

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
April 9, 2019

To: Board of Supervisors

Through: Navdeep S. Gill, County Executive

From: LaShelle Dozier, Executive Director, Sacramento
Housing and Redevelopment Agency

Subject: Annual Reports Of The Housing Trust Fund, Affordable
Housing Ordinance, And HOME Investment Partnership
Program

District(s): All

RECOMMENDED ACTION

Receive and file the annual reports of the Housing Trust Fund, Affordable Housing Ordinance and HOME Investment Partnerships Program (HOME).

BACKGROUND

This report provides information on the status of the County Housing Trust Fund Ordinance, Affordable Housing Ordinance and HOME Investment Partnerships Program (HOME) for calendar year 2018. The Sacramento Housing and Redevelopment Agency (SHRA) administers these funds on behalf of the County of Sacramento.

Housing Trust Fund - The County Housing Trust Fund (HTF) ordinance authorizes the collection of fees on non-residential construction to fund very low-income housing. The ordinance requires an annual report to the Board of Supervisors. The HTF ordinance was adopted in 1990 to raise local financing for affordable housing near employment centers. Fees on non-residential developments generate revenue based on an economic nexus analysis. The analysis determined that the construction of commercial projects such as offices, business parks, hotels, warehouses, and shopping centers played a major role in attracting new very low- and low-income workers to Sacramento. See Attachment 1 for the Housing Trust Fund Annual Reports.

Affordable Housing Ordinance - The County Affordable Housing Ordinance created a standard affordable housing fee on residential construction and provides a variety of other options for developers to satisfy affordable housing obligations. On February 25, 2014, the Sacramento County Board of Supervisors (Board) repealed Chapter 22.35 of the County Code known as the County's Affordable Housing Ordinance (Repealed Ordinance) and adopted a revised Ordinance (Ordinance) on March 26, 2014. Affordable Housing Program Guidelines (Guidelines) were approved by the Board on June 9, 2015. Though the Ordinance requires a biennial report, SHRA is reporting on the Ordinance annually to align with the HTF report. See Attachment 2 for the Affordable Housing Ordinance Annual Report.

HOME Investment Partnership Program - The federal HOME Investment Partnership Program (HOME) provides grants to fund a wide range of activities including construction, acquisition, and/or rehabilitation of affordable housing. See Attachment 3 for HOME Annual Report.

SHRA follows the Multifamily Lending and Mortgage Revenue Bond Policies approved by the Board on March 10, 2009, for the allocation of the HTF, Affordable Housing Ordinance, and HOME funds. As approved by the Board on November 7, 2018, pre-applications for funding in 2019 will be accepted on January 2nd, August 1st, and October 1st (based on funding availability).

COMMISSION ACTION

At its meeting of March 20, 2019, the Sacramento Housing and Redevelopment Commission (Commission) reviewed the information contained in this report.

POLICY CONSIDERATIONS

No action is required and no policy changes are being recommended.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed actions do not constitute a project subject to environmental review under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15378(b).

National Environmental Policy Act (NEPA): The proposed actions are exempt under NEPA pursuant to 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3).

M/WBE/SECTION 3 CONSIDERATIONS

The activities recommended in this report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

FINANCIAL ANALYSIS

The County Housing Trust Fund has collected a total of \$45,688,606 in fees, interest, and loan repayments since the inception of the fund in 1990. A total of \$40,934,739 has been expended on projects, and \$4,448,441 on administration which is approximately ten percent of total fee revenue. After receiving less revenue in 2018 than budgeted and subtracting for projects with budgeted expenditures, the balance available for new projects was negative \$134,999 as of December 31, 2018. Funds received in 2019 will compensate for this negative balance.

The County Affordable Housing Program has collected a total of \$8,557,169 in fees, interest, and loan repayments since the inception of the revised Ordinance in 2014. A total of \$4,484,980 has been expended on projects, and \$463,642 on administration, which is approximately five percent of the total fee revenue. After subtracting for funded projects, the balance available for new projects was \$4,587,080 as of December 31, 2018.

The County HOME Program collected a total of \$4,604,223 in entitlement, interest and loan repayments in 2018. A total of \$5,620,000 was expended on projects, and \$400,844 on administration, which is approximately nine percent of the total 2018 HOME Program income. After subtracting for funded projects, the balance available for new projects was \$7,014,252 as of December 31, 2018.

Attachments:

ATT 1 – Housing Trust Fund Annual Report for 2018

ATT 2 – Affordable Housing Ordinance Report for 2018

ATT 3 – HOME Annual Report for 2018

Sacramento County Housing Trust Fund

Annual Report

for

January 1, 2018 to December 31, 2018

Sacramento Housing and Redevelopment Agency

March 2019

HOUSING TRUST FUND ANNUAL REPORT FOR 2018

The County Housing Trust Fund (HTF) ordinance was adopted in 1990 to raise local financing for affordable housing near employment centers. Fees on non-residential developments generate revenue based on an economic nexus analysis. The analysis determined that the construction of commercial projects such as offices, business parks, hotels, warehouses, and shopping centers played a major role in attracting new very low- and low-income workers to Sacramento. The fee-generated revenue is used to develop affordable housing units with the goal of increasing the supply available for lower income workers. SHRA administers these funds on behalf of the County of Sacramento (County).

The County's HTF benefits very low-income households who earn up to 50 percent of the County median income. The jobs/housing linkage requires that housing projects funded with HTF be occupied by persons in the labor force.

Pursuant to the Mitigation Fee Act (Government Code §66000 et. seq.), this report provides the public with information on revenue and production generated by the County Housing Trust Fund for calendar year 2018.

Current Fee Schedule

Building Use	Fee Per Square Foot
Office	\$0.97
Hotel	\$0.92
Research & Development	\$0.82
Commercial	\$0.77
Manufacturing	\$0.61
Warehouse	\$0.26

The following 2018 County Housing Trust Fund Financial Information tables provide financial information for the fund in 2018, including:

- beginning and ending balance
- revenue, including the amount of fees collected, interest earned, and income from loan repayments
- amount of expenditures for projects and operations
- amount budgeted, but not expended, for projects
- balance available for new projects

2018 County Housing Trust Fund Financial Information

Beginning Balance	
	\$3,626,193

Income	
Fees Collected	\$230,559
Interest	\$20,401
Loan Repayment	\$116,351
Total Income	\$367,311

Balance and Total Income	
	\$3,993,504

Expense	
Projects	\$3,410,000
Operations	\$278,078
Total Expense	\$3,688,078

Ending Balance	
Remaining Project Balances	\$400,282
Remaining Admin Available	\$40,143
Balance Available for Projects	(\$134,999)*
Ending Balance	\$305,426

*Less revenue was received in 2018 than was anticipated in the budget. Revenue received in 2018 will account for this negative balance.

The interest earnings include both interest earned from the investment pool and interest earned from the interest portion of Housing Trust Fund loan repayments.

The 2018 County Housing Trust Fund Expenditures table, below, identifies current HTF projects, expenditures, and balance available. For each project the chart also identifies the HTF restricted units, the total number of housing units, and the loan maturity date.

2018 County Housing Trust Fund Expenditures

Project	Address	HTF Units	Total Units	Total HTF Budgeted	2018 HTF Expenditure	Remaining Balance	Loan Maturity Date
Colonia San Martin	7271 Florin Mall Drive	40	60	\$2,100,000	\$0	\$290,282*	11/19/2062
Courtyard Inn (Acquisition)	3425 Orange Grove Ave	14	92	\$2,200,000	\$2,200,000	\$0	1/31/2076
Ethan Terrace	1820-1824 Ethan Terrace	14	92	\$2,200,000	\$220,000	\$0	12/1/2072
Southwind Court	7371, 7399, 7401 Power Inn Road	7	88	\$1,100,000	\$990,000	\$110,000	6/1/2059
TOTAL		75	332	\$7,600,000	\$3,410,000	\$400,282	

*Colonia San Martin has a remaining balance available for operating reserves. Construction of this project is complete.

1991- 2018 County Housing Trust Fund Income Report

Year	Fees	Interest	Income	Total Income
1991-1993	\$ 4,337,485	\$ 587,152	\$ -	\$ 4,924,637
1994	\$ 774,285	\$ 159,238	\$ -	\$ 933,523
1995	\$ 1,508,924	\$ 130,937	\$ 9,840	\$ 1,649,701
1996	\$ 1,051,242	\$ 167,955	\$ 14,500	\$ 1,233,697
1997	\$ 1,894,423	\$ 204,847	\$ 25,043	\$ 2,124,313
1998	\$ 2,636,297	\$ 154,380	\$ 534,170	\$ 3,324,847
1999	\$ 1,065,536	\$ 323,039	\$ 108,612	\$ 1,497,187
2000	\$ 2,164,212	\$ 420,805	\$ 118,073	\$ 2,703,090
2001	\$ 2,334,409	\$ 519,351	\$ 429,323	\$ 3,283,083
2002	\$ 1,177,864	\$ 327,057	\$ 70,023	\$ 1,574,943
2003	\$ 1,238,436	\$ 286,061	\$ 79,224	\$ 1,603,721
2004	\$ 1,076,037	\$ 283,381	\$ 830,788	\$ 2,190,206
2005	\$ 1,394,429	\$ 108,026	\$ 49,510	\$ 1,551,965
2006	\$ 731,093	\$ 409,360	\$ 66,279	\$ 1,206,732
2007	\$ 744,941	\$ 492,043	\$ 81,824	\$ 1,318,808
2008	\$ 797,206	\$ 388,626	\$ 121,439	\$ 1,307,272
2009	\$ 218,366	\$ 248,569	\$ 140,425	\$ 607,360
2010	\$ 67,427	\$ 235,588	\$ 193,611	\$ 496,626
2011	\$ 118,195	\$ 287,400	\$ 206,869	\$ 612,464
2012	\$ 243,621	\$ 278,580	\$ 210,414	\$ 732,616
2013	\$ 350,148	\$ 483,884	\$ 718,437	\$ 1,552,468

2014	\$	354,655	\$	904,552	\$	1,609,790	\$	2,868,997
2015	\$	451,431	\$	36,608	\$	2,456,386	\$	2,944,424
2016	\$	393,295	\$	46,291	\$	1,399,838	\$	1,839,424
2017	\$	176,982	\$	42,524	\$	1,019,684	\$	1,239,190
2018	\$	230,559	\$	20,401	\$	116,351	\$	367,311
TOTAL	\$	27,531,498	\$	7,546,656	\$	10,610,451	\$	45,688,606

The County Housing Trust Fund Developments table identifies all properties which received Housing Trust Funds and the total number of units produced. The location of each of the Housing Trust Fund Expenditures are detailed in the table below, followed by a map of the development locations.

County Housing Trust Fund Developments

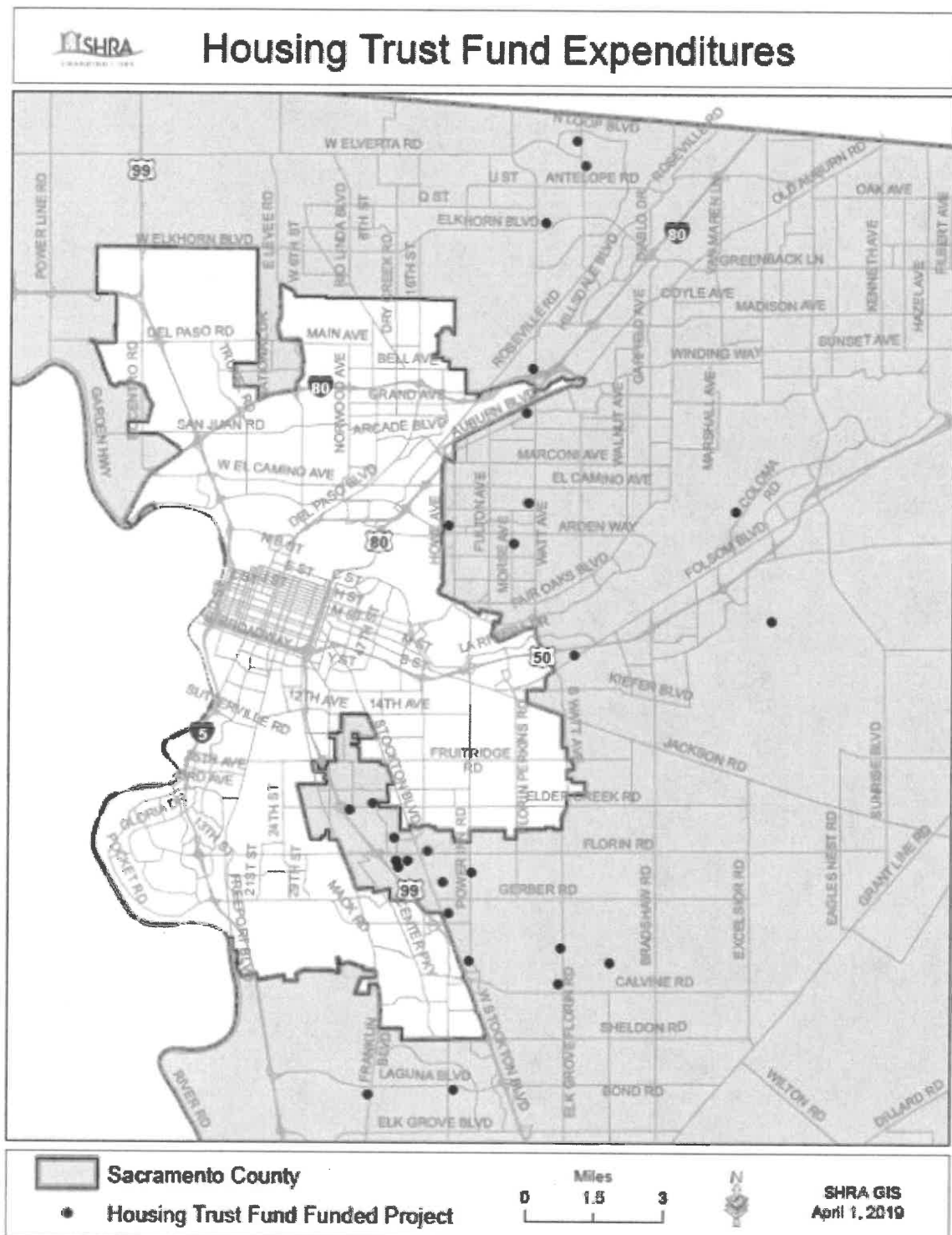
Project Status	Project Name	Total Units
Completed	Acacia Meadows Apartments	140
Completed	Anton Arcade	148
Completed	Arbor Creek Family Apartments	102
Completed	Arlington Creek Apartments	148
Completed	Asbury Place	104
Completed	Auberry Park	112
Completed	Churchill Downs Apartments	204
Completed	Colonia San Martin	60
Completed	Cordova Meadows Apartments/Park Meadows	183
Under Construction	Courtyard Inn	92
Under Construction	Crossroads Gardens	70
Completed	Danbury Park	140
Completed	Ethan Terrace	92
Completed	Fleming Phase II	15
Completed	Fleming Place	30
Completed	Greenway Village	54
Completed	Los Robles (Sky Parkway)	80
Completed	Mather Transitional Housing (Phase II)	273
Completed	Morse Glen Estates (Lerwick)	50
Completed	Norden Terrace Apartments	204
Completed	Olivewood Apartments	68
Completed	Pacific Rim/Sunnyslope	31
Completed	Sac Veterans Resource Center	32
Completed	Saybrook	61
Under Construction	Southwind Court	88
Completed	Terracina Laguna	136

Housing Trust Fund Annual Report for 2018

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Completed	Terracina Vineyard	64
Completed	Village Crossings Apartments	196
Completed	TOTAL UNITS	2,977

Parties interested in receiving notices of meetings at which this report is heard may request to be placed on a notification list. Notice of the time and place of the meeting will be mailed 15 days prior to the meeting. Written requests should be made to SHRA and are valid one year from the date on which they are filed. Renewal requests for mailed notices should be made on or before April 1st of each year.



Sacramento County Affordable Housing Ordinance

Annual Report

for

January 1, 2018 to December 31, 2018

Sacramento Housing and Redevelopment Agency

March 2019

AFFORDABLE HOUSING ORDINANCE ANNUAL REPORT FOR 2018

On February 25, 2014, the Sacramento County Board of Supervisors (Board) repealed Chapter 22.35 of the County Code known as the County's Affordable Housing Ordinance (Repealed Ordinance), and adopted a revised Ordinance (Ordinance) on March 26, 2014. The revised Ordinance creates a standard affordable housing fee accessible to all developers (with limited exceptions) and also provides a variety of other options an applicant/developer may choose to satisfy a development project's affordable housing obligations. As part of this revision, the County contracted with a consultant to perform a residential nexus analysis that demonstrates the relationship between the development of market rate residential units and the need for additional affordable housing. In order to implement the Ordinance, the County and SHRA prepared the Affordable Housing Program Guidelines (Guidelines) and the County approved the Guidelines on June 9, 2015.

Ordinance Section 22.35.060 (D) calls for biennial reports to monitor the performance of the affordable housing program, including the number of units produced, the amount of land dedicated and purchased, the amount of funds collected and expended and the level of affordability of units constructed. Though the Ordinance requires a biennial report, SHRA is electing to report on the Ordinance annually to align with the Housing Trust Fund report. This annual report quantifies affordable housing production since the adoption of the revised Ordinance during the reporting period encompassing calendar year 2018.

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

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

Current Fee Schedule

As of March 1, 2019, the current affordability fee is equal to \$2.87 per habitable square foot of each market rate residential unit and is paid concurrently with payments for building permit fees for the development project. The fee is adjusted annually based on the Building Cost Index 20-City Average published by Engineer News-Record/McGraw Hill.

2018 COUNTY AFFORDABLE HOUSING PROGRAM FINANCIAL INFORMATION

Beginning Balance	
\$4,951,415	

Income	
Fees Collected	\$3,234,916
Interest	\$70,682
Total Income	\$3,305,599

Balance and Total Income	
\$8,257,014	

Expense	
Operations	\$169,934
Projects	\$3,369,980
Total Expense	\$3,539,914

Ending Balance	
Remaining Project Balances	\$130,020
Balance Available for Projects	\$4,587,080
Ending Balance	\$4,717,100

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

At least fifty percent of the affordability fees collected must be used to produce affordable housing in large development projects consisting of at least 750 residential units. To fulfill the intent of the Ordinance, the County and SHRA are recommending large development projects comply with the affordable housing requirement through a combination of land dedication and affordability fee payment. Strategies will be determined on a project by project basis.

2018 County Affordable Housing Ordinance Expenditures

Project	Address	AHO Units	Total Units	Total AHO Budgeted	2018 AHO Expenditure	Remaining Balance	Loan Maturity Date
Courtyard Inn (Acquisition)	3425 Orange Grove Ave	14	92	\$2,200,00	\$2,200,000	\$0	1/31/2076
Southwind Court	7371, 7399, 7401 Power Inn Road	7	88	\$1,300,000	\$1,169,980	\$130,020	6/1/2059
TOTAL		21	180	\$3,500,000	\$3,369,980	\$130,020	

2005-2013 Old Ordinance Income Report

Year	Fees	Interest	Income	Total Income
2005	\$66,700	(\$506)	-	\$66,194
2006	\$231,725	\$444	-	\$ 232,169
2007	\$ 884,525	\$17,384	-	\$901,909
2008	\$453,100	\$32,165	-	\$485,265
2009	\$142,237	\$18,558	-	\$160,795
2010	\$502,900	\$15,146	\$1,115,250	\$1,633,296
2011	\$259,375	\$13,417	-	\$ 272,792
2012	\$112,800	\$14,962	\$118,023	\$245,785
2013	\$690,651	\$10,226	-	\$700,877
TOTAL	\$3,344,013	\$121,796	\$1,233,273	\$4,699,082

2014- 2018 County Affordable Housing Ordinance Income Report

Year	Fees	Interest	Income	Total Income
2014	\$409,946	\$12,132	\$6,623	\$428,700
2015	\$1,709,997	\$17,235	(\$6,873)	\$1,720,360
2016	\$1,813,392	\$30,383	\$16,532	\$1,860,307
2017	\$1,193,116	\$49,087		\$1,242,203
2018	\$3,234,916	\$70,682		\$3,305,599
	\$8,361,367	\$179,520	\$16,282	\$8,557,169

Other Development Options

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

Production Accomplished

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

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

Under the Revised Ordinance, SHRA and County staff have completed three Affordable Housing Strategies for affordable housing development projects that are pending Board Approval (the NewBridge Specific Plan, the Elverta Specific Plan and Mather South) that include dedication of land for affordable housing development. The Affordable Housing Strategy for construction of multifamily affordable units at Victoria Park was approved in 2018. Staff is continuing to work on Strategies for two other large development projects throughout the County, Jackson Township and West Jackson Highway.

2018 AFFORDABLE HOUSING PROGRAM UNIT PRODUCTION

REVISED ORDINANCE

2014-2018	Units Constructed		
	ELI	VLI	LI
None	0		

REPEALED ORDINANCE

2004-2013	Units Constructed		
	ELI	VLI	LI
Glenwood #5 Subdivision (Single Family)	0	0	4
2009-2010			
Arbor Creek Family (Multi-family)	41	41	19
Arbor Creek Senior (Multi-family)	7	32	20
Corsair Park Senior Apartments (Multi-family)	0	11	6
Norden Terrace Apartments (Multi-family)	0	20	10
Varenda Senior (Multi-family)	0	13	6
2007-2008			
Vineyard Creek/Vineyard Pointe (Multi-family)	35	71	70
Sierra Sunrise II (Multi-family)	0	2	1
Colonia San Martin (Multi-family)	0	6	3
Robbin's Nest (Single Family)	0	0	1
Foothill Farms Senior (Multi-family)	0	17	8
Mutual Housing at the Highlands (Multi-family)	0	8	4
2005-2006			
Walerga Road Apartments (Multi-family)	0	0	26
Total Units Constructed by Affordability	83	221	178
Total Units Constructed	482		

Land Dedication

No transfer of dedicated land or land purchase has occurred.

Unit Purchase Program

No unit credits were purchased from SHRA during 2018.

Sacramento County HOME Investment Partnerships Program

Annual Report

for

January 1, 2018 to December 31, 2018

Sacramento Housing and Redevelopment Agency

March 2019

HOME INVESTMENT PARTNERSHIPS PROGRAM ANNUAL REPORT FOR 2018

The federal HOME Investment Partnerships Program (HOME) provides grants to fund a wide range of activities including construction, acquisition, and/or rehabilitation of affordable housing. SHRA administers these funds on the County's behalf as an entitlement jurisdiction. At least 20 percent of HOME-assisted units in each project must be reserved for households with incomes below 50 percent of Area Median Income (AMI) and the remaining reserved for households with incomes below 65 percent of AMI. This report quantifies affordable housing production with HOME funds during the reporting period encompassing the calendar year 2018.

The County of Sacramento is part of a HOME Consortium, which is a means by which local governments that would not otherwise qualify for federal funding to join with other contiguous units of local government to directly participate in the HOME program. The Cities of Citrus Heights, Folsom, Isleton, Galt, and Rancho Cordova are members of the County of Sacramento's HOME Consortium.

2018 COUNTY HOME PROGRAM FINANCIAL INFORMATION

Beginning Balance	
	\$9,459,536

Income	
Entitlement	\$3,180,255
Interest	\$69,569
Loan Income	\$1,354,399
Total Income	\$4,604,223

Balance and Total Income	
	\$14,063,759

Expense	
Operations	\$400,844
Project Expenses	\$5,620,000
Total Expense	\$6,020,844

Ending Balance	
Remaining Project Balances	\$960,000
Remaining Admin Available	\$68,663
Balance Available for Projects	\$7,014,252*
Ending Balance	\$8,042,915

*This figure includes \$1,300,000 of HOME funds that have been budgeted for Sunrise Point as approved by the Board of Supervisors on January 29, 2019.

2018 County HOME Program Expenditures

Project	Address	HOME Units	Total Units	Total HOME Budgeted	2018 HOME Expenditure	Remaining Balance	Loan Maturity Date
Courtyard Inn (Construction)	3425 Orange Grove Ave	11	92	\$1,500,000	\$1,250,000	\$250,000	10/1/2075
Crossroad Gardens	7322 Florin Woods Drive	16	70	\$3,300,000	\$2,750,000	\$550,000	7/1/2074
Ethan Terrace	1820-1824 Ethan Way	11	92	\$1,800,000	\$180,000	\$0	1/1/2073
Southwind Court	7371, 7399, 7401 Power Inn	11	88	\$1,600,000	\$1,440,000	\$160,000	6/1/2059
TOTAL		49	342	\$8,200,000	\$5,620,000	\$960,000	

The County HOME Developments table identifies all properties that received HOME funds and the total number of units produced and currently regulated, followed by a map with the location of each development.

County HOME Developments

Project Name	Total Units
Anton Arcade Apartments	148
Arbor Creek Family	102
Arbor Creek Senior	68
Ardenaire Apartments	53
Asbury Place	105
Ashford Heights (The Oaks)	300
Bell Street Apartments	18
Breckenridge Village	160
Broadway Senior	120
Cardosa Village	20
The Cascades (Village East Apartments)	112
Centennial Place	15
Colonia San Martin	60
Cottage Estate Apartments	152
Courtyard Inn	92
Creekview Manor Senior (Folsom Senior)	138
Crossroad Gardens	70
Curtis Park Court Apartments	91
Diogenes Youth Center	2
Ethan Terrace Apartments	92

HOME Investment Partnerships Program Annual Report for 2018

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Folsom Oaks	19
Foothill Farms Senior	138
Forestwood at Folsom	55
Garden Village (Willow Pointe)	195
Globe Mills	143
Greenbriar Apartments	138
Greenway Village	54
Grizzly Hollow III	54
Hastings Park	242
La Loma	34
Ladi Senior	147
Land Park Woods	75
Los Robles (Sky Parkway)	79
Lotus Landing (Azure Park)	220
Mercy Village Folsom (Duchow Homes)	80
Morse Glen Estates	50
Mulberry Gardens (Campus Gardens)	126
Normandy Park Senior	116
Olivewood	68
Rosswood Manor	97
Serna Village	84
Shiloh Arms	106
Sierra Vista Apartments	78
Sierra Creek	144
Sierra Sunrise Senior	119
Sierra Sunrise Senior – Phase 2	20
Sky Parkway Terraces Senior	59
Southwind Court	88
Sutter Place Apartments	47
Terracina Park Meadows	144
Varennia Senior Apartments	152
The Verandas	180
Vintage Woods Senior	185
Waterman Square	84
TOTAL UNITS	5,538

