhibit A – Consolidated Plan Target Areas Map

**RESOLUTION NO. \_\_\_\_\_**

ON DATE OF

**APPROVAL AND AUTHORIZATION TO SUBMIT THE 2013–2017 CONSOLIDATED  
PLAN SUBSTANTIAL AMENDMENT AND ONE-YEAR ACTION PLAN  
AMENDMENT, AUTHORIZATION FOR THE SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY TO ADMINISTER THE COMPREHENSIVE  
ALCOLHOL TREATMENT CENTER PROGRAM, EXECUTE RELATED  
DOCUMENTS AND AMEND ITS BUDGET**

**WHEREAS**, the U.S. Department of Housing and Urban Development (HUD) requires adoption of a Five-Year Consolidated Plan to identify the programs and projects for the expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS/HIV (HOPWA) and Emergency Solutions Grant (ESG) funds.

**WHEREAS**, since 1982 the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of the County of Sacramento, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, HOPWA and ESG funding originating from HUD.

**WHEREAS**, on January 8, 2013 the 2013-2017 Consolidated Plan was adopted by County Resolutions 2013-0018 and HA-2342.

**WHEREAS**, in the 2013 State of the Union Address, the President laid out an initiative to designate a number of high-poverty urban, rural and tribal communities as Promise Zones, where the federal government will partner with and invest in communities to accomplish the following goals: create jobs, leverage private investment, increase economic activity, expand educational opportunities, and reduce violent crime.

**WHEREAS**, on April 28, 2015 HUD announced that Sacramento had been selected as one of the communities to receive the Promise Zone designation.

**WHEREAS**, the Legislature and Governor of the State of California have provided grant funds under the California Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). The California Cultural and Historical Endowment (CCHE) was delegated responsibility for the administration of the Proposition 40 grant funding related to historic preservation projects.

**WHEREAS**, SHRA is currently providing construction management for the Isleton Bing Kong Tong Rehabilitation project.



**WHEREAS**, the County Department of Human Assistance no longer desires to administer the Comprehensive Alcohol Treatment Program (CATC) as of June 30, 2015.

**WHEREAS**, effective July 1, 2015, SHRA as been asked to assume administration of the CATC program from DHA;

**WHEREAS**, the proposed actions to approve and execute the amended 2013-2017 Consolidated Plan and enter into an agreement with DHA to administer the CATC are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3) and (a)(4).

**WHEREAS**, environmental review for the Isleton Bing Kong Tong restoration project was completed in 2013. SHRA is currently in consultation with the State of California Office of Historic Preservation (SHPO) in regards to any modifications to the original scope of work since that time for Phase 3 of the Bing Kong Tong restoration project.

**WHEREAS**, a Mitigated Negative Declaration has been prepared for the Walnut Grove Winnie Street Project in accordance with the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 21064.5, 15105 and 15072. The Agency has determined that the project will have no significant impact on the environment and the preparation of an Environmental Impact Report (EIR) is not required. Mitigation measures for cultural resources are required and have been agreed to by the County of Sacramento. A Notice of Intent to Adopt a Mitigated Negative Declaration was published on July 16, 2015 and no comments were received.

**WHEREAS**, an Environmental Assessment has been prepared for the Walnut Grove Winnie Street Project in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40. The Agency has determined that the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required. A combined Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOIRROF) was published on July 16, 2015, and no comments were received.

**WHEREAS**, a duly noticed public hearing was held before the Sacramento Housing and Redevelopment Commission on August 5, 2015 regardign these proposed actions.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO**

Section 1. All evidence presented having been duly considered, the Sacramento County Board of Supervisors accepts the findings, including the environmental findings regarding this action, as stated in the attached Board Letter, are approved.

Section 2. The 2013-2017 Consolidated Plan Substantial Amendment is hereby adopted.

Section 3. The 2015 One-Year Action Plan amendment to add the Walnut Grove Winnie Street Water Systems Project is hereby approved.

Section 4. The 2015 One-Year Action Plan amendment to allocate \$75,000 in unallocated CDBG capital reserve and \$50,000 in unallocated CDBG program income for a total of \$125,000 for the 2015 Walnut Grove Winnie Street Water Systems Project is hereby approved. SHRA is authorized to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as necessary to carry out the Project in compliance with adopted policies, guidelines, regulations and federal law as approved to form by Agency Counsel.

Section 5. The County Executive, or designee, is authorized to execute agreements with SHRA to carry out the 2015 Winnie Street Water Systems Project in compliance with adopted policies, guidelines, regulations and federal law as approved to form by County Counsel.

Section 6. SHRA is authorized to submit the 2013-2017 Consolidated Plan Substantial and 2015 One-Year Action Plan Amendments to HUD.

Section 7. Phase 3 of the Isleton Bing Kong Tong Project is hereby approved and SHRA is authorized to allocate previously committed CDBG funds to the California Cultural Historic Endowment (CCHE) to be used a matching funds if the Bing Kong Tong Project is awarded grant funds from CCHE.

Section 8. SHRA is authorized to award contracts and execute any and all related documents as necessary to carry out Phase 3 of the Isleton Bing Kong Tong Project.

Approval Of The 2013-2017 Consolidated Plan Substantial Amendment, Approval Of The One Year Action Plan Amendment; Execute Related Documents, Retroactively Reimburse Comprehensive Alcohol Treatment Program Costs; And Amend The Agency Budget  
Page 4

Section 9. SHRA is authorized to assume administration of the CATC program from DHA as of July 1, 2015 and execute agreements with the City of Sacramento and the CATC program provider; and amend the Agency budget.

Section 10. SHRA is authorized to draw previously approved CDBG funds from HUD for May 2015 through August 2015 for CATC program expenses thereby retroactively reimbursing the Sacramento County Department of Human Assistance and Volunteers of America. SHRA is further authorized to execute documents related to the CATC program and amend its budget.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 25<sup>th</sup> day of August, 2015, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

RECUSAL: Supervisors,  
(PER POLITICAL REFORM ACT (§ 18702.5.))

ABSENT: Supervisors,

ABSTAIN: Supervisors,

---

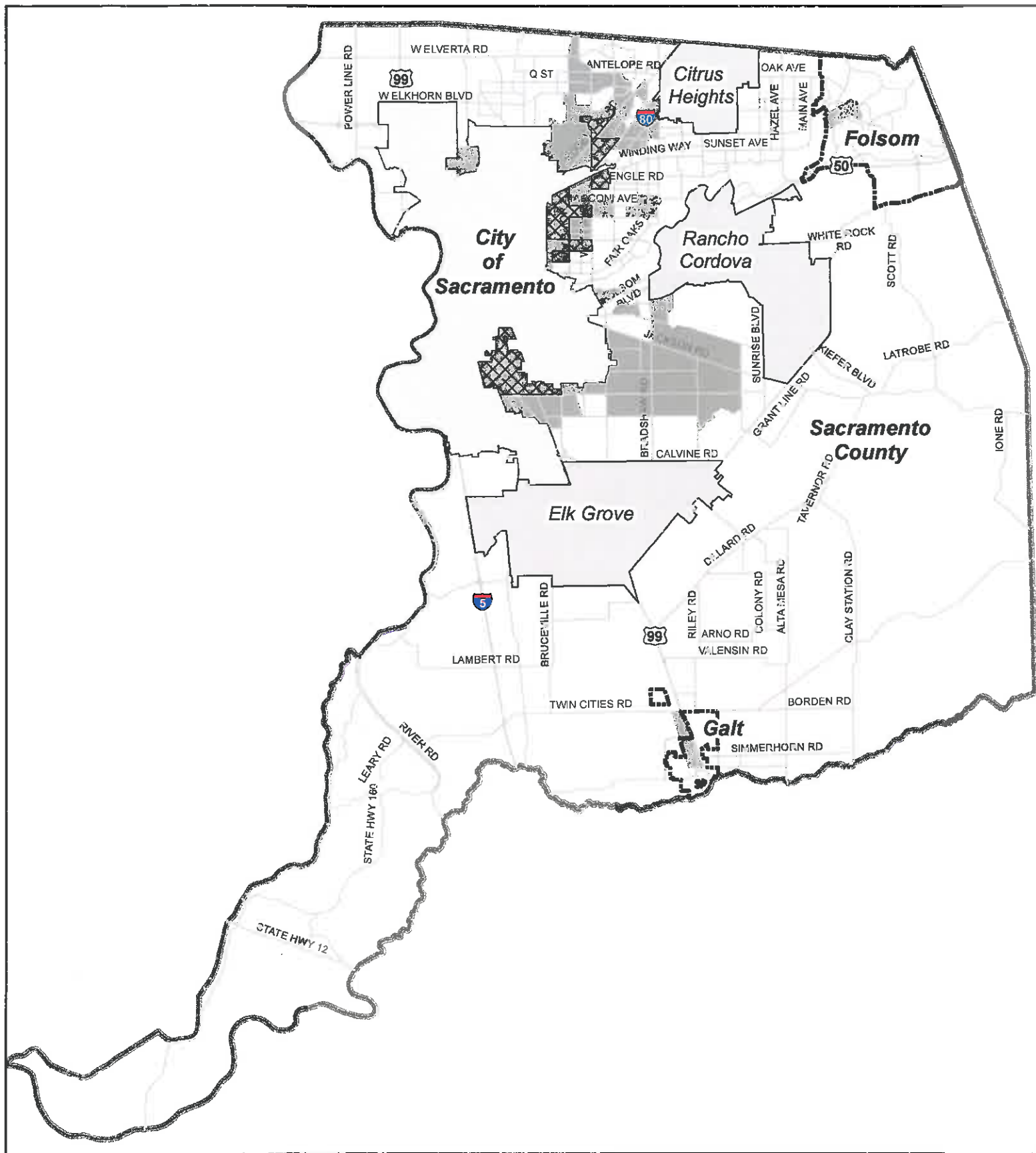
Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors



# Consolidated Plan Target Areas Map



Sacramento County



CDBG Priority Area



City of Sacramento



Excluded City



ACH LowMod Census Tract

0

Miles

5

10



SHRA GIS  
July 20, 2015



July 31, 2015

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of the Downtown Housing Initiative Plan

SUMMARY

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

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LASHELLE DOZIER  
Executive Director

Attachment



## REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Staff Report**

**August 25, 2015**

**Honorable Mayor and Members of the City Council**

**Title: Approval of the Downtown Housing Initiative Plan**

**Location/Council District:** Downtown Sacramento/City Council Districts 3 and 4

**Recommendation:** Adopt a **City Council Resolution** which: 1) approves the Downtown Housing Initiative Plan, 2) initiates the Downtown Specific Plan and authorizes the City Manager to draft the Downtown Specific Plan in accordance with the procedures for the establishment of specific plans as set out in Section 17.904.010 of Title 17 (Zoning Code) of the Sacramento City Code, and 3) makes related findings.

**Contact:** Tyrone Roderick Williams, Director of Development, SHRA, 916-440-1316, Monique L. Pierre, Management Analyst, SHRA 916-449-6212

**Presenter(s):** Tyrone Roderick Williams, SHRA; Ryan DeVore, Community Development Director

**Department:** Sacramento Housing and Redevelopment Agency

### **Description/Analysis**

**Issue:** Downtown Sacramento is comprised of the area generally bound by the Sacramento River to the West, the American River to the North, Highway 80 to the East, and Highway 50 to the South. According to the 1950 US Census 58,000 people lived in Downtown Sacramento. Since that time the population decreased by over 30,000 people, and much of the former housing has been demolished. A vibrant residential population is critical to the long-term economic vitality of Downtown, thereby fortifying the revenue base.

The housing base has not grown significantly over the past several decades creating a deficit in supply while the demand remains high in niche markets. To alleviate this problem, Mayor Kevin Johnson introduced a new initiative to develop 10,000 places to live in the central downtown corridor over the next ten years: the Downtown Housing Initiative (Initiative). This Initiative proposes to increase population density to a level that can sustain and attract additional investments such as hotel, grocery and retail establishments. It also

## Downtown Housing Initiative

recommends mixed income and multi-modal friendly residences to meet a diverse range of housing needs. This strategy has the added benefits of stabilizing the tax base, attracting and keeping young professionals, families and retirees while providing the economic stability to support fast-paced growth projects.

In the 2015 State of the City address, the Mayor launched the Downtown Housing Initiative as part of the larger Sacramento 3.0 strategy. The goal of the initiative is to deliver 10,000 places to live in Downtown over the next ten years. The Downtown Housing Initiative Plan delineates policies, processes, incentives and resources to facilitate the actual creation of housing units to help meet that goal.

To kick start the Downtown Housing Initiative process, the Mayor convened various working groups of expert practitioners to review existing conditions and provide recommendations. The practitioners represented industry leaders in lending, non-profit and for-profit development, downtown property owners, and executive leadership from the City of Sacramento and SHRA. In addition working groups were convened that included members from the American Institute of Architects (AIA), Building Trades Council, Capital Area Development Authority (CADA), Downtown Partnership, Greater Sacramento Area Economic Council "Greater Sacramento" (GSAC), Heller Pacific, LDK Ventures, Sacramento Metro Chamber, Midtown Business Association, North State Building Industry Association (BIA), Region Builders, Regional Transit, Sacramento Area Council of Governments (SACOG), Sacramento Steps Forward, Sacramento Municipal Utility District (SMUD), USA Properties, Valley Vision, and other builder/developer representatives. The working groups provided input on recommendations for implementing the 10,000 places to live goal of the Downtown Housing Initiative.

The proposed unit mix is as follows:

Market Rate	6,000
Workforce	2,500
Rapid Rehousing	1,500
<b>Places to Live by 2025</b>	<b>10,000</b>

**Policy Considerations:** The Downtown Housing Initiative is a blueprint for streamlining the development process.

The Plan's recommendations fall into three key categories.

- Streamlining Existing Policies and Practices

Current policies remain intact while procedures are reviewed for updates necessary to bring efficiencies to existing practices. Processes under consideration include a Fee Study, Design Review Process, Project

## Downtown Housing Initiative

Tracking, Interdisciplinary Review, Lobby Management, Pre-Submission Review (of development plans), Staff Training, Customer Service, Historic Preservation and Infrastructure Plan Analysis.

- Ordinance Review

The plan calls for the review and update of current ordinances that impact housing development. The Mixed Income Housing, Preservation, Single Room Occupancy (SRO), Housing Trust Fund, and the Vacancy **Assessment** study will be examined to ensure practicality and continued relevance to the objectives of the plan.

- Downtown Specific Plan Initiation

The Downtown Specific Plan will incorporate site analysis, survey, design standards, land use, public improvements and information related to environmental and historical regulatory items that may impact development in the downtown district.

The recommendations presented in the Downtown Housing Initiative Plan have been carefully reviewed and compared to current City policies and procedures (see Exhibit A). A framework delineating the implementation timeline in the short term and the long term is included in the attached plan.

**Economic Impacts:** The economic impacts will be an increase in economic activity in the downtown area which will support more small and medium sized businesses.

**Environmental Considerations:** The Downtown Housing Initiative does not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting actions or discretionary action(s) being carried out with regard to such projects.

**California Environmental Quality Act (CEQA):** The proposed action is considered Statutorily Exempt under CEQA per Guidelines Section 15262.

**National Environmental Policy Act (NEPA):** The proposed actions are considered the development of plans and strategies and also administrative and management activities, and are exempt from environmental review under NEPA per 24 CFR Section 58.34(a)(1) and (a)(3).

**Sustainability Considerations:** The Downtown Housing Initiative is consistent with Sustainability Master Plan goals in that it will increase the number of places to live within the downtown area. The plan supports Transit Oriented Development (TOD), infill development, and conversion of vacant and outdated buildings.



Downtown Housing Initiative

The proposed plan also supports an increase in density within the target area. Increasing housing density in Downtown Sacramento around public transportation hubs will reduce dependence on the use of private automobile, reduce long commutes, reduce the use of fossil fuels, improve energy efficiency, reduce carbon dioxide emissions, and help meet air quality standards.

**Commission Action:** At its meeting on August 5, 2015 the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. Their votes were as follows:

AYES:

NOES:

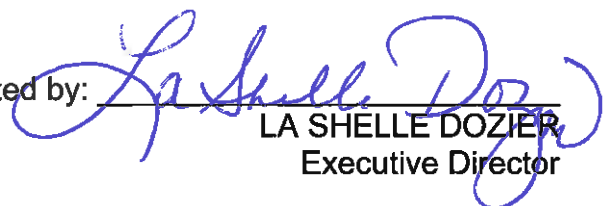
ABSENT:

**Rationale for Recommendation:** Stabilizing the economic vitality of Downtown Sacramento is dependent on increasing the residential population, thereby fortifying the revenue base. Underutilized, outdated, or vacant buildings have been identified within this target area. Concentrating efforts to build out the available parcels and converting antiquated buildings into viable living spaces is a proven strategy to increase density.

**Financial Considerations:** The Downtown Specific Plan is funded for \$2.1 million in the 2015-2016FY budget. Most of the recommended tasks fall within the purview of current staff duties within their respective departments.

**LBE/M/WBE, Section 3 and First Source Considerations:** The activities recommended in this staff report do not involve federal funding; therefore, there are no LBE/M/WBE or Section 3 requirements.

Respectfully Submitted by:



LA SHELLE DOZIER  
Executive Director

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Report

**Attachments**

1. Resolution
2. Exhibit A – Downtown Housing Initiative Plan
3. Downtown Housing Initiative Timeline
4. Map of Downtown Target Area

## **RESOLUTION NO. 2015 -**

### **Adopted by the Sacramento City Council**

On date of

#### **APPROVAL OF THE RECOMMENDATIONS IN THE DOWNTOWN HOUSING INITIATIVE THE INITIATION OF THE DOWNTOWN SPECIFIC PLAN AND DESIGNATION OF SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY AS LEAD AGENCY**

##### **BACKGROUND**

- A. Downtown Sacramento is comprised of the area generally bound by the Sacramento River to the North, and West, and Interstate 80 to the South and East.
- B. According to the 1950 US Census 58,000 people lived in Downtown Sacramento. Since that time the population has dropped by over 30,000 people and much of the housing occupied at that time was demolished.
- C. Stabilizing the economic vitality of Downtown Sacramento is dependent on increasing the residential population, thereby stabilizing the revenue base.
- D. To remedy this situation, Mayor Kevin Johnson in his 2015 State of the City address launched the Downtown Housing Initiative as part of the Sacramento 3.0 strategy. The goal of the Downtown Housing Initiative is to deliver 10,000 places to live Downtown over the next ten years. The attached Downtown Housing Initiative plan proposes policies, processes, incentives and resources to facilitate reaching that goal.
- E. The recent momentum of the Downtown Economic Revitalization has been marked by investments in the region including the Entertainment and Sports Complex, the Railyards Project, Township 9 and the new Promise Zone Designation. Businesses are growing again and as part of the process Mayor Kevin Johnson subsequently convened working groups of expert practitioners in lending, non-profit and for-profit development, downtown property owners, executive leadership from the City of Sacramento, SHRA, and members of the American Institute of Architects (AIA), Building Trades Council, Capital Area Development Authority (CADA), Downtown Partnership, Greater Sacramento (GSAC), Heller Pacific, LDK Ventures, Metro Chamber, Midtown Business Association, North State Building Industry Association (BIA), Region Builders, Regional Transit, Sacramento Area Council of Governments (SACOG), Sacramento Steps Forward, Sacramento Municipal Utility District (SMUD), USA Properties, Valley Vision, and other builder/developer representatives to seek recommendations for implementing the goals of the Downtown Housing Initiative.

- F. The working groups, the City of Sacramento Planning and Development Department, Community and Economic Development Department and SHRA, having evaluated the federal, state and local resources, obstacles, and opportunities for incentivizing development and have made substantive recommendations. The recommendations address city policies, clarifying departmental processes, incentivizing projects, and securing resources.
- G. In accordance with the procedures for establishment of specific plans as set out in Section 17.904.010 of Title 17 (Zoning Code), the City Council hereby initiates establishment of the Downtown Specific Plan.
- H. The Downtown Housing Initiative does not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting actions or discretionary action(s) being carried out with regard to such projects.
- I. The proposed action is considered Statutorily Exempt under the California Environmental Quality Act (CEQA) per Guidelines Section 15262.
- J. The proposed actions are considered the development of plans and strategies and also administrative and management activities, and are exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(1) and (a)(3).

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

**Section 1:** The background facts as stated above, including the environmental background facts, are determined to be true and correct.

**Section 2:** The Downtown Housing Initiative recommendations and plan, as stated in Exhibit A, are approved and adopted.

**Section 3:** In accordance with the procedures for establishment of specific plans as set out in Section 17.904.010 of Title 17 (Zoning Code) of the Sacramento City Code, authorizes the City Manager to initiate the process to establish a specific plan for downtown Sacramento.

**TABLE OF CONTENTS:**

Exhibit A – Downtown Housing Initiative Plan

## **DOWNTOWN HOUSING INITIATIVE - TIMELINE**

The timeline captures the general blueprint of the formulation phase of the plan and goals through the release of the toolkit.

### **January – March 2015**

Structure and set-up of initiative

Convene 1st Leadership Committee meeting

### **April 2015**

2nd Leadership Committee meeting – discuss input on barriers and opportunities

Received Promise Zone designation

### **May 2015**

3rd Leadership Committee meeting – review recommendations

Meeting with HUD Secretary Julián Castro

### **June 2015**

Announce initiative – 3fold public marketing campaign

Implementation Group prepares recommendations for City Council (staff report)

### **July 2015**

City Review of Plan

Revised Plan Submitted for Mayor's Review

Plan Edits Completed

### **August 2015**

Final recommendations presented to City Council for approval

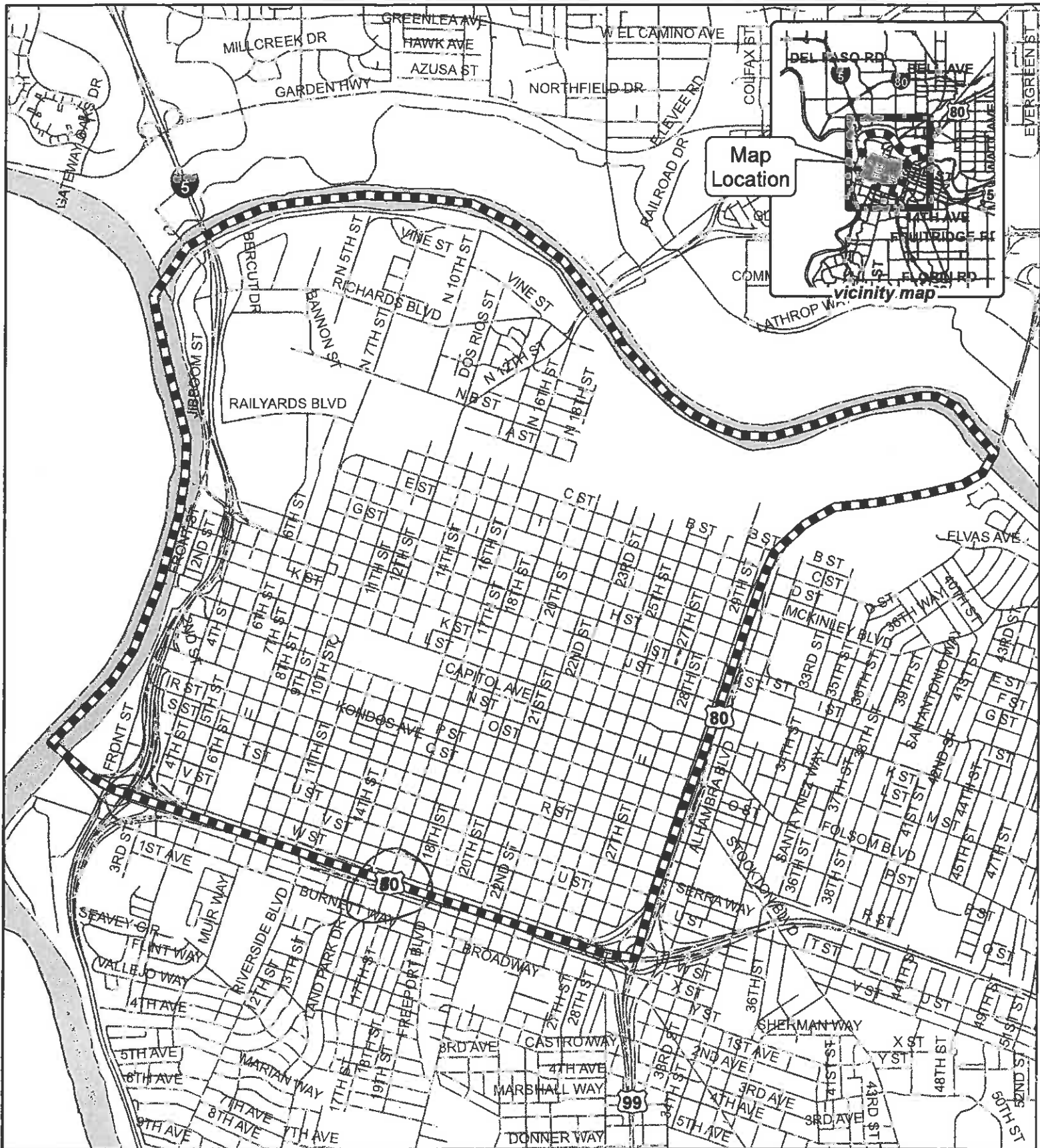
Launch of implementation

### **November 2015**

Release toolkit for developers



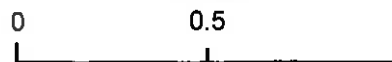
# Downtown Housing Initiative Boundary



Housing Initiative Boundary

River

Miles



SHRA GIS  
July 20, 2015

# DOWNTOWN HOUSING INITIATIVE PLAN

Sacramento, California

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Dear Friends,

As Mayor of the City of **Sacramento** and Executive Director of the **Sacramento** Housing and Redevelopment Agency (SHRA), it is with great pride that we present the Downtown Housing Initiative plan.

Sacramento is moving into the era of Sacramento 3.0. Not only is the economy making a strong recovery from the Great Recession, it is changing in fundamental ways. The Sacramento region is transforming into a hub of innovation, entrepreneurship, and technology with a vibrant Downtown Sacramento at its epicenter.

From the new Golden 1 Center to the thriving arts, entertainment and dining scenes, the momentum in Downtown is growing. The key to this transformation is housing. This plan will help us realize the full potential of Downtown by laying out the policies, processes, resources and incentives to make the development process as transparent and predictable as possible, while at the same time investing in the amenities and initiatives necessary to become the modern, inclusive, interconnected city of the 21st century.

We look forward to working with you in realizing this vision for a strong and vital future for our Downtown, City and Region.



Kevin Johnson  
Mayor, City of Sacramento



La Shelle Dozier  
Executive Director, SHRA



## [ABOUT THE CITY OF SACRAMENTO]

### To Protect, Preserve, And Enhance The Quality Of Life For Present And Future Generations

Sacramento is a charter city operating under the council/manager form of government. The City Council consists of eight members, elected by District, and a directly elected Mayor. Sacramento provides a full array of municipal services including public safety (police and fire), community development, economic development, public works, utilities, convention, culture and leisure, parks and recreation, and the traditional internal management support functions.

## [ABOUT SHRA]

### 75 Years Leading Meaningful Change For The Betterment Of Sacramento

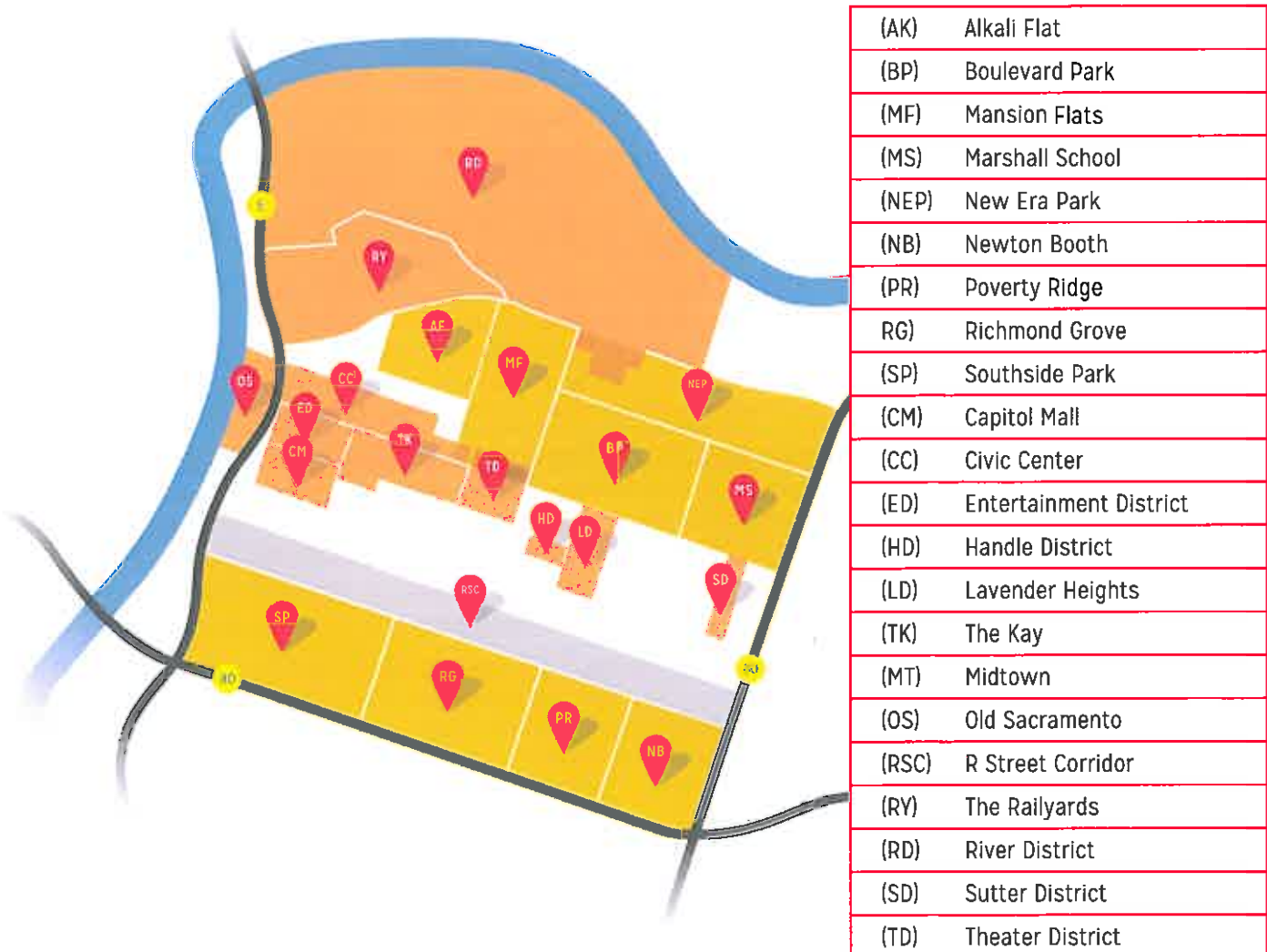
SHRA is a Joint Powers Agency created by the City and County of Sacramento. SHRA brings together funding resources and staff expertise to revitalize lower income communities, create affordable housing opportunities, and serve Housing Authority residents. SHRA has convened and facilitated a diverse cross-section of Sacramento community stakeholders to develop shared goals and strategies which will improve the lives of Sacramento families. SHRA is leading the Downtown Housing Initiative, and using its expertise to support the goals of Sacramento 3.0.

# [INTRODUCTION]

Downtown Sacramento is comprised of the area generally bound by the rivers to the North and West, and Business Highway 80 to the South and East. According to the 1950 US Census 58,000 people lived in Downtown Sacramento. Since that time the population has decreased by about 30,000 people, and much of the former housing has been demolished. Stabilizing the economic vitality of Downtown is dependent upon increasing the residential population, thereby fortifying the revenue base.

The recent momentum of our economic revitalization has been marked by major investments in our region including the Golden 1 Center, the Railyards, Township 9 and the new Promise Zone designation. Businesses are growing again and the people employed by and running those businesses need places to live.

Key elements of the Downtown Housing Initiative are described in this plan document. As the Lead Agency of the Initiative, in partnership with the City of Sacramento, SHRA will coordinate the implementation of the strategy to bring 10,000 places to live to Downtown Sacramento by 2025.



**NEED**

The lack of housing downtown is a significant fiscal, economic and community development challenge facing the City of Sacramento. The housing base has not grown significantly over the past decade, creating a deficit in supply while the demand remains high in niche markets. To alleviate this problem, Mayor Kevin Johnson has introduced a new Downtown Housing Initiative to develop 10,000 places to live in Downtown Sacramento over the next ten years. This initiative seeks to increase population density to a level that can sustain and attract additional investments such as hotel, grocery and retail establishments. It will also provide mixed income and multi-modal friendly residences to meet a diverse range of housing needs. This strategy has the added benefits of stabilizing the tax base, attracting and retaining young professionals, families and retirees while providing the economic foundation to support fast-paced growth projects.

In his 2015 State of the City Address, Mayor Johnson launched the Downtown Housing Initiative, as part of his Sacramento 3.0 vision. He identified four strategies where efforts will be focused: Transit Oriented Development (TOD), Housing Conversion, SMART! Housing, and Rapid Re-Housing.

**STRATEGIES****Transit Oriented Development (TOD)**

TOD will play a significant role in the Downtown Housing Initiative. Coupling multi-modal transportation and housing creates hubs of sustainable and environmentally friendly living options. The TOD strategy will focus further development in the Downtown Railyards, Township 9, Twin Rivers Development, the Central Business District, and portions of the R Street Corridor served by light rail transit. The purpose of TOD is to provide options for people who want to live in neighborhoods where transit service provides an alternative to driving. The hubs within the TOD plan contain a mix of housing, retail, and work space. TODs are pedestrian and bicycle friendly, mixed-use areas that allow for live-work spaces, retail and housing. The TOD provides relief from automobile-dependent lifestyles, freeing the roads of congestion.

SHRA will continue to partner with Regional Transit to identify potential TOD development sites within the downtown development target area. In addition, should a Choice Neighborhood Implementation Grant be awarded to the Twin Rivers development site, additional resources will be invested to accommodate the multi-modal design.

**Housing Conversion**

Housing Conversion is the practice of rehabilitating outdated nonresidential buildings and transforming them into modern sustainable housing. The goal of the strategy is to preserve and repurpose the stock of older buildings that exist in the downtown target area. Key to the Housing Conversion strategy is providing incentives and regulatory streamlining to help make re-use easier and promoting projects that have the following qualities:

- **ENERGY EFFICIENCY** – having a low impact on the energy grid, energy independent
- **SUSTAINABILITY** – utilizing durable materials, extending the life-cycle of existing structures
- **MULTI-MODALITY** – bike and pedestrian friendly, TOD
- **COMMUNITY-CENTRIC** – Inclusive of current residents, considerate of neighborhood characteristics and culturally astute starting with pre-design through completion
- **GREEN** – low production of greenhouse gases, conserves land
- **HISTORICALLY MINDFUL** – maintaining and accentuating the historic character of the structural as it relates to the community, improving on accessibility and diversifying use

## SMART! Housing

SMART! Housing describes the technologically integrated housing this plan supports. It is energy-efficient, with easy access to amenities. Innovators, technopreneurs, the creative class, employees, millennials, and empty nesters will be able to tap into the Downtown network from home, shared work spaces, and community kiosks. SMART! Housing in Sacramento will incorporate innovative sourcing and co-location opportunities. The City will provide information to homebuilders and facilitate linkages between local technology companies and developers to encourage construction of SMART Housing.

## Rapid Re-Housing

The most vulnerable populations are the hardest to house. Working with our non-profit and County partners, homeless residents of our City will be triaged through the Continuum of Care single point of entry model. They will be matched with housing and services that will help them remain housed. Providing opportunities for all of our residents throughout the strategy is integral to the pillar of inclusion.

## HOUSING MIX

The goal of the Downtown Housing Initiative – 10,000 places to live Downtown in the next ten years – targets a variety of housing types. The mix consists of market rate, workforce and rapid re-housing. The type and quantity of housing included in the plan is consistent with both proposed and planned units within the Downtown target area.

The market rate goal is 6,000 units. The Railyards project is expected to produce close to 5,000 market rate units. There are also other market rate developments in the works. Based on current housing starts, this goal is achievable.

The workforce housing goal can be achieved through public investment in affordable housing through Low Income Housing Tax Credits (LIHTC) and other public funding vehicles that will support infrastructure investments. Meeting two-thirds of the current planned affordable housing will help us to reach our goal of 2,500 workforce housing units. SHRA will use its experience to support an all-inclusive affordable housing strategy. As the annual tax credit re-capitalization dates are published, SHRA will develop strategies around re-investment opportunities to leverage private capital.

The current Sacramento rapid re-housing strategy strives to decrease the homeless population by two-thirds. CalWORKS has provided additional funding, which will accelerate these efforts. The Continuum of Care (CoC) has made 450 Rapid Re-housing vouchers available. These efforts will help us realize a drastically decreased homeless population over the next ten years.

Market Rate	6,000
Workforce	2,500
Rapid Re-housing	1,500
Places to Live by 2025	10,000

## [ADDRESSING THE NEED]

In developing this plan Mayor Kevin Johnson and SHRA convened a host of expert practitioners, including lenders, non-profit and for-profit developers, downtown property owners, and executive leadership from the City of Sacramento and SHRA. In addition, members of the American Institute of Architects, Building Trades Council, Capitol Area Development Authority, Downtown Sacramento Partnership, Greater Sacramento Area Economic Council (GSAC), Heller Pacific, LDK Ventures, Metro Chamber, Midtown Business Association, North State BIA, Region Builders, Regional Transit, Sacramento Area Council Of Governments (SACOG), the Sacramento Association of Realtors, Sacramento Steps Forward, SMUD, USA Properties, Valley Vision, and other builder/developer representatives provided recommendations on achieving the goal of 10,000 places to live Downtown in ten years.

# [THE FRAMEWORK: FOUR KEY LEVERS]

There are four key levers to achieving this goal: policies, processes, resources, and incentives.

## POLICIES - RECOMMENDATIONS

### 1. Develop Downtown Specific Plan and Environmental Impact Report (EIR)

The Downtown Specific Plan will include the land-use regulations and policies designed to streamline the housing development process and identify necessary public improvements to support new housing development. The Community Development Department will be the lead agency in completing environmental review, developing the specific plan and ensuring the plan is consistent with both the framework of the Downtown Housing Initiative and the City's General Plan.

The Downtown Specific Plan will include the following components:

1. Environmental Impact Report
2. Market and opportunity sites analysis
3. Infrastructure needs survey and financing plan
4. Historic resources survey
5. Adaptive reuse incentives
6. Survey of public amenities to support 10,000 new homes
7. Adjustments, as necessary, to zoning and development standards

### 2. Create Enhanced Infrastructure Finance Districts (EIFD)

Senate Bill 628, authorizing the creation of Enhanced Infrastructure Financing Districts (EIFDs), was signed into law by Governor Brown on September 29, 2014. This new legislation provides local governments the ability to finance a broad range of infrastructure work as well as affordable housing and transit oriented development projects through tax increment, generated from the growth in property taxes collected from the affected area. However, these funds can only be collected from those local governmental agencies that voluntarily agree to contribute their funds. EIFDs are also authorized to combine tax increment funding with other permitted funding sources, including bond issuance.

The creation of an EIFD will enhance the Downtown Housing Initiative by providing access to a broader range of financing options than was once available to redevelopment agencies.

### 3. Review and Update Current Ordinances

#### MIXED INCOME HOUSING ORDINANCE:

The Mixed Income Housing Ordinance, also known as the Inclusionary Ordinance, originally required that residential developers in the so-called "new growth" areas of the City (generally, North Natomas, North Sacramento, Meadowview/Cosumnes River College area, the Curtis Park Railyards and the Downtown Railyards) include 15 percent of their housing at levels affordable to low and very low income families.

On December 17, 2013 the City Council updated the Housing Element of the city's General Plan. The new Housing Element includes a policy to expand the current Mixed Income Housing Ordinance (Chapter 17.712 of City Code) citywide and to require developers to contribute to the production of affordable housing.



With the input of more than two years of outreach, staff has developed a draft Mixed Income Housing Ordinance that will be reviewed by the City Council in September 2015. The new ordinance, which is sensitive to the challenges of urban infill development, is expected to generate over \$100 million that will be used to leverage affordable housing development throughout the City.

#### **HOUSING PRESERVATION ORDINANCE:**

The Housing Preservation Ordinance (2003-04) requires owners of projects that have received prior federal assistance to notify the Sacramento Housing and Redevelopment Agency (SHRA) of any plans to terminate the project's federal subsidies. The Agency is then required to distribute this information to a pre-qualified group of affordable housing developers. The purpose of the ordinance is to inform the affordable housing community about at-risk projects so they can work to acquire and preserve the projects. This ordinance will be reviewed and updated as needed to be consistent with the housing initiative.

#### **SRO ORDINANCE:**

Adopted in 2006, City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 require that 712 residential hotel or comparable units be maintained within the City of Sacramento.

Single Room Occupancy (SRO) residential hotels play a vital role in providing affordable housing to the city's most vulnerable residents. The number of available SRO units in the downtown area decreased by 301 units between 1986 and 2006. The key is to preserve downtown SRO housing and to replace units lost through conversion or demolition.

Pursuant to the Ordinance, SHRA is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and the City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or withdrawals. The ordinance currently pertains to nine residential hotels located in downtown Sacramento.

This ordinance will be reviewed and updated as needed in accordance with not only the housing initiative, but also in light of new funding realities.

#### **HOUSING TRUST FUND ORDINANCE:**

The City Housing Trust Fund ordinance was adopted in 1989 to provide local financing for affordable housing near employment centers. Fees on non-residential development generate revenue that has helped build 3,409 affordable housing units over the past 25 years. SHRA administers the fund's expenditures.

The City and SHRA are currently working on revising the ordinance, which, among other things, will apply the fees equally throughout the City and modify some aspects of the ordinance to reach optimal productivity.

#### **VACANCY ASSESSMENT ORDINANCE:**

Vacancy ordinances serve a dual purpose. They are an instrument for tracking vacant buildings and holding property owners accountable for the condition. They also provide the opportunity for the City to recoup some of the expense associated with the building, including inspections and police and fire protection. SHRA, working with the City and other organizations, will explore the creation of a Vacancy Assessment Ordinance as a tool to reduce blight and serve as a catalyst for redevelopment.

#### 4. Create Housing Conversion Pilot Program

Downtown Sacramento has a wealth of housing conversion opportunities in the form of obsolete and/or blighted buildings. The City of Sacramento will develop a housing conversion pilot program consistent with the best practices in housing conversion (adaptive re-use). The pilot will provide assistance to developers converting vacant and obsolete buildings using best practices in the following core areas:

- **ENERGY EFFICIENCY** – having a low impact on the energy grid, energy independent
- **SUSTAINABILITY** – utilizing durable materials, extending the life-cycle of existing structures
- **MULTI-MODALITY** – bike and pedestrian friendly, TOD
- **COMMUNITY-CENTRIC** – Inclusive of current residents, considerate of neighborhood characteristics and culturally astute starting with pre-design through completion
- **GREEN** – low production of greenhouse gases, conserves land
- **HISTORICALLY MINDFUL** – maintaining and accentuating the historic character of the structural as it relates to the community, improving on accessibility and diversifying use

#### 5. Create Downtown Parking Strategy

As Downtown development opportunities expand, there will be a growing need for new parking management options to accommodate the expected increase in retail and residential traffic. The City will implement creative solutions such as shared parking agreements to manage private parking garages; dynamic meter pricing; and multi-modal bike, car and streetcar transportation systems.

#### 6. Support Financing Incentives for Developers and Home Buyers (Teachers, Nurses, Public Safety Officers)

Workforce housing is a crucial part of the Downtown Housing Initiative. Providing opportunities and incentives for moderate- and low-wage workers to move downtown is paramount to the success of the plan. Incentives for teachers, nurses, and public safety officers are especially important. The City of Sacramento along with SHRA will seek to build public-private funding partnerships to raise financial incentives for first-time homebuyers and/or households that relocate to the Downtown target area when their employment location is within the zone.

#### 7. Focus on Re-opening Schools and Funding the Development of Open Space and Parks

The Community Development Department will work with the Parks and Recreation Department and the Sacramento City Unified School District to support community schools and neighborhood amenities. Creative use of space and coordination of resources will allow for greater impact.

#### 8. Encourage a Diversity of Housing Types in Opportunity Zones Based on Market Demographics

The goal of developing 10,000 places to live anticipates a variety of housing options based on market demand and demographics. The Downtown Housing Initiative will create housing for singles, couples, growing families and empty nesters. Housing options will range from micro-unit apartments to two- and three-bedroom homes. We expect to see townhomes, apartments, condos and lofts all developed within the Downtown target area.

#### 9. Facilitate Article 34 of the California Constitution (affordable housing cap)

The Article 34 Ballot Initiative was created to monitor the number of affordable housing units developed in the City of Sacramento. A cap on the number of units that can be developed was established by a vote of the residents of the City. As the number of affordable units approaches the current cap, the opportunity to establish a new cap on the number of additional units will need to be approved by voters.



## [PROCESSES – RECOMMENDATIONS]

### **1. Streamline the Planning/Building Review Process**

The City will simplify the process by which developers receive approvals and permits for their projects. An online toolkit will be developed (see “Resources” below) to consolidate information and application procedures required to plan and complete a project. At a project’s inception, prior to engaging with the City, a developer’s design team will also be able to access a Downtown Specific Plan, which will assist developers in locating projects.

For major projects, a project manager will be assigned to navigate the developer through planning entitlement and building permit phases, significantly reducing the logjams that have traditionally slowed projects’ progress.

### **2. Complete the Comprehensive Fee Study**

The City has been conducting a comprehensive review of Development Impact Fees to analyze how to meet the City’s infrastructure needs and support future development. The Citywide Development Impact Fee Study includes a review of the Utilities, Parks, Public Works and public facilities infrastructure costs thru build out of the 2035 General Plan.

### **3. Create Consistency in the Interpretation and Implementation of Policies, Building Codes and Design Review Process**

Improvements will be made in the consistency with which projects are reviewed, including regular, weekly, staff meetings to discuss processes and best practices. The fee and counter procedures manual will be continuously updated. Established turnaround times for plan check and other project milestones will be met 90% of the time or better.

### **4. Tracking System**

A tracking system will store all City staff correspondence and approvals during the life of a project. The project tracking system will be fully implemented to incorporate room for staff comments, notes, and approvals. Third-party plan check personnel, when contracted by the City, will work within the same tracking system. All City staff correspondence and approvals will be tracked during the life of a project.

### **5. Periodic Interdisciplinary Process Review Meetings**

City departments and outside agencies will host periodic interdisciplinary process review meetings necessary for all project phases from concept to completion. The meetings will be held as often as deemed necessary to reach consensus on project requirements, permits and approvals.

### **6. Develop a Lobby Management System**

Customers seeking services will have a single point of entry to access information and assistance through the permit and approval process.

## **7. Provide Pre-Submission Review**

Rehabilitation projects pose a great deal of unknowns during the development process. On-site pre-submission reviews by skilled City planners and building inspectors will give developers the opportunity to present their ideas, ask questions and clarify project requirements.

## **8. Information and Education Training**

An online training program will be created to assist customers with varying levels of knowledge and experience in project development.

## **9. Customer Service Experience**

City staff will participate in training programs designed to foster a “can do” culture, providing customers with a positive experience at every level of engagement.

## **10. Historic Preservation**

For federally funded projects, SHRA, in consultation with the City, will update its programmatic agreement with the State Historic Preservation Office (SHPO) relative to federal Section 106 reviews in an effort to proactively streamline the development process in the boundaries of the Downtown Housing Initiative. The programmatic agreement will detail the process with defined timelines by which SHRA may clear or consult with SHPO regarding projects that lie in an Area of Potential Effect (APE) of a historic resource(s). Furthermore, the programmatic agreement will instruct and clarify timelines pertaining to Section 106 of the National Historic Preservation Act and related requirements for the National Environmental Protection Act (NEPA).

For all other projects, the City will continue to survey sites to help developers understand where the historically or archaeologically significant properties are located. This will help to avoid surprises during the planning phases of a project. Additionally, the City will develop a list of existing incentives and programs that encourage the adaptive reuse of existing structures. New regulatory incentives for adaptive reuse will be considered as well.

## **II. Review and Update Existing Infrastructure Plans**

The City's downtown infrastructure is undergoing incremental change, which requires the prioritization and modernization of facilities in those areas where the need is greatest. In an effort to focus as many resources as possible on the key corridors of planned development in the Downtown target area, a thorough review and update of existing infrastructure plans will be conducted.

Through the Downtown Specific Plan, the City will develop a workable plan for accelerating the modernization of Downtown infrastructure, including public utilities like water and sewer systems, gas and electric services, high-speed data lines, and roads and sidewalks.

# [RESOURCES – RECOMMENDATIONS]

## 1. Pursue Funding Opportunities

The Downtown Housing Initiative team and partners will aggressively pursue funding opportunities with the greatest impact on funding housing that will help us achieve the goal of developing 10,000 places to live Downtown in the next ten years. Funding opportunities identified include:

### Choice Neighborhoods Initiative (CNI):

CNI provides funding for the redevelopment of public housing sites into mixed income communities. Former isolated public housing developments and the residents who live there will be able to live in economically integrated communities. The redevelopment funds provided through the CNI program are administered through the U.S. Department of Housing and Urban Development (HUD). Private investments are leveraged and partnerships are formed to bring community stakeholders into partnerships that further expand the impact of the investment.

### Cap & Trade Funding:

This is a method of redistributing resources based on the limited amount of emissions a company is allowed each year. Companies or “emitters” who exceed the maximum level of pollution they are allowed on an annual basis may bid to purchase the allowances of other companies. Companies who do not reach their limits may sell their allowances. This is a resource that will provide a significant influx of funds for housing development in California. Such funding will support TOD and sustainable communities.

### Infrastructure Finance Districts (IFD) (Cal. Gov. Code § 53395):

IFDs create a new opportunity for infrastructure funding using proceeds from the growth in property tax revenue within a limited district.

## 2. Leverage Underutilized State Land

State land has been made available for redevelopment through the Capitol Area Development Authority (CADA), a quasi-redevelopment agency responsible for developing new commercial projects and managing state-owned rental housing on the south side of Downtown Sacramento. The City will work with CADA to identify strategic parcels for housing development that support the goals of the Downtown Housing Initiative.

## 3. Create Transit Oriented Development (TOD)

TOD aligns housing and transportation resources to create a living environment that is sustainable, environmentally sound and convenient. SHRA will partner with the Regional Transit District to identify development opportunities along bus and light rail routes. They will also explore housing development opportunities on land owned by the Regional Transit District.

## 4. Develop Legislative Platform to support Downtown Housing Initiative

The elimination of redevelopment funds has significantly reduced the financial resources available to develop housing. To accomplish the goal of 10,000 places to live in 10 years, there must be additional forms of funding available to support housing development and preservation. An aggressive plan to advocate for the creation and passing of legislative bills that provide resources for housing development is an essential element of achieving the housing goals.

## 5. Prioritize Continuum of Care (CoC) homeless funding resources to support the goals of rapid re-housing.

The Continuum of Care program is designed to promote a community-wide commitment to the goal of ending homelessness. It works to provide funding to efforts by nonprofit providers and state and local governments to help quickly rehouse homeless individuals and families. Financial resources and support services will be coordinated to maximize the impact on addressing homelessness Downtown.

## INCENTIVES

### 1. Financial

Financial incentives included in the plan consist of developing a program of fee deferrals and a review of fee rates for affordable housing in the Downtown target area. A fee study will be completed before the end of 2015 looking at ways to incentivize development. Information on existing financing options will be provided, additional financial tools explored, and development fees reviewed.

### 2. Infrastructure

The City will work with local utilities to identify ways to reduce infrastructure costs for housing development. In addition to working with Utilities and Fire, the City of Sacramento will study the capacity of existing infrastructure and identify improvements.

## DEVELOPMENT TOOLKIT

The Downtown Housing Initiative Toolkit will contain information and direction for developers, residents and public officials and act as a blueprint for implementing the goals described in this plan.

### Development Toolkit Blueprint

#### PHASE I – BACKGROUND AND CURRENT APPLICABILITY

- |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Overview of Downtown Housing Initiative</li><li>• Eligibility and applicable guidelines<ul style="list-style-type: none"><li>• Application and submission requirements</li><li>• Information on reduced parking requirements</li><li>• Shared parking agreements permit procedure</li><li>• Certification program for expedited building permit review</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Information on consistency in the interpretation and implementation of policies, building codes and design review</li><li>• Permit tracking system</li><li>• Lobby management system</li><li>• Information about pre-submission review for rehab projects on-site</li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### PHASE II – 2 YEAR PLANNING

- |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Target Area driven incentives</li><li>• Streamlined planning/building review/approval process with measurable performance goals</li><li>• Programmatic EIR</li><li>• Infrastructure enhancements</li></ul> | <ul style="list-style-type: none"><li>• Housing conversion pilot program that rewards adaptive reuse</li><li>• Information on third-party plan checks</li><li>• Overview of customer service training</li><li>• Programmatic Agreement with HUD and SHPO</li></ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### PHASE III – LONG TERM PLANNING

- |                                                                                                                                                                                                                                |                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Reduced parking requirements through implementation of streetcar, bike share and car share</li><li>• Long-term financing incentives</li><li>• Transit infrastructure support</li></ul> | <ul style="list-style-type: none"><li>• Information and training program designed to assist different customers</li><li>• Other resident benefits – dining, entertainment, parks, etc.</li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## [CONCLUSION]

At his January 2015 State of the City address, Mayor Kevin Johnson announced a new era for Sacramento – Sacramento 3.0 – as the City becomes a hub of innovation, entrepreneurship and technology. Our path into this new era depends on 3 I's: innovation, infrastructure, and inclusion. The Downtown Housing Initiative represents all three I's.

As described in this plan, the Downtown Housing Initiative is innovative, including a new "smart housing" strategy. It focuses on the infrastructure needed to support new residential growth. And it is inclusive, with a balance of market-rate and affordable housing as well as rapid rehousing to serve our most vulnerable population.

Together, Mayor Kevin Johnson, the City of Sacramento, SHRA, and other partners and stakeholders will strive to create 10,000 places to live in Downtown Sacramento over the next ten years, thereby strengthening the economic core of our great region.

## POLICY MATRIX

RECOMMENDATIONS: POLICIES	Responsible Entity	Short-term (1 year)	Medium-term (1-3 years)	Long-term (4-10 years)
1. Develop Downtown Master Plan(s) supported by a Programmatic EIR	CDD		X	
2. Create Enhanced Infrastructure Finance Districts (EIFDs)	EDD		X	
3. Review and update current ordinances to maximize the benefit of the Downtown Housing Initiative. • Mixed Income Housing Ordinance • Preservation Ordinance • SRO Ordinance • Vacancy Assessment Ordinance (new)	CDD SHRA SHRA SHRA	X X X	X	
4. Create housing conversion pilot program that provides benefits for adaptive re-use	CDD		X	
5. Create a downtown parking strategy • Created shared parking agreements • Reduce parking requirements thru implementation of streetcar, bike share and car share	PW CDD	X		
6. Support financing incentives for developers and home buyers (teachers, nurses, public safety officers)	SHRA	Mkt existing process		X
7. Focus on reopening schools and funding applicable spaces for the development of open space and dog parks	CDD			X
8. Encourage a diversity of housing types in opportunity zones based on market demographics	CDD			X
9. Facilitate Article 34 ballot initiative (affordable housing cap)	SHRA			X

## PROCESS MATRIX

RECOMMENDATIONS: PROCESSES	Responsible Entity	Short-term (1 year)	Medium-term (1-3 years)	Long-term (4-10 years)
1. Streamlining the planning/building review/approval process with specific measureable performance outcomes. - Offer a certification program for expedited review. - Institute a program for third party plan checks.	CDD CDD	X	X	
2. Review and update existing infrastructure plans. - Identify gaps, establish priorities, create incentives	CDD		X	
3. Complete the comprehensive fee study and make recommendations by the end of the year.	CDD	X		
4. Create consistency in the interpretation and implementation of policies, building codes and design review process. - Policies for plan review. - Focus groups to explore the problems.	CDD	Mkt existing process	X	
5. Develop a tracking system that provides detailed staff comments, notes, and approvals regarding project status to ensure continuity of information.	CDD	Mkt existing process		
6. Institute periodic interdisciplinary process review meetings (Fire, Engineering, etc.) to provide continuity and reduce silos within departments.	CDD	X		
7. Develop a lobby management system that provides a guided point of entry for customers to access information and assistance through the permit and approval process.	CDD	X		
8. Provide pre-submission review for rehab projects on-site to clarify project requirements.	CDD	Mkt existing process		
9. Create an information and education training program designed to assist different customers.	CDD			X
10. Create a training module that addresses a positive customer service experience and "can do" attitude.	CDD	Mkt existing process	X	
11. Update agreement with State Historic Preservation Office (SHPO) to reflect impacts of housing conversion and new construction anticipated to occur as part of the Downtown Housing Initiative.	CDD		X	

## [RESOURCE MATRIX]

RECOMMENDATIONS: RESOURCES	Responsible Entity	Short-term (1 year)	Medium-term (1-3 years)	Long-term (4-10 years)
1. Aggressively pursue funding opportunities with greatest impact on funding homes to meet the 10k goal. • Choice Neighborhoods Initiative • Cap & Trade Funding. • Infrastructure Finance Districts.	SHRA SHRA EDD	X	X X	X
2. Leverage underutilized State land.	CADA		X	
3. Create Transit Oriented Development (TOD) loan fund.	SHRA		X	
4. Develop legislative platform to support Downtown Housing Initiative.	CMO	X		
5. Prioritize Continuum of Care (CoC) homeless funding resources to support the goals of rapid re-housing.	SHRA			

## [INCENTIVE MATRIX]

RECOMMENDATIONS: INCENTIVES	Responsible Entity	Short-term (1 year)	Medium-term (1-3 years)	Long term (4-10 years)
1. Develop a toolkit for developers that identifies application requirements, incentives and guaranteed permit turnaround times.	CDD	X		



**STAFF REPORT**  
**August 5, 2015**

**To:** Members of the Sacramento Redevelopment and Housing Commission

**Subject:** Mixed Income Housing Ordinance Update

**Location/Council District:** Citywide/All Districts

**Recommendation:** Receive and file or provide advice.

**Contact:** Greg Sandlund, Acting Infill Coordinator, (916) 808-8931; Jim McDonald  
AICP, CFM, Acting Principal Planner, (916) 808-5723.

**Presenter:** Greg Sandlund, Acting Infill Coordinator

**Department:** Community Development

**Division:** Planning

**Dept. ID:** 21001222

**Description/Analysis**

**Issue:** On December 17, 2013 the City Council updated the Housing Element of the City's General Plan. The new Housing Element includes a policy to expand the current Mixed Income Housing Ordinance (Chapter 17.712 of City Code) citywide and to require developers to contribute towards the production of affordable housing.

The City faces an increasing need for affordable housing with steady reductions in State and Federal resources since the 1970's. The new, citywide ordinance must be flexible, market sensitive and responsive to the challenges of sustainable infill development, while helping to create new local resources to leverage new affordable housing development.

The purpose of the meeting is to receive comments on the draft ordinance and fee resolution, which can be found in Attachments 4 and 5. The staff report also includes background

information to inform the discussion including frequently asked questions, which can be found in Attachment 6.

**Policy Considerations:** Development of the draft Mixed Income Housing Ordinance has been guided by the City's goals and policies as established in the 2013-2021 Housing Element of the General Plan. These policies include:

**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.

Implementation Program:

1. The City shall revise its Mixed-Income Housing Ordinance to promote affordable housing citywide and will require: 1) an affordable housing impact fee for all new housing units, and 2) large, single-family subdivisions to provide housing for a variety of incomes and family types.

☐ Implements Which Policy(ies): H-1.2.3, H-2.2.4, H-2.2.6

☐ Responsible Department: Community Development

☐ Objective: Adapt the current Mixed Income Ordinance to create new affordable housing opportunities and mixed income communities while being flexible, market sensitive, and responsive to the challenges of infill development.

**H-1.3.5 Housing Type Distribution.** The City shall promote an equitable distribution of housing types for all income groups throughout the city and promote mixed income neighborhoods rather than creating concentrations of below-market-rate housing in certain areas.

**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, while maintaining economic competitiveness in the region.

**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-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.

**Environmental Considerations:** The proposed ordinance would not have any significant effect on the environment and exempt pursuant to CEQA Guidelines Section 15061(b)(3). Implementation Program 1 in the 2013-2021 Housing Element calls for the City to revise its Mixed-Income Housing ordinance "...to create new affordable housing opportunities and mixed income communities while being flexible, market sensitive, and responsive to the challenges of infill development." Revising the ordinance as proposed is consistent with this implementation program and the 2013-2021 Housing Element.

**Public Outreach and Comments:** A summary of outreach conducted since 2012 can be found in Attachment 7. Additionally, summaries from community workshops, a November 2014 Charrette, and the most recent technical review group can be found in Attachments 8, 9, and 10 respectively.

On June 25, the Planning and Design Commission voted unanimously to forward the draft ordinance, the resolution establishing the fees, and the resolution approving the draft nexus to the City Council for approval. The Commission recommended the following changes that have since been incorporated into the draft ordinance and resolution establishing the fees:

1. Require an annual report to the Planning and Design Commission and City Council that details the funds collected, plans to spend the money, progress on Housing Element Goals, where the fees came from, where the units are being built, and any recommendations for future changes to the ordinance.
2. Move conversions of nonresidential buildings to residential buildings to the \$0 fee rate category, and reevaluate this change in four years.

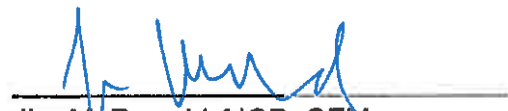
**Sustainability:** A sustainable community includes housing for current and future households of all income levels. The next Mixed Income Housing Ordinance helps to implement the City's Housing Element which is designed to provide housing opportunities for all residents.

**Rationale for Recommendation:** The Mixed Income Housing Ordinance Update is a priority implementation program for the 2013-2021. The 15 year old ordinance needs to be modernized to reflect an infill growth model, limited local resources for affordable housing, and a new housing market that is still recovering and adapting to new demands and costs. Staff would like the Commission's input because SHRA will play a central role in implementing the ordinance.

Respectfully submitted by:

  
Greg Sandlund  
Acting Infill Coordinator

Recommendation Approved:

  
Jim McDonald AICP, CFM  
Acting Principal Planner

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## **Background**

The issue of applying the Mixed Income Housing Ordinance citywide has been debated by the City Council for over 10 years as the City has developed new urban infill projects. Outreach to inform the current update the Mixed Income Housing Ordinance began in 2012 and is summarized Attachment 7.

The Mixed Income Housing Ordinance should be updated for the following reasons:

1. The current ordinance is inflexible, which restricts creative approaches to providing affordable housing.
2. Development as the result of the current ordinance has not always resulted in mixed-income communities. Most of the affordable units are concentrated in large multi-family developments adjacent to single family homes affordable to above moderate-income families.
3. For-sale inclusionary units created by the ordinance have been difficult to market due to a narrow range of qualified buyers and eight percent have ended up in foreclosure.
4. The end of Redevelopment has created a need to augment local affordable housing funding. The current ordinance's obligations exceed what the City can locally subsidize.
5. Fee revenue can be used to support affordable projects in appropriate areas throughout the City.
6. Infill development is difficult to do with a myriad of unforeseen costs. The new ordinance needs to be predictable and not create site design challenges.
7. There is a need to respond to the cyclical nature of the housing market.
8. A court case in 2009 (the Palmer Decision) calls into question the legality of requiring deed-restricted rental units.

As part of the outreach for the 2013-2021 Housing Element, staff developed a framework for a new ordinance in July 2013. After receiving feedback from stakeholder outreach, commission workshops, a twelve member technical review group and three community workshops, staff revised the framework in March 2014. Staff then conducted further stakeholder outreach which culminated in a November 2014 charrette with an expanded technical review group. A summary of the November Charrette can be found in Attachment 9.

With input from over two years of outreach, staff has developed a draft Mixed Income Housing Ordinance for your review. A summary of the draft ordinance can be found in Attachment 2 and a list of frequently asked questions that have resulted from our outreach can be found in Attachment 6.

Summary of Draft Ordinance

1. Applies citywide.
2. All housing units pay a fee of \$2.58 per square foot, indexed annually.
3. 100+ acre projects may either:
  - a. Comply with an existing approved inclusionary housing plan, OR
  - b. Pay the fee AND develop a mixed income housing strategy to provide housing for a variety of incomes and family types that is consistent with Housing Element policy.
    - i. The mixed income housing strategy may provide for a fee credit for land dedication, construction of affordable dwelling units, or other mechanism which leads to the provision of affordable housing. To receive a fee credit, the following standards apply:
      - No multi-unit dwelling development consisting of more than 50% affordable units may be located within 400 feet of another multi-unit dwelling development with more than 50% affordable units.
      - The maximum amount of affordable units in any multi-unit dwelling produced per the ordinance shall be 150.
    - ii. The mixed income housing strategy may provide for a fee credit for lots to be dedicated to a self-help/sweat equity housing developer. The value of the finished lots can be credited toward the fee.
4. Exempt projects include:
  - a. Room additions.
  - b. Second residential units.
  - c. Developments with 10% regulated low income housing units.
  - d. A new single-family home built by an owner-builder on his or her property.
  - e. Projects with an in-force development agreement adopted prior to the current ordinance.
  - f. Mobilehome parks.
  - g. Development projects, not currently subject to the ordinance, which have received approval of site plan and design review and/or a tentative map prior to the effective date of the ordinance.
  - h. Multi-unit dwelling developments that have submitted an application for site plan and design review prior to the effective date of the ordinance.
  - i. Uninhabitable square footage (space without conditioned air).
  - j. Community rooms for residential developments.
5. Projects with a reduced or \$0 fee rate:
  - a. High density multi-unit dwellings (40 dwelling units an acre) - \$0.
  - b. High density single unit dwellings (20 dwelling units an acre) - \$0.
  - c. Conversion of nonresidential buildings to residential use - \$0.
  - d. Projects located in the Housing Development Incentive Zone - \$1.11.

**Summary of Changes since June 25**

**Proposed Ordinance:**

1. Added a new section requiring an annual report to the City Council, Planning and Design Commission, and Sacramento Housing and Redevelopment Commission.
2. Removed exemption for conversion of a nonresidential use to a residential use.
3. Clarified that a major modification of an entitled project that is exempt from the fee, would be defined as a project that has increased or decreased the amount of proposed units by 10%.

**Fee Resolution:**

1. Created a \$0 fee for a conversion of a nonresidential use to a residential use. The fee amount will be reevaluated in four years.
2. Added a processing fee for the Mixed Income Housing Strategy.



**Draft Mixed Income Housing Ordinance**

**ORDINANCE NO. 2015-**

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE REPEALING CHAPTER 17.712 OF THE SACRAMENTO CITY CODE,  
AND ADDING CHAPTER 17.712 AND SECTION 17.808.260 TO THE SACRAMENTO  
CITY CODE,  
RELATING TO MIXED INCOME HOUSING**

**BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

**SECTION 1.**

Chapter 17.712 of the Sacramento City Code is repealed.

**SECTION 2.**

Chapter 17.712 is added to the Sacramento City Code to read as follows:

**Chapter 17.712 MIXED INCOME HOUSING**

**17.712.010 Purpose and intent.**

This chapter is intended to require residential projects to contribute to the construction of affordable housing and to implement the policies of the housing element of the city's general plan.

**17.712.020 Definitions.**

The following definitions shall apply in this chapter:

"Affordable dwelling unit" means a dwelling unit rented at an affordable rent or sold at an affordable housing price.

"Affordable housing price" means a sales price at which low income households can qualify for the purchase of for-sale dwelling units. Qualification shall be based on no

more than 35% of income being applied to housing expenses, that shall include mortgage principal and interest, taxes, insurance, and assessments.

“Affordable rent” means a monthly rent consisting of a maximum of one-twelfth of 30% of 80% of the median income applicable to Sacramento County, adjusted for household size appropriate to the unit, less a reasonable allowance for utilities. The median income applicable to Sacramento County is determined annually by the United States Department of Housing and Urban Development.

“Developer” means any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities that seeks city’s approvals for all or part of a development project. Developer includes “owner.”

“Development agreement” means an agreement entered into between the city and a developer pursuant to chapter 18.16 and California Government Code section 65864

“Development project” means any real estate development project that includes market rate residential dwelling units. Projects at one location undertaken in phases, stages, or distinct sections are considered a single development project.

“Executive director” means the executive director of the Sacramento Housing and Redevelopment Agency or designee.

“Inclusionary housing plan” means the plan setting forth the elements of a development project’s affordable dwelling units required by Ordinance No. 2000-039.

“Low income household” means a household with an income between 51% to 80% of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.

“Market rate” means not restricted to an affordable housing price or affordable rent.

“Mitigation Fee Act” means chapter 5 (sections 66000 through 66025) of division 1 in title 7 of the California Government Code.

“Mixed income housing strategy” means an approved development plan that is consistent with Housing Element policy and may provide credit towards the housing impact fee through construction of affordable dwelling units, dedication of land to the city, or other mechanism.

“Nexus study” means a study, adopted by resolution of the city council, that analyzes the connection between projected residential development and the cost of addressing the need for affordable housing for lower income households created by the residential development.

“Owner” means a person, partnership, joint venture, association, corporation, or public or private entity that has sufficient proprietary interest in real property to commence, maintain, and operate a development project.

“Residential project” means the entirety of a residential development with market rate dwelling units in a development project.

“Self-help housing developer” means a not-for-profit organization that develops housing for sale to low income households at an affordable housing price. The organization may permit or require purchasers to participate in the construction of affordable dwelling units.

“SHRA” means the Sacramento Housing and Redevelopment Agency, a joint powers agency.

**17.712.030 Affordable housing requirement.**

- A. If a residential project does not exceed 100 gross acres in size, the owner shall pay a housing impact fee on all newly constructed market rate dwelling units pursuant to section 17.712.050.
- B. If the residential project exceeds 100 gross acres in size, the owner shall pay a housing impact fee on all newly constructed market rate dwelling units pursuant to section 17.712.050 and obtain city council approval of a mixed income housing strategy that demonstrates how the project provides housing for a variety of incomes and family types consistent with the housing element policy. The planning director shall review the proposed mixed income housing strategy in consultation with the executive director of SHRA. The planning director shall recommend approval, modification, or denial of the proposed mixed income housing strategy in conjunction with the development project’s earliest planning approvals, consistent with the provisions of section 17.808.260. The city council and planning and design commission shall consider the amount of regulated affordable housing in the vicinity.
  - 1. The mixed income housing strategy may provide for fee credits for land dedication to SHRA, construction of affordable dwelling units, or other mechanisms that leads to the provision of affordable housing.

- a. Land dedication must be approved and accepted by the SHRA consistent with the guidelines prepared pursuant to section 17.712.090.
  - b. Multi-unit dwelling development projects constructed for fee credit under this subsection may contain any proportion of affordable dwelling units. However, no multi-unit dwelling development project consisting of more than 50% affordable dwelling units and constructed for credit under this subsection may be located within 400 feet of another multi-unit dwelling development project with more than 50% affordable dwelling units.
  - c. The maximum number of affordable dwelling units in any multi-unit dwelling development project constructed for credit under this subsection shall be 150.
- 2. The mixed income housing strategy may provide for a fee credit for donation of land to a self-help housing developer. Land donated must have all site improvements completed. The home must have a recorded affordability covenant that restricts resale to the satisfaction of the city and SHRA.
- C. A residential project subject to an inclusionary housing plan approved prior to the effective date of the ordinance adopting this chapter may either:
  - 1. Comply with the approved inclusionary housing plan; or
  - 2. Comply with the provisions of this chapter.
- D. Affordable dwelling units produced pursuant to subsection B.1 of this section shall have a regulatory agreement recorded on title, requiring the units to remain affordable for a period of no less than 30 years. The agreements shall be monitored by SHRA and the owners shall be subject to monitoring fees as established by the guidelines authorized by section 17.712.090.

**17.712.040 Exempted development projects.**

The following development projects are exempt from this chapter and generate no affordable housing obligation:

- A. Mobilehome parks.

- B. Development projects in which at least 10% of the dwelling units are affordable dwelling units. The affordable dwelling units shall have a regulatory agreement recorded on title, requiring the units to remain affordable for a period of no less than 30 years. The agreement shall be monitored by SHRA and the owners shall be subject to a monitoring fee as established by the guidelines authorized by section 17.712.090.
- C. A new single-unit dwelling built by an owner-builder on his or her property if:
  - 1. The owner does not intend to sell the dwelling within two years of completion of construction, and
  - 2. The owner has not utilized this exemption set forth in this subsection on another dwelling within two years of applying for a building permit for the new dwelling, and
  - 3. The owner personally performs the work, or the owner directly contracts with a contractor to complete the project.
- D. A secondary dwelling unit.
- E. A development project subject to a development agreement adopted prior to October 3, 2000 (adoption date of Ordinance No. 2000-039), provided the development agreement has not expired.
- F. A development project that obtained approval of site plan and design review or a tentative map prior to the effective date of the ordinance adopting this chapter, provided the project was exempt from the requirements of Ordinance No. 2000-039 at the time of application submittal. Subsequent modifications to the approved site plan and design review or tentative map which do not increase or decrease the number of units by more than ten percent shall not affect a development project's exemption pursuant to this subsection.
- G. A multi-unit dwelling development project for which an application for site plan and design review or a tentative map had been submitted in accordance with section 17.800.010 prior to the effective date of this ordinance, provided the development project was exempt from the requirements of Ordinance No. 2000-039 at the time of application submittal.
- H. Uninhabitable square footage without conditioned air, such as garages, carports, open porches, open entryways, pool houses, storage, patio covers, and unfinished basements.
- I. Community rooms for residential developments.

#### **17.712.050 Housing impact fees**

- A. A housing impact fee is established and imposed on real property for which a residential development project is proposed pursuant to the provisions of this chapter and as further described in the nexus study.
- B. The city council, by resolution, shall establish the specific amount of the housing impact fee for the various categories of housing type as identified in the nexus study and as determined appropriate by the city council, and shall make the findings required by this section in establishing the amount of the fees. In addition, the city council, by resolution, may adopt additional provisions, policies, and procedures to implement and administer the provisions of this chapter. The amounts of fees and the policies and procedures adopted by resolution pursuant to this subsection shall be consistent with the purposes of this chapter and the nexus study.
- C. At the time it considers the amount of the fees established pursuant to this section, or at the time of amending the fees other than in making an automatic annual adjustment to the fees in the manner provided by subsection E, the city council shall adopt the amount of such fees if it makes the following findings in support of such fees:
  - 1. A finding that such fees have been determined and calculated in the manner consistent with the nexus study; and
  - 2. The following additional findings required by the Mitigation Fee Act that demonstrate there is a nexus between the low income housing for which such fees are imposed and the need for such low income housing created by the residential development upon which the fees are imposed:
    - a. Findings that identify the purpose of the fees;
    - b. Findings that identify the use to which the fees are to be put;
    - c. Findings that demonstrate that there is a reasonable relationship between the use of the fees and the type of development project on which the fees are imposed;
    - d. Findings that demonstrate that there is a reasonable relationship between the need for low income housing and the type of residential development project on which the fees are to be imposed; and

- e. Findings that demonstrate how there is a reasonable relationship between the amount of the fees and the cost of the low income housing attributable to the development project on which the fees are imposed.
- 3. In making findings pursuant to this section and any other findings, the city council may consider all matters, whether offered orally or in writing, presented at the hearing or hearings conducted for the purpose of establishing or amending the fees, and any and all oral and written material presented to the city council and planning and design commission in connection with the adoption, approval, or amendment of the nexus study.
- D. At the time of setting the amount of the fees established pursuant to this chapter, or at the time of amending such fees other than in making an automatic annual adjustment to the fees, the city council shall hold a public hearing on the proposed fees or proposed amendment of fees in the manner required by the Mitigation Fee Act.
- E. The fees established pursuant to this section shall be adjusted automatically to take into consideration inflation on July 1 of each year by a factor equal to the percentage increase, if any, of the construction cost index for San Francisco (based on 1913 U.S. average = 100) during the 12 months ending on the preceding March 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The planning director shall be responsible for calculating the adjustment, if any, to the fees and shall advise the city clerk of the amended fees.
- F. The effective date of any resolution adopted by the city council that establishes or amends the amount of the fees imposed under this chapter shall be determined in accordance with California Government Code section 66017.
- G. The methodologies set forth in the nexus study shall be used as the basis for setting the amount of the housing impact fees. Applicants for building or other development permits shall include plans and calculations prepared by the applicant or applicant's agent, specifying data necessary to calculate housing impact fees, including, without limitation, the square footage of each use, and other relevant data as may be required by the planning director, or his or her authorized designee(s). All fees due under this chapter shall be

determined and calculated by the planning director, or his or her authorized designee(s).

- H. Unless exempt from payment under section 17.712.040, no building permit or building permit extension for a project described in section 17.712.030 shall be issued or granted unless and until the full amount of the housing impact fee has been paid to the city in accordance with the provisions of this chapter.
- I. The fees described in subsections A and B will be deemed “imposed” for purposes of the Mitigation Fee Act when the planning director gives the building-permit applicant a written notice that does both of the following:
  - 1. States the amount of the fees as final.
  - 2. Notifies the applicant that the 90 day period in which the applicant may protest has begun.

#### **17.712.060 Protest of Fees**

- A. The owner of property subject to the housing impact fees established by this chapter may protest the housing impact fees imposed on the project by filing a written protest notice with the planning director in the manner provided in, and within the times specified in, the Mitigation Fee Act.
- B. Concurrently with filing the written protest notice, the owner must tender to the planning director the full amount of the fee under protest, together with payment of a non-refundable protest-filing fee in the amount established by resolution of the city council to offset the city’s costs of processing the protest and any appeal. The owner is liable for the city’s actual cost to process the protest, including the cost of any appeal to the city council, to the extent that the actual cost exceeds the filing fee. The city may deduct the excess amount from any refund found due and owing to the owner or may add it to the amount of the fee found to be due or owing from the owner.
- C. The planning director shall consider the protest at an informal hearing held within 60 days after the filing of the protest notice. The planning director shall issue a written decision on the protest and send a copy of the decision to the applicant by first-class mail, postage prepaid, within 15 days after the later of the following: the date of the informal hearing, or the date the planning director sets during the informal hearing for the applicant’s submission of any additional evidence the planning director determines to be necessary to the decision. The applicant’s failure to timely submit additional information requested by the planning director may result in denial of the protest. The



planning director's decision is final and not appealable, except as provided in subsections F and G.

- D. The planning director shall consider the following when determining whether to approve or deny a protest:
  - 1. The matters set forth in California Government Code section 66001, subdivisions (a) and (b).
  - 2. The substance and nature of the evidence presented by the applicant.
  - 3. The facts, findings, and conclusions stated in the nexus study, including technical information, studies, audited construction costs, and reports contained within and supporting the nexus study, together with findings supporting the resolution setting the amount of the housing impact fee. The applicant must present comparable technical information, studies, and reports to demonstrate that the housing impact fee is inappropriate for the development project involved.
- E. If the protest is granted, and the housing impact fee is adjusted, any change in use within the particular development project involved in an application shall invalidate the adjustment of the housing impact fee if the change in use would render the adjustment inappropriate.
- F. The applicant may appeal the planning director's decision to the city council in accordance with chapter 1.24 by filing a notice of appeal with the city clerk within 10 days after the date the planning director mails the decision. In deciding the appeal, the city council or the appointed hearing examiner, as the case may be, shall consider the factors set forth in subsection D. The city clerk shall mail the city council's or hearing examiner's decision to the applicant by first-class mail, postage prepaid, within five days after the decision is rendered. The decision will be final and not appealable, except as provided in subsection G.
- G. The protest procedures in this section are administrative procedures that must be exhausted before the filing of any petition seeking judicial review. Such a petition must be filed under Code of Civil Procedure section 1094.5 on or before the later of the following: the 90th day after the date on which the decision is mailed to the applicant, or the expiration of the 180-day limitation period provided by the Mitigation Fee Act.

#### **17.712.070 Low income housing fund**

A. All fees collected pursuant to section 17.712.050 shall be placed in the citywide low income housing fund and shall be administered and used for the purposes described in chapter 17.708.

B. Annual Evaluation. Commencing one year after the effective date of this section, and annually thereafter, the SHRA director and planning director shall report to the city council, the planning and design commission, and the Sacramento housing and redevelopment commission on the status of activities undertaken with the housing fund. The report shall include:

1. A statement of income, expenses, disbursements, and other uses of the fund.
2. Identification of projects generating fee revenue.
3. The current fee amount reflecting the automatic annual adjustment under Section 17.712.050(E), if any.
4. The total number and location of low and very low income housing units constructed or assisted during that year and the amount of such assistance.
5. Plans for how the money will be spent.
6. Any recommended changes to this chapter necessary to carry out its purposes, including any adjustments necessary to the fee.

#### **17.712.080 Housing quality**

Affordable dwelling units constructed using housing impact fees paid pursuant to this chapter, or constructed through an inclusionary housing plan, or a mixed income housing strategy, shall be visually compatible with surrounding market rate dwelling units and accommodate diverse family sizes by including dwelling units with different numbers of bedrooms, as determined by the approval authority, upon recommendation of the executive director. External building materials and finishes, front yard landscaping, and amenities shall be of the same type and quality for affordable dwelling units as for market rate dwelling units.

#### **17.712.090 Guidelines**

The executive director of SHRA, in consultation with the planning director, shall prepare guidelines to ensure compliance with this chapter. The guidelines shall be adopted by resolution of the city council.

### **SECTION 3.**

Section 17.808.260 is added to the Sacramento City Code to read as follows:

#### **17.808.260 Mixed income housing strategy.**

- A. Purpose. A mixed income housing strategy is a requirement contained in this title and is intended to ensure that large residential projects provide housing for a variety of incomes and family types that is consistent with housing element policy.
- B. Approval authority.
  - 1. Commission level—Recommendation. A mixed income housing strategy is subject to review at the commission level by the planning and design commission. At the conclusion of the hearing, the commission shall forward its recommendation to the city council or, if no motion to approve a recommendation receives enough votes to pass, shall forward to the city council a report of the votes taken on each motion on the request.
  - 2. Council level--Approval. A mixed income housing strategy is subject to review and approval by the city council upon receipt of the recommendation or report from the planning and design commission.
  - 3. Minor amendments. An amendment to a mixed income housing strategy that does not change the intensity of land uses by more than ten percent is subject to review and approval by the planning and design commission.
- C. Decision and findings.
  - 1. The approval authority may approve a mixed income housing strategy by resolution, based on the following findings of fact:
    - a. The mixed income housing strategy is consistent with the goals, policies, and other provisions of the general plan and its housing element; and
    - b. The mixed income housing strategy promotes the public health, safety, convenience, and welfare of the city.

2. The city council or planning and design commission may modify the mixed income housing strategy as it determines to be necessary or appropriate in order to make the required findings for approval.

Adopted by the City of Sacramento City Council on \_\_\_\_\_ by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Passed for Publication:

Published:

Effective:

**Resolution Establishing Fees**

**RESOLUTION NO. 2015-**

Adopted by the Sacramento City Council

XXXXX XX, 2015

**ESTABLISHING HOUSING IMPACT FEE AND  
RELATED PROCESSING FEES AUTHORIZED  
BY SACRAMENTO CITY CODE CHAPTER  
17.712 FOR NEW RESIDENTIAL  
DEVELOPMENT**

**BACKGROUND**

- A. On XXXXXXXX XX, 2015, the City Council enacted Ordinance No. 2015-\_\_\_\_, repealing and reenacting Chapter 17.712 of the Sacramento City Code, relating to mixed income housing.
- B. Section 17.712.050 to the Sacramento City Code authorizes a housing impact fee for all new residential units consistent with the Residential Nexus Analysis developed by Keyser Marston Associates, Inc and updated in May 2015 ("Nexus Study").
- C. The Nexus Study, approved and adopted by Resolution No. 2015-XXXX, establishes the need for affordable housing created by the development of new residential housing and provides a reasonable basis on which to establish development impact fees.
- D. A public hearing on adoption of this resolution was set as part of a regularly scheduled meeting of the Sacramento City Council for \_\_\_\_\_, 2015 at 6:00 p.m. in the Council Chamber located at City Hall, 915 I Street, First Floor, Sacramento, California 95814. The public hearing was also noticed pursuant to and in compliance with Government Code sections 66018 and 6062a, and was held as part of a regularly scheduled meeting of the City Council of the City.
- E. The proposed fees for new residential units under Section 17.712.050 are set forth in Exhibit A.
- F. The amount of the proposed fees shall be automatically adjusted on July 1<sup>st</sup> to take into consideration inflation consistent with section 17.712.050.C.

- G. All fees collected pursuant to section 17.712.050 shall be placed in the citywide low income housing fund and shall be administered and used for the purposes described in Ordinance 89-013, Ordinance 92-014, and Ordinance 2001-009 and shall be included in the annual evaluation required by those ordinances.
- H. Residential projects that are exempt from the fees are outlined in section 17.712.040.
- I. Higher density housing developments shall initially not be charged a fee because of the tenuous nature of that submarket. High density, market-rate housing has, up until 2015, predominantly required public subsidies and assistance and is critical to achieving the General Plan's goals for sustainable, transit-oriented, infill development.
- J. Market rate housing should be incentivized in areas of the City with concentrations of poverty and a weaker housing market. New housing in these areas should not be charged a housing fee impact fee that could constrain new housing opportunities and a mix of incomes in these areas.
- K. Fee amounts for high density residential projects shall be considered in four years (September 2019) to determine whether the housing market for these projects has been firmly established.
- L. Fee amounts for conversions of a nonresidential building to residential use shall be considered in four years (September 2019) to determine whether the housing market for these projects has been firmly established.
- M. Fee amounts and the location of the Housing Incentive Zones shall be reconsidered every four years, starting August 2019, to consider average home sales in the City as well as what constitutes an affordable mortgage for a low income family of four.
- N. City and SHRA staffs are authorized to use a percentage of the fee revenue to pay for the costs of implementing and maintaining the Mixed Income Housing Ordinance as set forth in Exhibit A.
- O. The proposed fee for protesting the Housing Impact Fee under 17.712.060 is set forth in Exhibit B.

- P. The proposed fee for appealing the Planning Director's decision on the protest of the Housing Impact Fee to the City Council under 17.712.060 is set forth in Exhibit C.
- Q. The proposed fee for the Mixed Income Housing Strategy under 17.712.030 is set forth in Exhibit D.

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

**Section 1. Findings.**

- (a) The City Council hereby finds as follows:
  - (i) The recitals set forth above are true and correct and are incorporated herein by reference as findings.
  - (ii) The City Council approved and adopted the Nexus Study by Resolution No 2015-XXXXX following a public hearing on the matter, and the contents of the Nexus Study are incorporated herein.
- (b) As to the Housing Impact Fee authorized by Chapter 17.712, section 17.712.050 of Title 17 of the Sacramento City Code, the City Council makes the following additional findings:
  - (i) The purpose of the Housing Impact Fee is to assist in financing the City's efforts ensure better income integration in new neighborhoods, potentially better proximity of a wider range of housing to services and jobs, and an equitable distribution of affordable housing, throughout the city
  - (ii) The Housing Impact Fee collected pursuant to this resolution shall be used to finance low income housing and shall be administered and used for the purposes described in Ordinance 89-013, Ordinance 92-014, and Ordinance 2001-009 and shall be included in the annual evaluation required by those ordinances.
  - (iii) The development of new residential units in the City generate a need for more affordable housing, which has not been constructed and is required for consistency with the City's

Housing Element, and to protect the public's health, safety and general welfare.

- (iv) The Nexus Study establishes a reasonable relationship between the need for affordable housing, and the impacts of new residential housing in the City, for which the corresponding fee is charged.
- (v) There is a reasonable relationship between the specified use of the housing impact fees and the type of development for which the fee is charged, as described in the Nexus Study.
- (vi) The revised fees are consistent with the City's General Plan and the Housing Element, and the City Council has considered the effects of the fees with respect to the City's housing needs and the regional housing needs.

Section 2. The City of Sacramento Fee and Charge Report, Community Development Department, is hereby amended, as set forth in Exhibit A to establish the fees authorized by Section 17.712.050 of the Sacramento City Code.

Section 3. The City of Sacramento Fee and Charge Report, Community Development Department, is hereby amended, as set forth in Exhibits B and C to establish the fees authorized by Section 17.712.060 of the Sacramento City Code.

Section 4. The City of Sacramento Fee and Charge Report, Community Development Department, is hereby amended, as set forth in Exhibit D to establish the fees authorized by Section 17.712.030 of the Sacramento City Code.

Section 4. Exhibits A, B, C, and D are part of this resolution.



## Exhibit A

**Fee Name:** Housing Impact Fee (Sacramento City Code Section 17.712.050)

**Current Fee:** None

**Proposed Fee:**

Housing Type	Fee Amount (Per Square Foot)
Single-unit and duplex dwellings (less than 20 dwelling units per net acre)	\$2.58
High density single-unit and duplex dwellings (20 dwelling units per net acre or more*)	\$0.00
Multi-unit dwellings (less than 40 dwelling units per net acre)	\$2.58
High density multi-unit dwellings (40 dwelling units per net acre or more*)	\$0.00
Conversion of a nonresidential building to a residential use	\$0.00
Dwelling units in the Housing Incentive Zone (See Figure 1)	\$1.11

\*"Net acre", for the purposes of this fee, means the total area of a site excluding portions that cannot be developed, such as public and private streets, and open space.

### Administrative Costs:

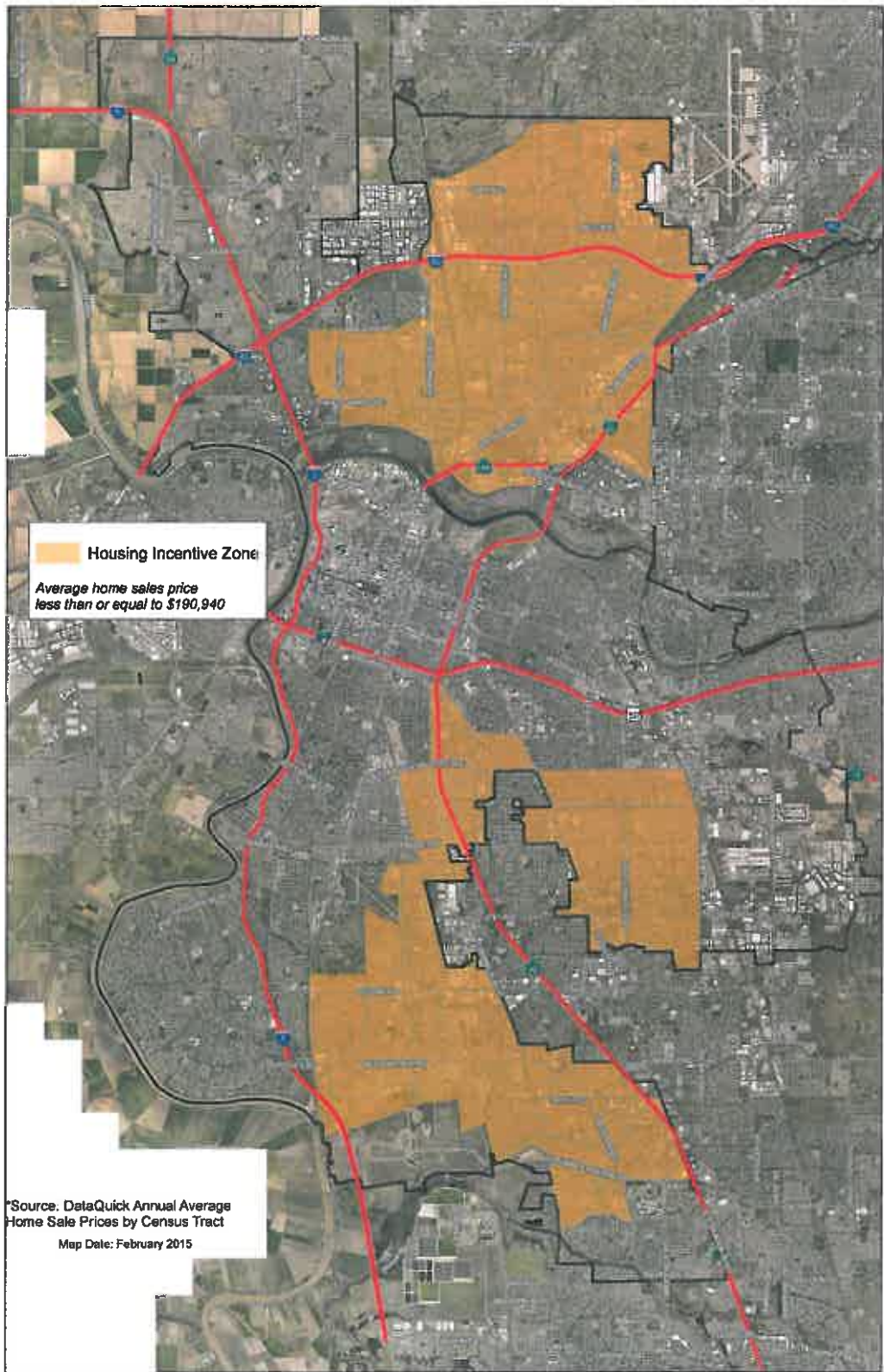
Three percent of the fee revenue may be utilized by City staff to pay for the following costs:

1. Assessing and interpreting the correct fee amount to be paid by new residential development.
2. Periodically updating the Mixed Income Housing Ordinance and related fee resolutions.
3. Annually indexing the fee.
4. Periodically updating the Nexus Study.
5. Updating the City's Housing Element and other policy documents that relate to the Mixed Income Housing Ordinance.

Ten percent of the fee revenue may be utilized by SHRA staff to pay for the following costs:

1. Administration of the fee revenue for the production of affordable housing.
2. Development and maintenance of program guidelines for implementation of the Mixed Income Housing Ordinance.
3. Management of land dedicated per the Mixed Income Housing Ordinance.

**Figure 1 – Map of Housing Incentive Zones**



## **Exhibit B**

**Fee Name:** Filing Fee for Protesting the Housing Impact Fee (Sacramento City Code Section 17.712.060)

**Current Fee:** None

**Proposed Fee:** Actual cost, with the initial deposit of \$1,130.

**Justification:** The fees recover 100% of estimated costs of considering and documenting the Planning Director's decision on the protest, all at the department's hourly rate of \$113. It is estimated that staff time for considering and holding a hearing on the protest will take 10 hours.

**Proposition 26:** These fees are not "taxes" under section 1, subdivision (e), in article XIII C of the California Constitution, as they are within the exception set out in subdivision (e)(3) of that section. The fees recoup not more than 100% of the Department's actual cost of issuing the permits and inspecting the sites. No fee waivers are provided, and the Department's costs are allocated equally to the persons who apply for permits and permit renewals.

## **Exhibit C**

**Fee Name:** Appeal Fee for the Planning Director's Determination of the Housing Impact Fee (Sacramento City Code Section 17.712.060)

**Current Fee:** None

**Proposed Fee:** Actual cost, with the initial deposit of \$4,000

**Justification:** The fees recover 100% of estimated costs of processing the appeal of the Planning Director's decision, including document the nature of the protest and Planning Director's consideration in a staff report to Council, all at the department's hourly rate of \$113. It is estimated that staff time for preparing for and participating in a Council Hearing on the protest will take over 35 hours. This fee amount is consistent with appeal fees for other director and commission level determinations on planning entitlements.

**Proposition 26:** These fees are not "taxes" under section 1, subdivision (e), in article XIII C of the California Constitution, as they are within the exception set out in subdivision (e)(3) of that section. The fees recoup not more than 100% of the Department's actual cost of issuing the permits and inspecting the sites. No fee waivers are provided, and the Department's costs are allocated equally to the persons who apply for permits and permit renewals.

## **Exhibit D**

**Fee Name:** Application Fee for the Mixed Income Housing Strategy (Sacramento City Code Section 17.712.030)

**Current Fee:** None

**Proposed Fee:** Actual cost, with the initial deposit of \$1,000

**Justification:** The fees recover 100% of estimated costs of processing the Mixed Income Housing Strategy, including the Planning Director's recommendation in a staff report to Council, all at the department's hourly rate of \$113.

**Proposition 26:** These fees are not "taxes" under section 1, subdivision (e), in article XIII C of the California Constitution, as they are within the exception set out in subdivision (e)(3) of that section. The fees recoup not more than 100% of the Department's actual cost of issuing the permits and inspecting the sites. No fee waivers are provided, and the Department's costs are allocated equally to the persons who apply for permits and permit renewals.

## **Frequently Asked Questions**

### **Why is the fee set at \$2.58 a square foot?**

Housing Element policy directs the City to maximize the use of all appropriate State, Federal, local and private funding for the development of affordable housing while “maintaining economic competitiveness in the region” (H-2.2.4). Sacramento County’s affordable housing fee is \$2.58 and is the highest per square foot fee in the region. Staff recommends we match that fee.

### **How is the fee justified?**

The fee is based on a residential nexus analysis which demonstrates how new market rate housing creates a need for more workforce affordable housing. The nexus analysis is available upon request.

### **Where will the money go? How will the money be used?**

The money will go into the City’s Housing Trust Fund, which is administered by SHRA. Since 1989, over \$25,000,000 from the Housing Trust Fund has helped to leverage funding for 3,409 units in 48 affordable housing developments.

### **What is the affordable housing need?**

State Housing Element Law requires all cities and counties to plan for their fair share of the State’s growth and affordable housing needs through the Regional Housing Needs Allocation (RHNA) process. Between 2013-2021, the City has been required to plan for 8,411 homes for low, very low and extremely low income households. However, given the limitation in federal and state funding for subsidized housing, the State does not require that the City ensure these units be built. The City, through the Mixed Income Housing Ordinance, and a variety of other programs, must give its best effort to address this need.

### **Is this ordinance going to meet the need?**

As noted above, it would require substantial State and Federal resources for the City to construct the affordable housing specified in the RHNA. The Mixed Income Housing Ordinance will help to provide a portion of needed funds to help subsidize affordable housing development.

### **How much fee revenue is going to be generated?**

Using SACOG's most recent draft MTP growth projections we anticipate the following fee revenue projections:

- **2015-2020:** \$11,781,000
- **2015-2025:** \$44,708,000
- **2015-2035:** \$110,534,000

The fee projections assume the reduced rates for developments in Housing Incentive Zones and \$0 fee rates for high density development from 2015-2035.

### **How many affordable housing units will the fee revenue pay for?**

According to SHRA staff, the average publicly funded subsidy for new construction projects (with Mortgage Revenue Bonds/4% Tax Credits) within the County of Sacramento is currently \$70,316 per unit. If \$110,534,000 is generated from the new fee between 2015-2035, approximately 1,570 affordable homes could be leveraged with this critical local subsidy in combination with Federal and State resources.

### **How will this impact approved projects not currently subject to the ordinance?**

Projects that are not currently subject to the ordinance that have already received approval of a tentative map or site plan and design review prior to adoption of the new Mixed Income Housing Ordinance will be exempt.

### **How many of these approved projects would be exempt?**

It is estimated that 19 projects totaling 5,122 housing units would be exempt because they have approved entitlements. Examples of this projects include: The Creamery, The Mill (Northwest Land Park), McKinley Village, 700 K Street, and Township 9.

If these projects were not exempt, the total fee revenue that could be generated by these projects is estimated to be around \$12,000,000. Many of these approved projects would not pay the fee under the proposed ordinance either because of their high density or because they have more than 10% affordable housing units. It should be also noted that planning approvals typically expire after three years, unless time extensions are granted.

### **Why is the City exempting multi-unit dwellings that have applied for site plan and design review prior to the effective date of the ordinance?**

The market for new multi-unit dwellings is more challenging than for new single family homes. According to industry forecasters, the rents outside of downtown Sacramento are not high enough to cover the cost to construct. In addition, there are a significant



amount of single family homes being rented out.<sup>1</sup> The purpose of this exemption is to not discourage the two proposed multi-unit dwelling developments from moving forward with their entitlement application because of an unanticipated new fee.

**When will high density projects start paying the fee?**

In four years the City will evaluate market conditions for production of high density housing developments and determine whether addition of this fee is feasible.

**Will the new ordinance address homelessness?**

Not directly. Per the nexus study, fee revenue from new residential development must be used for workforce housing. However, if very low and low income households can find secure households they will be less likely to fall into homelessness.

**What is the Housing Incentive Zone? Why are you charging \$1.11 a square foot?**

The Housing Incentive Zone encourages housing production in areas of the City where market-rate housing is already affordable. Average home sales in this zone (2013 and 2014) are less than or equal to \$190,940, which is the maximum mortgage a low income family of four can afford. Adding the full fee cost to an already challenged housing market could constrain market-rate housing production in these areas of the City.

**How does the new ordinance compare with other jurisdictions?**

A table comparing other affordable housing ordinances and fees that are applied to new residential development can be found in Attachment 12

**What is a Mixed Income Housing Strategy?**

A Mixed Income Housing Strategy is a new planning entitlement required for developments over 100 acres that would be approved by the City Council. The strategy would need to show how the development will provide housing for a variety of incomes and family types. The developer would not be required to provide regulated affordable housing. Per the 2009 Palmer Decision, the City cannot require development to build regulated below-market rental housing units.

The ordinance would allow developers to propose, in a Mixed Income Housing Strategy, fee credits for land dedication, construction of affordable dwelling units, or other mechanisms that leads to the provision of affordable housing.

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<sup>1</sup> "Summary of Interviews with Industry Forecasters on Draft Projections through 2020," SACOG Strategic Planning Committee, January 14, 2015.

**Can developments with approved inclusionary housing plans opt into the new ordinance?**

Yes.

**How many affordable housing units are required under the remaining approved inclusionary housing plans?**

Inclusionary Housing Plans approved under the current ordinance identify approximately 3,300 housing units that would be affordable to low and very-low income households.

## Outreach Summary for the Mixed Income Housing Ordinance Update

### 2013-2021 Housing Element Update

<b>Meeting(s)</b>	<b>Dates</b>
Natomas Planning Committee	September 25, 2012
Habitat, Mercy Housing, Housing Advocates	September 28, 2012
North State BIA Staff	October 5, 2013
<b>Planning and Design Commission Workshop</b>	<b>November 15, 2012</b>
North State BIA Staff	December 14, 2012
Sacramento Housing Alliance Staff	February 21, 2013
North State BIA Staff	February 25, 2013
Natomas Planning Committee	March 4, 2013
Community Workshop	March 13, 2013
<b>Planning and Design Commission Workshop</b>	<b>March 14, 2013</b>
Bill Heartman	May 10, 2013
North State BIA Staff	May 14, 2013
North State BIA Board	May 19, 2013
Disability Advisory Commission	March 21, 2013
SHRA Commission	April 17, 2013
Adult and Aging Commission	April 24, 2013
<b>Planning and Design Commission Workshop</b>	<b>May 23, 2013</b>
SHRA Commission	May 29, 2013
Phil Angelides	June 11, 2013
North State BIA Board	June 18, 2013
Natomas Planning Committee	June 19, 2013
Sacramento Steps Forward	June 20, 2013
Downtown Partnership	June 27, 2013
Sacramento Housing Alliance Staff	July 16, 2013
<b>Planning and Design Commission Workshop on Draft Housing Element</b>	July 25, 2013
<b>Planning and Design Commission Hearing to Approve</b>	<b>Aug. 15, 2013</b>
Council Hearing to Approve	Sept 3, 2013

<b>Planning and Design Commission Hearing to Adopt</b>	Nov. 3, 2013
Council Hearing to Adopt	Dec. 17, 2013

Mixed Income Housing Ordinance Update

<b>Meeting(s)</b>	<b>Dates</b>
Technical Review Group Meeting	Dec. 11, 2013
Sacramento Area Congregation Together and Sacramento Housing Alliance.	Jan. 7, 2014
Technical Review Group Meeting	Jan. 15, 2014
<b>Community Workshop – Lemon Hill at Mutual Housing</b>	<b>Jan. 23, 2014</b>
<b>Community Workshop – Hart Senior Center</b>	<b>Jan. 28, 2014</b>
<b>Community Workshop – South Natomas Center</b>	<b>Jan. 29, 2014</b>
<b>Community Workshop – Pannell Meadowview Center</b>	<b>Feb. 5, 2014</b>
Scott Whyte, North State BIA	March 24, 2014
Mark Stivers, Senate Committee on Housing and Transportation	March 25, 2014
Greg Forest - Hefner, Stark & Marois	March 25, 2014
Chris Worden, Downtown Partnership and Kevin Greene, Chamber of Commerce	March 27, 2014
Sotiris Kolokotronis, Urban Capital Partners	April 9, 2014
Nick Avdis – Thomas Law Group	May 1, 2014
Phil Angelides, Aaron Sussman, Megan Norris - Riverview Capital Investments	May 8, 2014
Patti Kleinknect, River District	May 16, 2014
Jeanne LeDuc, Sacramento Housing and Redevelopment Commission	May 16, 2014
Darryl Rutherford, Sacramento Housing Alliance	May 19, 2014
Matt Keasling and Jim Wiley – Taylor and Wiley	May 20, 2014
Chris Worden (Downtown Partnership) and Ali Yousefi (CFY Development)	May 22, 2014
Scott Whyte, North State Building Industry Association	May 27, 2014
Natomas Park Planning Committee	June 11, 2014
Darryl Rutherford (Sacramento Housing Alliance) and Sotiris Kolokotronis (Urban Capital Partners)	July 7, 2014
Bill Heartman, Seris Regis Group	Aug. 7, 2014
Denton Kelly and Jay Heckenlively, LDK Ventures	Nov. 14, 2014
Charrette with Expanded Technical Review Group	Nov. 17, 2014
Emily Baime Michaels, Midtown Business Association	Jan. 15, 2015

Josh Wood, Sacramento Region Builders	March 18, 2015
Ryan Hooper, Offices of Gregory Thatch	March 18, 2015
Geoff Brown, USA Properties	March 23, 2015
Bill Heartman, Sares Regis Group	March 24, 2015
River District Board Meeting	April 8, 2015
Emilie Cameron, Sacramento Downtown Partnership	April 14, 2015
Sacramento Housing Alliance, Area Congregations Together (ACT), Alliance of Californians for Community Empowerment (ACCE)	April 22, 2015
Strategic Development Committee, Sacramento Downtown Partnership	April 23, 2015
Capital Area Development Authority Board	April 24, 2015
Midtown Business Association Board	April 29, 2015
Region Builders Board	May 7, 2015
North Natomas Community Coalition	May 13, 2015
Sacramento Housing and Redevelopment Commission	<b>June 3, 2015</b>
<b>Planning and Design Commission Hearing</b>	June 25, 2015
Sacramento Housing and Redevelopment Commission	August 5, 2015
<b>Law and Legislation Committee Hearing</b>	<b>Aug. 11, 2015</b>
<b>City Council Hearing</b>	<b>Sept. 1, 2015</b>

**Input from Community Workshops**

**Community Workshop – Lemon Hill at Mutual Housing – 1/23/14**

From Spanish/English speaking group:

- Retired and fast food workers are predominantly extremely low income
- Fees alone do not work for construction of housing. Elk Grove did not spend the fees that were collected for years. Now they are finally building housing.
- The current county requirement should be required citywide.
- Single parent families are in danger of becoming homeless without extremely low income housing.
- Self-help and Habitat for Humanity is very good.
- Affordable by design can be problematic because the housing is too small for families.

From Chinese/Vietnamese speaking group:

- Don't change anything about the ordinance.
- Best places for affordable housing is near bus routes and Asian stores.
- The housing should be located in walkable areas.

From Hmong speaking group:

- More low income families should participate and support the ordinance.
- More units should be affordable to very low and extremely low income households.
- 15-25% of new communities should have affordable housing.
- Housing should be located near hospitals, grocery stores and work places.
- More housing should have 3 to 6 bedrooms to support the large, multi-generational families.

**Community Workshop – Hart Senior Center – 1/28/14**

- Affordable housing should be mixed in w/new communities.
- The amount of homeless in midtown indicates a lack of affordable housing in the area.
- Extremely low income and very low income units need to be accessible.
- Inclusionary units need longer deed restrictions than 30 years.
- Skeptical that Affordable by design units will be sold/rented to low income.
  - Likely that moderate and above moderate income households, that have better credit will be able to live in those units.
- Do not relax the current requirements in New Growth Areas .
- Partner with Habitat for Humanity and other sweat equity models. Allow land dedication for those organizations.
- Gentrification of infill areas is concerning.

- Have a higher fee in greenfield areas
- Avoid concentration of affordable housing in any one area.
- Do not charge fee for 2<sup>nd</sup> residential units. It will discourage something we want.

**Community Workshop – South Natomas Center – 1/29/14**

- \$3 fee is too high
- How is the fee for duplexes and halfplexes charged?
- There has been success with duplexes and halfplexes in the Green Haven Pocket area.
- Cluster housing products in North Natomas have had parking problems.
- For-sale affordable housing that have gone into foreclosure are very difficult to purchase.
- For-sale affordable housing cannot be rented.
- The prevailing interest rate factors into the resale price of the for-sale affordable home because the payment affordability considers principle, interest, HOA dues, and other factors. This means that even if the value of the home goes up the interest rate can restrict equity.

**Community Workshop – Pannell Meadowview Center – 2/5/14**

- Fee is too low.
- Allow low income people to build their own housing - Habitat for Humanity/Self Help Housing
- The higher the fee, the more attractive the option to build housing.
- The phasing in of the fee is concerning. It would take too much time to build up the fee revenue.
- The fee revenue should be used to rehab boarded and vacant homes as well as apartment complexes. Those units should be guaranteed affordable to low income.

### November 2014 Charrette

On November 17, 2014 the City hosted a charrette to educate the participants, encourage common understanding of the various perspectives, and to identify any points of general consensus, and any commonly expressed areas of improvement. The meeting went from 10 am to 5 pm beginning with guest presentations on the economics of development (Tim Youmans, Tim Youmans Consulting) and the state of affordable housing (Rich Gross, Enterprise Community). After lunch Greg Chew (Senior Planner, SACOG) facilitated a discussion on the current draft framework.

The Charrette participants are as follows:

Charrette Participant List	
Sacramento Housing Alliance	Cathy Creswell
Mercy Housing	Stephan Daues
USA Properties	Geoff Brown
Area Congregations Together (ACT)	Sally Smith
North State Building Industry Association	Scott Whyte
Downtown Sacramento Partnership	Chris Worden
Petrovich Development Company	Phil Harvey
SHRA Commission	Jayne Raab
Riverview Capital Investments	Megan Norris
North Natomas Community Coalition	Lynn Lenzi
Offices of Gregory Thatch	Ryan Hooper
California Senate Transportation & Housing Committee	Mark Stivers
Sacramento Housing Alliance	Darryl Rutherford
Capitol Area Development Authority (CADA)	Wendy Saunders
Sares Regis Group	Bill Heartman



The discussion sessions were broken up into three parts. After all input was received, the participants were given three stickers to indicate their support of a suggestion. Below is a summary of suggestions that received a minimum of three stickers.

### **Charrette Input Summary**

#### **Session #1: Apply the Mixed Income Housing Ordinance Citywide with a fee of \$2.50 a square foot**

- New growth areas should provide 15% affordable housing and infill areas should have a fee. \*\*\*\*\* (11)
- Develop other city resources (boomerang funds, T.O. Tax, permit streamlining, fee deferrals) \*\*\*\*\* (11)
- Index the fee based on the number of building permits \*\*\*\*\* (8)
- Phase in the fee. \*\*\*\*\* (6)
- Reduced fee for infill areas. \*\*\*\* (4)
- Citywide fee at \$2.50 per square foot. \*\*\*\* (4)

#### **Session #2: Exempt projects that either do not create a need for new affordable housing, create affordable housing opportunities, preserve historic resources, or still have an unproven market.**

- Exempt high density development (40 du/na). Reconsider after 5 years. \*\*\*\*\* (15)
- Exempt existing approved tentative map projects in infill areas. \*\*\*\*\* (9)
- Exempt entitled projects not already subject to the ordinance. \*\*\* (3)
- Project with 10% affordable units can be exempt however: \*\*\*\*\* (6)
  - Ownership units must be affordable to 80% of area median income.
  - Rental units must be affordable to 50% of area median income.
- Support exemptions for room additions; 2nd residential units; single unit owner/builder; and development agreements prior to 2000. \*\*\*\* (4)

#### **Session #3: Require 100 acre developments to create affordable housing options (including land dedication and affordable-by-design) for low income families. Allow dedication of land to self-help/sweat equity housing developers.**

- Large projects with existing inclusionary housing plans cannot opt-in to new ordinance. \*\*\*\*\* (21)
- Large projects with existing inclusionary housing plans can opt-in to the new ordinance. \*\*\*\*\* (18)
- Large projects should be able to pay a fee like all other projects. \*\*\*\*\* (16)
- Affordable-by-design minimum of 1,200 square feet is too small. \*\*\*\*\* (5)

## May 4, 2015 Technical Review Group Meeting

May 4 <sup>th</sup> Technical Review Group Participant List	
Sacramento Housing Alliance	Cathy Creswell
Mercy Housing	Stephan Daues
USA Properties	Geoff Brown
Area Congregations Together (ACT)	Sally Smith
North State Building Industry Association	Katie Donahue
Downtown Sacramento Partnership	Emilie Cameron
Petrovich Development Company	Phil Harvey
SHRA Commission	Jayne Raab
Riverview Capital Investments	Megan Norris
North Natomas Resident	John Parrinello
Offices of Gregory Thatch	Ryan Hooper
California Senate Transportation & Housing Committee	Mark Stivers
Sacramento Housing Alliance	Darryl Rutherford
Capitol Area Development Authority (CADA)	Wendy Saunders
Planning and Design Commission	David Nybo
Sares Regis Group	Bill Heartman

**Comments Received:**

- Darryl Rutherford: Recommended that the adaptive reuse exemption be moved into the \$0 category that would be evaluated in 4 years.

**Staff response:** This change has been made.

- Stephan Daues and Mark Stivers: Recommended that the four year evaluation should have some type of predictable metric (i.e. # of building permits). How do we determine what a healthy market is?

**Staff response:** We are hesitant to commit to a specific metric. While there is value for being able to predict whether or not fees will be required for these projects, we do not want to be limited to a specific way of evaluating a healthy market. The City has yet to have a healthy housing market for urban infill development. It is difficult to determine what success looks like when we have yet to see it.

- Cathy Creswell: Recommended that there should be more of a policy vision for the Mixed Income Housing Strategy with specifics for creating mixed income communities.

**Staff response:** The Housing Element, which is updated every eight years, contains the policy vision. The remaining four to five 100+ acres developments should be evaluated by the City Council on a case by case basis.

- Mark Stivers: Wanted to know why do single family homes at 20 du/na have a \$0 fee rate? Are they more expensive? Land in central city is expensive but that can be negotiated in the purchase price.

**Staff response:** Like high-density multi-unit development, single-unit development at 20 du/na must not only contend with expensive land, but must also deal with older infrastructure and site design challenges. This initial \$0 fee rate incentivizes a housing type that is still establishing itself in the housing market.

- Geoff Brown: Stated that the maximum size limits will make the proposed affordable housing project for the Railyards not in line with the ordinance.
  - The separation requirement shouldn't apply to different populations (i.e. seniors and family)

**Staff response:** The size limitations will not prevent the proposed affordable development in the Railyards from being developed. However the project would not be eligible for fee credits as proposed.

- Cathy Creswell: Recommended that a project getting fee credits should not receive a city subsidy.

**Staff response:** This level of specificity can be addressed in the program guidelines that will be adopted by the City Council after the new Mixed Income Housing Ordinance is adopted.

- Stephan Daues: If a project is exempt because of approved entitlements and comes in for major changes is it still exempt?

**Staff response:** The draft ordinance now has a provision that would permit staff and director-level changes to the project. Any changes that require commission approval would make the project no longer exempt from the ordinance.

**Summary of Current Mixed Income Housing Ordinance**  
(17.712 of the City of Sacramento's Planning and Development Code)

Application and Requirements

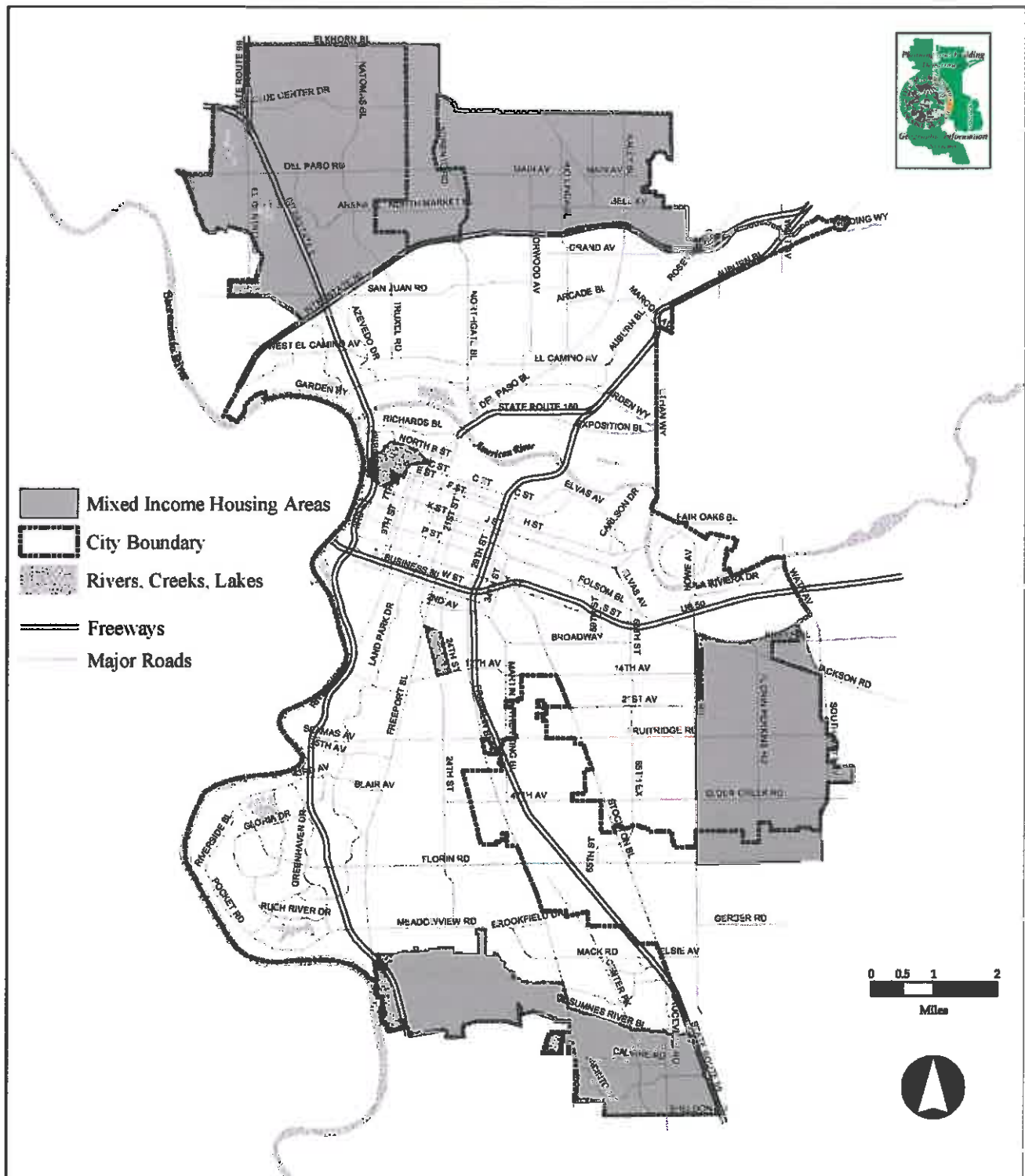
- Adopted on October 3, 2000.
- Ordinance applies in "new growth areas" as shown in the enclosed map.
- The ordinance does not apply to the following projects:
  - Residential projects of nine or fewer dwellings.
  - Rehabilitation of existing residential dwellings.
  - Market rate units produced as a density bonus.
  - Residential projects which have approved Development Agreements before June 20, 2000.
  - Residential projects made up entirely of mobile homes.
- Standard Obligation:
  - 5% low income units (affordable to 80% of area median income)
  - 10% very low income units (affordable to 50% of area median income)
- Exceptions to the standard obligation:
  - Exclusively single family developments of less than 5 acres may provide 15% low income units if all units are onsite and for-sale.
  - Stand-alone condominiums of 200 units or less, and not part of a larger PUD, may obtain a conditional use permit to provide 10% low and 5% very low income units.

Location of Inclusionary Housing Units

- Inclusionary housing units shall be built on the site of the development project and dispersed "to the maximum extent feasible."
- Alternatives to on-site construction, with Planning Director approval:
  - Land dedication can be approved on-site or off-site to SHRA.
  - Off-site development: "Exclusively single family developments" which lack adequate land zoned for multifamily development may build their inclusionary units outside of the development project area but within the same new growth areas.
- Developments of 50% or more of inclusionary units may not be located adjacent to each other or another affordable housing development.

Phasing, Design, and Length of Affordability

- Inclusionary units must be built concurrently with the market rate units. Phasing of the units are detailed and approved in the Inclusionary Housing Agreement.
- Design of the inclusionary units must be compatible with design of total project and the units must provide mix of bedroom sizes.
- The SHRA multifamily development financing guidelines (size limitations, security standards, etc.) shall apply to inclusionary units.
- Minimum term of affordability for rental inclusionary units is 30 years.
- For-sale units have a 30 year deed restriction, which governs the home's resale.



## AREAS SUBJECT TO MIXED INCOME HOUSING POLICY

## Affordable Housing Programs in the Sacramento Region

Jurisdiction	Residential Program	Nonresidential Fee Program
<b>City of Sacramento (Existing)</b>	<b>Inclusionary Requirement:</b> Applies to new growth areas for projects of 10 or more units.  Total of 15% <ul style="list-style-type: none"> <li>• 5% low</li> <li>• 10% very low</li> </ul> Land dedication is an option.	Office \$2.36 sq ft Hotel \$2.24 sq ft Research & Development \$2.00 sq ft Commercial \$1.88 sq ft Manufacturing \$1.48 sq ft Warehouse/Office \$0.86 sq ft Warehouse \$0.64 sq ft  Fee is indexed annually.
<b>City of Sacramento (Proposed)</b>	<b>Citywide fee of \$2.58 per square foot, indexed annually.</b> <ul style="list-style-type: none"> <li>• \$0 fee for high density projects.</li> <li>• Reduced fee for project in area where market rate housing is already affordable.</li> </ul> 100+ acre projects can receive credit toward fee for building affordable units, dedicating land or other mechanism.	Same as above.
<b>County of Sacramento</b>	<b>Countywide fee of \$2.58 per square foot, indexed annually.</b>  Projects can receive credit toward fee for building affordable units, dedicating land or other mechanism through development agreement.	Office \$0.97 sq ft Hotel \$0.92 sq ft R&D \$0.82 sq ft Commercial \$0.77 sq ft Manufacturing \$0.61 sq ft Warehouse \$0.26 sq ft

<b>City of Citrus Heights</b>	<b>None</b>	Office \$0.97 sq ft Hotel \$0.92 sq ft R&D \$0.82 sq ft Commercial \$0.77 sq ft Manufacturing \$0.61 sq ft Warehouse \$0.26 sq ft
<b>City of Davis</b>	<p><b>Inclusionary requirement:</b> Single family ownership (on lots more than 5,000 sq. ft.)</p> <ul style="list-style-type: none"> <li>• 25% moderate income</li> </ul> <p>Single family ownership (on lots less than 5,000 sq.ft.)</p> <ul style="list-style-type: none"> <li>• 15% moderate income</li> </ul> <p>Single family ownership (attached)</p> <ul style="list-style-type: none"> <li>• 10% moderate income</li> </ul> <p>Rental Housing Developments (20+ units)</p> <ul style="list-style-type: none"> <li>• 25% low income</li> <li>• 10% very low income</li> </ul> <p>Rental Housing Developments (5-19 units)</p> <ul style="list-style-type: none"> <li>• 15% low income</li> <li>• 10% very low income</li> </ul> <p>Land dedication is an option.</p> <p>In-lieu fee of \$37,500 per unit.</p>	<b>None</b>
<b>City of Elk Grove</b>	<p><b>Citywide Fee Program:</b> Single Unit Dwelling Units: \$2,800 + 3% Administration Fee</p> <p>Multifamily Units - \$1,680 + 3% Administration Fee</p> <p>Fee may be waived if developer agrees to donate land or provide deed restricted affordable units.</p>	<p>Office (no fee) Hotel \$1.75 sq ft Commercial/Retail \$0.59 sq ft Manufacturing \$0.67 sq ft Warehouse \$0.72 sq ft</p> <p>Fee is indexed annually</p>



<b>City of Folsom</b>	<b>Inclusionary Requirement:</b> Total of 10% <ul style="list-style-type: none"> <li>• 3% - very low</li> <li>• 7% - low</li> </ul> Land dedication is an option.  Fee Program: In-lieu fee calculated at 1.0% of the lowest priced for-sale unit in project.  Custom lots at 0.5% of the least expensive homes. Other as proposed by the developer.	\$1.50 sq ft for all non-residential development
<b>City of Galt</b>	<b>None</b>	<b>None</b>
<b>City of Rancho Cordova</b>	<b>Inclusionary Policy:</b> Negotiated project by project. Housing Element contains various options.	Office \$0.97 sq ft Hotel \$0.92 sq ft R&D \$0.82 sq ft Commercial \$0.77 sq ft Manufacturing \$0.61 sq ft Warehouse \$0.26 sq ft
<b>El Dorado County</b>	<b>No requirements on Developers – Incentive Programs Only</b>	<b>None</b>
<b>Placer County</b>	<b>Inclusionary Policy:</b> 10% of units affordable in Specific Plans or Projects with General Plan Amendments  OR  Pay an In-Lieu Fee (No pre-determined amount – set by Planning Director).	<b>None</b>

<b>City of Roseville</b>	<p><b>Inclusionary Policy:</b>  Implements 10% affordable housing goal w/development agreements (applies to specific plans).</p> <ul style="list-style-type: none"> <li>• 4% - very low</li> <li>• 4% - low-income</li> <li>• 2% - moderate</li> </ul> <p>(In projects in specific plan areas created after October, 2003).</p> <p>Fee Program (Negotiated): For Very Low Income Units, could pay in-lieu fee - \$60,000 per Affordable Unit.</p>	<b>None</b>
<b>Sutter County</b>	<p><b>Inclusionary Requirement:</b>  For Sale Projects:</p> <ul style="list-style-type: none"> <li>• 5% - low- and moderate-income</li> </ul> <p>Rental Projects:</p> <ul style="list-style-type: none"> <li>• 5% - very low- and low-income</li> </ul> <p>Land dedication is an option</p> <p>Fee Program: May pay an in-lieu fee to the Affordable Housing Trust fund. The amount shall be sufficient to provide for the development of the required affordable units.</p>	<b>None</b>

<b>City of West Sacramento</b>	<b>Inclusionary Requirement:</b> For Sale Projects <ul style="list-style-type: none"> <li>• 10% - low income</li> </ul> Rental Projects <ul style="list-style-type: none"> <li>• 5% - very low income</li> <li>• 5% - low-income</li> </ul> Alternatives: <ul style="list-style-type: none"> <li>• In-lieu fee of \$5,640</li> <li>• Acquisition rehabilitation</li> <li>• Preservation of at-risk units</li> </ul>	<b>None</b>
<b>City of Winters</b>	<b>Inclusionary Requirement:</b> Total of 15% <ul style="list-style-type: none"> <li>• 6% - very low income</li> <li>• 9% - low- or moderate income</li> </ul> Land dedication allowed at City discretion  Fee Program: At City discretion, may pay fee on small projects when City deems onsite construction or land dedication is infeasible.	<b>None</b>
<b>City of Woodland</b>	<b>Inclusionary Requirement:</b> For Sale Project <ul style="list-style-type: none"> <li>• 10% - low-income</li> </ul> Multi-Family Rental Project <ul style="list-style-type: none"> <li>• 20% - very low</li> <li>• 10% - low-</li> </ul> Or <ul style="list-style-type: none"> <li>• 25% - very low</li> </ul> Land dedication is an option.  Fee Program: For detached for-sale projects fewer than 50 units, may pay an in-lieu fee to satisfy the affordable housing obligation.	<b>None</b>