



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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PUBLIC HEARING
January 27, 2009

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

Title: Shovel-Ready Sites Program Funding

Location/Council District: Citywide/All Districts

Recommendation: Conduct a public hearing and upon conclusion 1) approve a) a **Resolution** to approve the transfer of funding from the Infill Fee Reduction Program and Low Income Fee Waiver/Deferral Program to fund the Shovel-Ready Sites Program with \$876,805; and b) an **Ordinance** amending Sections 17.191.050 and 17.195.060 of the Zoning Code in order to transfer funding from the Infill Fee Reduction Program and Low Income Fee Waiver/Deferral Program to fund the Shovel-Ready Sites Program.

Contact: Desmond Parrington, AICP, Infill Coordinator, Planning, 916-808-5044; Carol Shearly, Director of Planning, 808-5893; and David Spaur, Economic Development Director, 808-8196

Presenter: Desmond Parrington, AICP, Infill Coordinator

Departments: Planning and Economic Development Departments

Division: Infill

Organization No: 22001311

Description/Analysis

Issue: City staff recommends transferring \$876,805 of funding from two rarely used Capital Improvement Program projects into the Shovel-Ready Sites Program in order to encourage new job creation and increase General Fund revenue for the City. Staff is seeking Council approval of the attached resolution and ordinance amendments to shift these funds toward economic development efforts.

The Shovel-Ready Sites Program was established in FY2004/05 with the intent of encouraging economic development at key locations in the City. The goal of the program is to promote economic development by leveraging and attracting private investment. The program works to address and provide solutions to

infrastructure, transportation, planning and environmental challenges. By preparing key sites for development, the City can help create new jobs and grow the City's sales and property tax base, thus increasing General Fund revenues. The program was originally funded with \$650,000. Per Council resolutions 2008-424, 2008-496, and 2008-497, those funds have been used for shovel-ready efforts on Florin Road, the River District, and the remainder for the 65th Street Transit Village area. As a result, no funding remains for other economic development and shovel-ready efforts.

In order to continue the critical work of this program, staff recommends the transfer of funds out of the Infill Fee Reduction Program (I06000300) and the Low Income Fee Waiver/Deferral Program (I06000400). The Infill Fee Reduction Program was designed to reduce up to \$5,000 per unit of building permit fees for small residential infill projects. The Low Income Fee Waiver/Deferral Program was designed to reduce fees for those residential projects that were required to develop affordable housing under the requirements of the City's Mixed Income Ordinance. Though both programs were established before the court rulings on prevailing wages, neither program has been used much over the last four years because each triggers prevailing wage requirements. Prevailing wage requirements can often dramatically increase development costs for projects that use these City funds. SHRA has identified that there are no projects on the horizon that could, or would want to, take advantage of these funds.

These two programs would be defunded and those funds would be transferred into the Shovel-Ready Sites Program (D21001300) with a specific emphasis on preparing areas that can have a near-term return on investment for the City. This type of planning and economic development work is needed now because of the City's current dependence upon revenue from processing development (e.g., building permit fees). With an emphasis on job-creation, retail and office attraction, the Shovel-Ready Sites Program efforts can help increase sales tax and property tax revenues thereby growing the General Fund. Work funded through the program would include land use planning, entitlement, and design work; environmental analysis and remediation; transportation planning and engineering; infrastructure analysis, improvement, and financing; feasibility and market studies; outreach and marketing materials; and other types of project assistance. This would include both staff work and consultant assistance.

The Shovel-Ready Sites Program work is valuable because infill development faces special challenges due to fragmented land ownership, environmental issues, inadequate public facilities and infrastructure, and often the lack of a cohesive vision for how these areas could be developed. Ideally, a large-scale developer might solve these problems in an area. However, in the absence of such a scenario, the City will need to step in and plan to ensure the future success of shovel-ready areas and sites. Without concerted City investment in these areas it will be very difficult for economic development to occur. The City should take advantage of the current economic downturn to position itself to be the first place for new investment to occur as the economy recovers.

City staff reviewed all the areas identified in the 2030 General Plan as "opportunity areas" for future development. Based on the potential for near-term development staff narrowed this list down to 15 areas or projects (refer to Attachments 2 and 3). Staff then developed a Tier 1 list and a Tier 2 list based on the following criteria:

- Identification as an opportunity area in the new 2030 General Plan;
- Expected area of significant economic growth;
- Return on investment;
- Developer or market interest;
- Community support; and
- Land owner interest and participation.

Tier 1 projects were either more likely to occur in the near-term or had a greater potential for return on investment. Based on this analysis, staff recommends that these funds should be used to assist economic development efforts at three critical sites in the City: 1) Cal Expo/Arden Fair/Point West area; 2) 65th Street/University Village Area; and 3) the Florin sub-regional center (auto dealer sites). In addition, staff recommends using \$40,000 to fund the effort to apply for an expanded Enterprise Zone, which would encompass much of the City. This would provide valuable incentives to businesses that create jobs and locate here or expand. While the Railyards, the River District, and Delta Shores are some of the top shovel-ready areas in the City, they are not recommended for Shovel-Ready Sites Program funding this year because they either have other funding sources available (e.g. redevelopment funds); recently received Shovel-Ready Sites Program funding (i.e., River District) or have already received significant funding commitments (e.g., redevelopment, Proposition 1B or 1C funds).

Based on the criteria identified above, the following areas are recommended for funding through the Shovel-Ready Sites Program: 1) The Cal Expo/Arden Fair/Point West area was selected because this area has the region's top performing mall, yet adjacent to Arden Fair there have been several vacancies that risk impacting the mall and the surrounding area. Allowing that adjacent center to decay could have a significant impact upon the mall and thus upon the City's sales tax revenue; 2) The 65th Street area was selected because, as a result of City efforts here, there is significant interest by developers in the area, including a major developer and the potential for the creation of new higher-paying jobs in that area; and 3) Finally, the Florin subregional center was selected because it was identified as a key subregional center in the 2030 General Plan and because the City has recently lost two major auto dealerships in that area including the loss of sales tax dollars and quality jobs. The City has recently completed a Memorandum of Understanding (MOU) with the property owners in that area to address the obstacles to development and attract new uses to those sites thereby generating new sales and property tax revenue and

new jobs. Though funding was allocated to the Florin area for master planning and environmental efforts, the results of that effort have revealed significant infrastructure needs and more potential toxic contamination than anticipated. As a result, these funds are needed to address those issues before development can occur.

Policy Considerations: The Shovel-Ready Sites Program is consistent with the City's Infill Strategy and supports the City's 2005-2008 Strategic Action Plan goal of expanding economic development opportunities throughout the City. Lastly, the work of the program is also consistent with the City's 2030 General Plan vision of being the most livable city in America.

Environmental Considerations: The proposed actions are exempt under CEQA Guidelines section 15262 as a planning activity for possible future action.

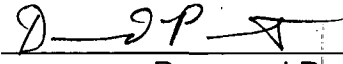
Sustainability Considerations: The use of the Shovel Ready Sites Program funds for these projects fosters sustainability by encouraging infill and economic development in these areas. Ultimately, by attracting private investment, these efforts will create additional housing and jobs in close proximity to one another and to transit, thereby reducing vehicle trips and greenhouse gas emissions.

Committee/Commission Action: This report was presented to the Law and Legislation Committee of the City Council on December 2, 2008. The Committee approved staff's recommendation unanimously; however, the Chair and other members of the Committee asked that a detailed list of where and how these funds would be used should be presented to Council prior to approval. That information is contained in this staff report in Attachment 2. This report was also presented to the Planning Commission on December 18, 2008 and was approved unanimously. This report was then presented to the Development Oversight Commission on January 5, 2009. The members of the DOC expressed universal support for staff's recommendation.

Rationale for Recommendation: The goal behind the funding recommendation is to increase the City's General Fund base by supporting major economic development efforts at key areas of the City.

Financial Considerations: The Infill Program (I06000300) has \$188,805 remaining. The Low Income Fee Waiver/Deferral Program (I06000400) has \$846,000; however, \$158,000 has been approved for the Copperstone Village I project, so only \$688,000 is available to use. If approved, \$188,805 would be taken from the Infill Program and \$688,000 would be transferred out of the Low Income Fee Waiver Program. These funds would all be allocated to the Shovel-Ready Sites Program (D21001300) for a total of \$876,805. No new General Fund money would be used.

Emerging Small Business Development (ESBD): When available and appropriate, Emerging Small Business Development consultants will be used for consultant work necessary for the Shovel-Ready Sites work.

Respectfully Submitted by: 
Desmond Parrington
Infill Coordinator

Approved by: 
Carol Shearly
Director of Planning

Approved by: 
David Spaur
Director of Economic Development

Recommendation Approved:

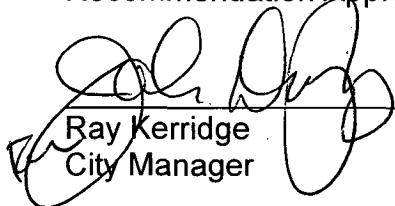

Ray Kerridge
City Manager

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Attachment 1

Background

What are “shovel-ready” sites?

The “shovel-ready” sites concept represents a continuum of development opportunities in the City from those sites that are ready to develop now to larger areas that have significant market interest but may have challenges and need to become closer to shovel-ready to attract development. This continuum of sites includes:

- *Shovel-Ready Development Sites:* These sites, typically handled by the Development Services Department, are ready for development now. They have their entitlements and approved development applications and are expected to begin construction shortly. An example would be the Metropolitan high-rise office building in Downtown.
- *Economic Development Sites:* These are vacant shovel-ready or near shovel-ready sites that are available for development that Economic Development staff use to market to businesses, retailers, and developers. These sites would be used to attract business and industries which would like to expand, relocate or start up in Sacramento. An example would be the site for Fulcrum Industries in the Power Inn area or the site for Hartung Glass Industries at the Army Depot area.
- *Shovel-Ready Opportunity Areas:* These are larger areas identified in the 2030 General Plan as opportunity areas that have significant potential and market interest in development, but may require planning to address infrastructure, environmental, transportation, and design issues in order to be developable. These areas are typically handled by a team led by Planning, Economic Development, Development Services and SHRA with support from other City departments such as Transportation, Utilities, etc. Examples include the Railyards, the 65th Street area, and the master planning work in the Florin area.

What is the Shovel-Ready Sites Program?

The Shovel-Ready Sites Program was originally conceived in 2004/05 by Economic Development staff and the previous Infill Coordinator. The program gained significant momentum under the City’s current City Manager. The original purpose of the program was to:

- Make available sites to advance City’s economic development objectives and opportunities
- Foster public-private partnerships to achieve economic development goals
- Spur private investment in the City, especially by businesses

These goals remain an important part of the program. In addition, given the key location of many of the larger sites where there is market interest, placemaking is an equally important goal of the program. This simply means creating great places where people and businesses want to be – where people want to work, live, shop, and play.

In order to achieve these goals, the City needs to identify and find solutions to the obstacles that prevent these areas from being economic development engines, where development fosters new better-paying jobs, higher sales tax revenue, and higher property values. This means tackling planning, design, infrastructure, transportation, and open space issues in advance of development and creating an environment where development is feasible. It also means being strategic about City investments. It does not mean solving all the issues, but it does involve addressing the major challenges so that a developer or a public-private partnership could proceed with economic development in that area.

The program was originally funded with \$650,000; based on detailed analysis, staff identified three areas that, at the time, had the greatest market potential for economic development in the near term:

- Richards Boulevard (River District) Area
- Granite Park/65th Street Area
- Army Depot Area

City Council authorized the use of these funds at additional sites so long as both the directors of Economic Development and Planning agreed on the site. Additional criteria for the selection of future sites will include potential return on investment, developer or market interest, community support, and land owner interest and participation.

The Florin Road area between Luther Drive and Franklin Boulevard was identified as an additional candidate for the Shovel-Ready Sites Program, based on changes at some of the auto dealerships and the likely availability of significant acreage for development. On June 17, 2008, City Council approved the allocation of \$100,000 from the Shovel Ready Sites Program fund for master planning work for the Florin auto dealer sites (Resolution 2008-424).

On July 15, 2008, Council also authorized the use of \$500,000 for the River District Specific Plan and \$50,000 for initial master planning of the Ramona Avenue sub-area within the 65th Street/University Village area (Resolutions 2008-496 and 2008-497). These funds have been able to leverage additional funding from property owners including \$400,000 from property owners in the River District. As a result, there are no remaining City funds available for Shovel-Ready Sites Program projects. Without new funding, the City will be unable to further prepare these areas for economic development opportunities when the economy recovers.

Why assist with shovel-ready efforts and why is this work important?

The reason that development has not happened in some of these areas despite strong market interest is because developers cannot overcome the challenges on their own, especially in infill areas where there may be site contamination, inadequate infrastructure, transportation challenges, preservation issues, and financing difficulties. So rather than fostering the kind of economic development in these areas that might lead to new jobs and increased revenues, the sites either remain undeveloped or limited development of marginal value to the community occurs, such as used car lots with sales trailers, etc.

How do shovel-ready sites promote economic development?

Shovel-ready sites work promotes economic development in two ways. First, it helps grow and attract new businesses to Sacramento, thereby creating new employment opportunities. For example, for every new job in a research park, there is an average of 2.57 new jobs created locally, according to a 2007 study by Battelle Technology Partnership Practice and the Association of University Research Parks.

Second, this work will eventually yield increased sales tax revenues and increased property values not only at the immediate sites, but also in the surrounding area. Through this work, the City can grow its General Fund and this additional revenue can be used to support critical City services such as police, fire and parks and recreation programs, etc.

Why invest in shovel-ready sites work during difficult economic times?

The reason why it is important to do this work now is that with this kind of strategic investment these efforts can yield a significant return on investment to the City. For example, working in the Raley Boulevard area, the City was able to attract Jackson Laboratory, which will result in the creation of 65 new higher-paying research jobs in North Sacramento. Similarly, due to the shovel-ready sites work that City staff has been doing in conjunction with the property owners along Florin Road, the Potamkin Auto Group, one of the top-selling auto dealers in the region, located their new Hyundai dealership at 3655 Florin Road, yielding new sales tax revenue for the City. City efforts would be designed to attract development at these potential shovel-ready areas over the next five years or less rather than a longer 20 or 30-year time frame.

What types of areas would benefit from this program?

The new draft 2030 General Plan identifies several key opportunity areas that have market interest and the potential for significant near-term economic development. These include: Arden Fair/Cal Expo/Point West/Swanston, Downtown, 65th Street Transit Village/ Granite Park Area, River District, Florin Subregional Center, Army Depot, the Meadowview Station Area, Delta Shores, and the Raley Boulevard area near McClellan, among others. These are the areas that we would look at for the City's next program efforts. As noted earlier in the staff report, the selection of these sites would

depend on agreement between the Economic Development and Planning Departments as well as consideration of such criteria as future expected economic growth, return on investment, developer or market interest, community support and land owner interest and participation. Staff has identified these areas in Attachment 2. These areas are shown in the map in Attachment 3, which overlays the Tier 1 and Tier 2 areas over the locations of future job and housing growth according to forecasts in the 2030 General Plan. Staff would focus on the Tier 1 list first due to the greater likelihood of near term development and return on investment. As revenue is generated, staff will return to Council to begin work on the projects identified in the Tier 2 list.

Why not use these funds for projects in each Council district?

The City's 2030 General Plan identifies over 70 different opportunity areas where growth or redevelopment could occur; however, each of these areas has a different potential for near-term economic growth. Some areas may generate a modest amount of housing and retail jobs associated with smaller stores and mixed-use development, while others may have the potential for major development or redevelopment including new office, retail and housing which could yield an immediate return on investment as well as a substantial return over time.

By concentrating the City's resources in a few areas, there is a greater opportunity to foster economic development and thus achieve the type of revenue generating opportunities that we are seeking. Successful development in these key opportunity, or "catalyst," areas will result in the attraction of new development. At the same time these will generate new General Fund revenues that will provide benefits citywide. However, if the City spreads its resources across all 70 opportunity areas or even to 10 areas, the City risks diluting the impact of its limited pool of funds and thus the potential for a near-term return on its investment.

Staff's recommendation is to use the Shovel-Ready Sites Program funds in a few (e.g. 1 to 3) key areas for critical pre-development work in order to get development started, to generate property tax and sales tax revenue and to spur job creation. Once we have succeeded in jump-starting development in those initial areas, then staff would move on to the next set of areas.

**Shovel-Ready Sites Program
Funding Recommendations**

Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
Tier 1 – Projects (FUNDING RECOMMENDATIONS ARE IN BOLD)						
1	Railyards	Housing projects on 5 th Street	Yes. (Thomas Enterprises)	None. Initial project funded through Prop. 1C TOD and Infill Grants and Prop. 1B funds	<ul style="list-style-type: none"> Development start within 1 year. 5-8 year time horizon for build out of first phase. 	2,800 construction jobs plus significant economic impact with full buildout of project
2	Downtown/Central Business District	11 th and J Street Site (St. Anton)	Yes (St. Anton)	\$1.5 million for infrastructure; \$550,000 for specific plan/EIR	<ul style="list-style-type: none"> 6 mos. For infrastructure improvements 2-years for specific plan 	Project: Construction jobs + \$20,000-\$60,000 annually from property/sales tax; Specific plan: unknown

¹ Rank based on return on investment potential (sales/property tax), job creation, potential near-term activity, developer or property owner interest and participation, and General Plan opportunity areas.

² Return on investment is an estimate and is dependent upon build out of anticipated development within the time line identified and is dependent upon market conditions.

Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
3	River District	Township 9	<ul style="list-style-type: none"> - Specific plan including infrastructure finance plan, nexus study, and EIR 	Yes (Capitol Station 65)	<p>None. Specific plan funded through previous allocation of \$500,000. Additional assistance from Prop 1C</p> <p>\$600,000</p>	<ul style="list-style-type: none"> - Township 9 spring 2009 start 	Significant economic stimulus from development
4	Cal Expo/Point West/Arden Fair Area/Swanston Station	Triangle Area (Re-tenant or redevelop)	<ul style="list-style-type: none"> - Urban design - Traffic modeling and analysis - Infrastructure analysis - Finance plan - Marketing strategy and materials - Site characterization (Swanston) 	Yes (Potential interest)		<ul style="list-style-type: none"> - 6 months – planning; - Re-tenanting within 1-2 years; - Area development within 4-5 years 	<p>\$130,000 annually (property and sales tax through re-tenanting)</p>

Rank ¹	General Plan Opportunity Area	Near-Term Development Project(s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
5	65th Street/University Village Area/Granite Park	New Target and PV Manufacturers	<ul style="list-style-type: none"> - Finance and facilities plan - Specific plan including: <ul style="list-style-type: none"> ▪ Traffic modeling/transportation analysis ▪ Environmental analysis 	Yes (Strong interest)	\$100,000 for finance plan; \$350,000 for Ramona area specific plan/environmental review	<ul style="list-style-type: none"> ▪ 1 year for plan, analysis, and application ▪ 1-5 year development dependant upon Ramona extension 	\$1 million annually (property and sales tax)
6	Enterprise Zone Application	Incentives for business attraction and retention	<ul style="list-style-type: none"> - Enterprise Zone (EZ) expansion application 	Yes	\$40,000	<ul style="list-style-type: none"> ▪ Three months for application 	Unknown at this time.
7	Florin Subregional Center	Interim uses at Capitol City Chevrolet and/or Winter Volvo auto dealer sites	<ul style="list-style-type: none"> - Infrastructure finance plan - Phase 2 - Brownfield remediation - Marketing materials 	No, but MOU between City and property owners. Also, some initial interest from auto dealer	\$136,805 in additional funds for Phase 2, Infrastructure Finance Plan, and marketing materials.	<ul style="list-style-type: none"> ▪ 6 months for finance plan ▪ 1-2 years for interim uses; ▪ 2-5 years for development of 40+ acre area 	\$75,000 annually; no decrease in property tax revenue through retention

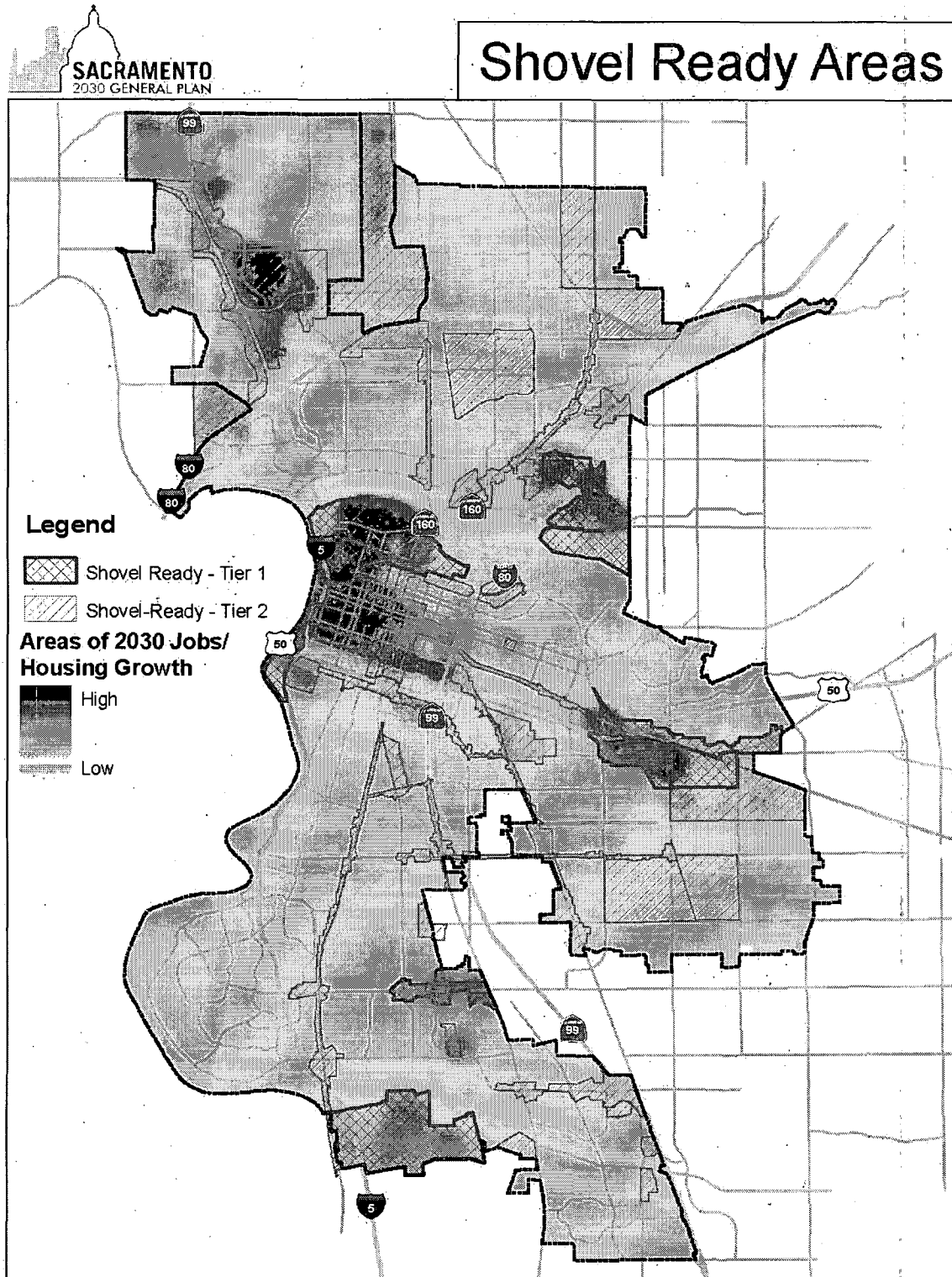
Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
8	Delta Shores	Lifestyle retail center	<ul style="list-style-type: none"> - I-5 Cosumnes Blvd interchange - Cosumnes Blvd - Other water, sewer drainage infrastructure 	Yes	None. Significant City and developer contributions already dedicated toward infrastructure for that area.	<ul style="list-style-type: none"> ▪ 1-2 years 	Significant revenue generation dependant upon amount of commercial built
9	Riverfront Area	Docks Project	<ul style="list-style-type: none"> - Specific plan completed - Utility and infrastructure construction 	Yes	None. Not recommended for funding. City pursuing other funding sources. Funding need for 1 st phase is \$3.19 million	<ul style="list-style-type: none"> ▪ 5 year 	Unknown at this time
Tier 2 – Projects							
--	Army Depot	Possible PV Manufacturer	- Development / company assistance	Potential	Project/ company assistance. Exact funding amount unknown at this time	<ul style="list-style-type: none"> ▪ 1-2 years 	Unknown

Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
--	Citywide Facilities Finance Plan	N/A	- Development of plan to finance facilities/ infrastructure needed to support growth identified in General Plan	N/A	\$100,000	▪ 1-2 years	Unknown
--	Del Paso Blvd./North Sacramento Redevelopment Area	No economic development projects known at this time.					
--	Economic Development Planning and Assistance	N/A	- Direct assistance to economic development projects (retail, jobs, etc.)	N/A	\$150,000	▪ 1-2 years	Unknown
--	Franklin Blvd. Redevelopment Area	No economic development projects known at this time.					

Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
--	Freeport Corridor	No economic development projects known at this time.					
--	Haggin Oaks	Site adjacent to Mel Raption Honda	<ul style="list-style-type: none"> - Auto/retail/golf expert consultant - Engineering plans retail pads - Phase 1 site assessment - Wetlands delineation study 	No	\$230,000 (\$60,000 for design work; \$150,000 for engineering; \$20,000 for Phase 1 site assessment and wetlands study)	<ul style="list-style-type: none"> ▪ 6 months for finance plan ▪ 1 year for interim uses; 	\$200,000 per pad annually
--	Mack Road Corridor	Franklin Point Project	<ul style="list-style-type: none"> - Development assistance 	Yes	Project assistance. Exact funding amount unknown at this time	<ul style="list-style-type: none"> ▪ 1-2 years 	Approx. \$10,000 - \$25,000 annually and about 70 retail jobs.
--	Power Inn	No economic development projects known at this time.					

Rank ¹	General Plan Opportunity Area	Near-Term Development Project (s)	Tasks/Assistance	Current Developer Interest	Funding Amount	Estimated Development Timeline	Near-Term Potential ROI ²
--	Raley Blvd./ McClellan Area	Jackson Laboratories	- Assistance with water storage/ pressure	Yes	\$50,000 for assistance with water tower development	Less than 6 months	65 new jobs plus sales and property tax revenue
--	UC Davis Medical Center/ Oak Park/ Stockton Blvd. Area	No economic development projects known at this time.					

Recommended Shovel Ready Sites/Areas



RESOLUTION NO. 2008-_____

Adopted by the Sacramento City Council

**APPROVING THE TRANSFER OF FUNDING FROM THE
INFILL FEE REDUCTION PROGRAM (I06000300) AND
LOW INCOME FEE WAIVER/DEFERRAL PROGRAM (I06000400)
TO FUND THE SHOVEL-READY SITES PROGRAM (D21001300);
IDENTIFYING PRIORITY SHOVEL READY AREAS; AND DIRECTING
STAFF TO PROVIDE AN IMPLEMENTATION STRATEGY**

BACKGROUND

- A. The Shovel-Ready Sites Program was launched in 2004/05 with the goal of promoting economic development in key areas of Sacramento by addressing major obstacles to development.
- B. The purpose of the Shovel-Ready Sites Program is to leverage and attract private investment in order to encourage economic development.
- C. Identifying priority shovel-ready areas is important to ensuring that the City's limited resources are directed to areas with the greatest return on investment.
- D. Providing new infrastructure and the necessary staff is essential to the success of these shovel-ready areas.
- E. The Shovel-Ready Sites Program was originally funded with \$650,000, but those funds have been used for shovel-ready efforts in the River District, Florin Road, and in the 65th Street area.
- F. The Infill Fee Reduction Program and the Low Income Fee Waiver/Deferral Program are no longer effective programs since they both trigger prevailing wage requirements and are now rarely used by developers. These programs would remain in effect, although unfunded. If in the future there is renewed interest in these programs, City staff will seek Council approval for funding allocations.
- G. The transfer of the funds from these programs to the Shovel-Ready Sites Program would enable City staff to continue this type of pre-development work that is needed to spur job-creation and economic development.

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

- Section 1. Authorize the transfer of \$188,805 from the Infill Program (I06000300) and \$688,000 from the Low Income Fee Waiver/Deferral Program (I06000400)

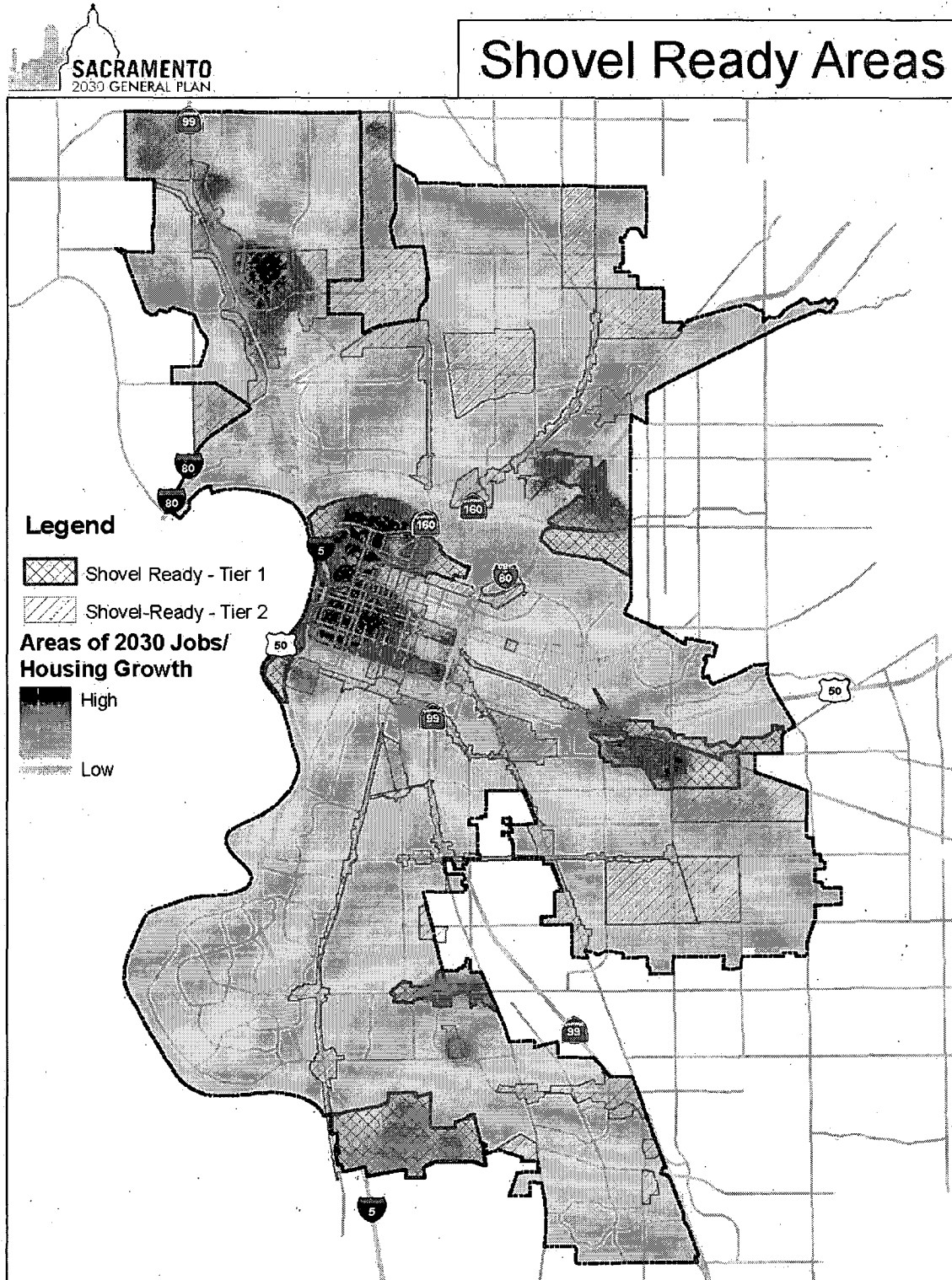
to the Shovel-Ready Sites Program (D21001300); also known in the CIP as the Jobs-Housing Grant) for a total of \$876,805 for that program; and

- Section 2. Authorize the use of \$600,000 for the Cal Expo/Point West/Arden Fair/Swanston area, \$100,000 for the 65th Street/University Village area, \$136,805 for the Florin subregional center area, and \$40,000 for the expanded Enterprise Zone application out of the Shovel-Ready Sites Program Fund (D21001300).
- Section 3. Approve the 2030 General Plan opportunity areas as Tier 1 and Tier 2 priority shovel-ready areas shown in Exhibit A.
- Section 4. Direct staff to return with a new Strategic Investment Plan proposal that re-aligns CIP funding for new infrastructure projects to focus these in priority shovel-ready areas.
- Section 5. Direct staff to return with a proposal for a MATRIX-like inter-disciplinary team approach to shovel-ready areas.

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Exhibit A – Priority Shovel-Ready Areas

Exhibit A Priority Shovel-Ready Areas



**Redlined
ORDINANCE NO.**

Adopted by the Sacramento City Council

Date Adopted

**AMENDING SECTIONS 17.191.050 AND 17.195.060 OF TITLE 17 OF THE
SACRAMENTO CITY CODE (THE ZONING CODE) RELATING TO THE INFILL FEE
REDUCTION FUND AND THE AFFORDABLE HOUSING FEE REDUCTION FUND**

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

SECTION 1. Section 17.191.950 of Title 17 of the Sacramento City Code (the Zoning Code) is amended to read as follows:

A. There is hereby established an infill fee reduction fund, which the council shall fund on an annual basis in such amount(s) as the council determines are reasonable, appropriate and necessary to fund, or assist in funding, small residential infill development in target residential neighborhoods, as defined by the city's general plan. The amount of fee waivers or reductions to be approved in any given fiscal (or calendar) year shall be limited to the amount allocated to the infill fee reduction fund established pursuant to this section.

B. Subject to the annual appropriations and funding process, any funds allocated to the **infill fee reduction fund** for a particular fiscal year and not **appropriated to a project** or spent pursuant to the provisions of this chapter **during that fiscal year** shall be carried over and included in the funds included in the infill fee reduction fund established pursuant to this section **returned to the City's General Fund.**

SECTION 2. Section 17.195.960 of Title 17 of the Sacramento City Code (the Zoning Code) is amended to read as follows:

17.195.060 Affordable housing fee reduction fund.

A. There is established an affordable housing fee reduction fund (hereinafter "fund"), which the council shall fund on an annual basis in such amount(s) as the council determines are reasonable, appropriate and necessary to fund, or assist in funding, the inclusionary housing obligations established by Chapter 17.190 and by this Chapter 17.195. The amount of fee waivers or reductions to be approved in any given fiscal (or calendar) year shall be limited to the amount allocated to the affordable housing fee reduction account fund established pursuant to this section.

B. Subject to the annual appropriations and funding process, any funds allocated **to the affordable housing fee reduction fund** for a particular fiscal year and not **appropriated to a project** or spent pursuant to the provisions of this chapter **during that fiscal year** shall be carried over and included in the funds included in the ~~affordable housing fee reduction fund established pursuant to this section~~ **returned to the City's General Fund.**

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AMENDING SECTIONS 17.191.050 AND 17.195.060 OF TITLE 17 OF THE SACRAMENTO CITY CODE (THE ZONING CODE) RELATING TO THE INFILL FEE REDUCTION FUND AND THE AFFORDABLE HOUSING FEE REDUCTION FUND.

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

SECTION 1. Section 17.191.050 of Title 17 of the Sacramento City Code (the Zoning Code) is amended to read as follows:

A. There is hereby established an infill fee reduction fund, which the council shall fund on an annual basis in such amount(s) as the council determines are reasonable, appropriate and necessary to fund, or assist in funding, small residential infill development in target residential neighborhoods, as defined by the city's general plan. The amount of fee waivers or reductions to be approved in any given fiscal (or calendar) year shall be limited to the amount allocated to the infill fee reduction fund established pursuant to this section.

B. Subject to the annual appropriations and funding process, any funds allocated to the infill fee reduction fund for a particular fiscal year and not appropriated to a project or spent pursuant to the provisions of this chapter during that fiscal year shall be returned to the City's General Fund.

SECTION 2. Section 17.195.060 of Title 17 of the Sacramento City Code (the Zoning Code) is amended to read as follows:

17.195.060 Affordable housing fee reduction fund.

A. There is established an affordable housing fee reduction fund (hereinafter "fund"), which the council shall fund on an annual basis in such amount(s) as the council determines are reasonable, appropriate and necessary to fund, or assist in funding, the inclusionary housing obligations established by Chapter 17.190 and by this Chapter 17.195. The amount of fee waivers or reductions to be approved in any given fiscal (or calendar) year shall be limited to the amount allocated to the affordable housing fee reduction account fund established pursuant to this section.

B. Subject to the annual appropriations and funding process, any funds allocated to the affordable housing fee reduction fund for a particular fiscal year and not appropriated to a project or spent pursuant to the provisions of this chapter during that fiscal year shall be returned to the City's General Fund.