

CONTINUED  
FROM 10/1/91  
TO 10/15/91



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BY THE CITY COUNCIL

~~OCT 1 1991~~

~~OFFICE OF THE  
CITY CLERK~~

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DEPARTMENT OF  
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO  
CALIFORNIA

1231 I STREET  
ROOM 200  
SACRAMENTO, CA  
95814-2998

September 19, 1991

City Council  
Sacramento, California

Honorable Members in Session

SUBJECT: REPORT BACK ON THE IN-LIEU FEE CALCULATION FOR PARK  
RIVIERA PLACE CONDOMINIUM CONVERSION (P91-022)

LOCATION: 6670 Park Riviera Place  
COUNCIL DISTRICT: District No. 8

**SUMMARY**

On July 9, 1991, the City Council indicated their intent to approve the applicant's request to allow 13 existing duplexes (26 dwelling units) to be converted to condominium duplexes at 6670 Park Riviera Way. The City Council approved a condition in concept that would require the applicant to pay in-lieu fees to cover the cost of replacement rental housing lost by the condominium conversion. The Council directed staff to draft an in-lieu fee condition and report back to them.

**COMMITTEE/ COMMISSION ACTION**

No Committee or Commission action has been taken since the City Council hearing on July 9, 1991.

**STAFF RECOMMENDATION**

1. Planning staff recommends adding the following condition of approval to the Park Riviera Place Condominium Conversion project:
  - The applicant shall pay \$61,845. to the City Planning and Development Department as an in-lieu fee to cover the cost of replacement rental housing anticipated to be lost by the condominium conversion. The sum of money shall be paid prior to the final map being recorded. If a tentative map time extension is requested and approved, an inflationary factor shall be added to the fee amount to be paid. The factor shall be based on the Housing

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BUILDING INSPECTIONS  
916-449-5716

PLANNING  
916-449-5604

Trust Fund Index and shall begin from the date of expiration of the tentative map, July 9, 1993.

2. Planning staff recommends the City Council distribute the in-lieu fees to the Sacramento Housing and Redevelopment Agency for the development of multi-family, rental housing in the Pocket area by adopting the attached resolution.

#### **BACKGROUND**

On July 9, 1991, the City Council approved a condominium conversion for 13 duplexes (26 dwelling units) in the Pocket area and directed staff to draft an in-lieu fee condition to cover the cost of replacement rental housing lost by the conversion. In drafting an in-lieu fee condition, the following issues were resolved: (1) number of units to be replaced; (2) subsidy per unit; (3) total in-lieu fees required; (4) an inflationary factor in case the tentative map was extended; (5) a collection strategy indicating how and when the fees would be collected; and (6) a distribution strategy to select which appropriate fund or organization would receive the fees.

1. Number of Units to be Replaced

Based on US Census data for Sacramento City in 1980 and 1990, Planning staff estimate that 16 percent of all duplex units in the Pocket area are owner occupied. Therefore, of the 26 duplex units in this project, an estimated 4.2 units would be owner occupied.

2. Subsidy Required Per Unit

Using the 1990 Housing Nexus study and the 1991 Inclusionary Zoning information compiled by Keyser Marston for the City, a subsidy fee per unit was determined by calculating the cost of each unit and subtracting the investment supported by existing rents. Total cost for an 875 square foot apartment, as estimated by Keyser-Marston in the March 1991 analysis of Inclusionary Zoning, is \$62,710. Using \$577 as the average monthly rental rate per unit (per the applicant), assuming an average 5% vacancy rate, estimating \$175 per month for operating costs, and using the assumptions in the Keyser Marston April 1990 Housing Nexus, the investment supported by current rents at Park Riviera Place would be \$47,985 per unit. Subtracting the investment supported from the cost per unit, the required subsidy per unit is \$14,725.

3. Total In-lieu Fees Required

Assuming 4.2 units would be owner occupied and the cost per unit is \$14,725, the total in-lieu fees required is \$61,845.

4. Inflationary Factor

No inflationary factor shall be added to the in-lieu fees if the tentative map is finalized in the first two year period. An annual inflationary factor shall be added to the in-lieu fees if a map extension is requested. The factor will be based on the Housing Trust Fund Index and will begin from the date of expiration of the tentative map, July 9, 1993.

5. Collection Strategy

The fees will be collected as a lump sum of money prior to the final map being approved by the City Council.

6. Distribution of In-Lieu Fees

The fees could be distributed using one or more of the following techniques:

1. Total sum to Housing Trust Fund for replacement rental housing;
2. Total sum to Sacramento Housing and Redevelopment Agency for replacement rental housing;
3. Total sum to one or more of the following non-profit housing corporations for rental housing:

Sacramento Mutual Housing Association  
Sacramento Neighborhood Housing Services or  
Sacramento Housing Alliance; or

4. Sum distributed through a City administered vehicle for fee reduction for future multi-family residential projects, apportioned in one of the following fashions:
  - a. Total sum to first multi-family residential project in the Pocket area;
  - b. A specified dollar amount per unit for each proposed multi-family project in the Pocket area until the money is fully allocated;

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In-Lieu Fees for Park Riviera Condominium Conversion (P91-022)  
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- c. A subsidy for upzones and General Plan amendments that increase density in the Pocket area; or
- d. A financing bridge for multi-family residential on non-residential property.

For the ease of distribution and implementation, Planning staff recommends distributing the in-lieu fees to Sacramento Housing and Redevelopment Agency to develop or conserve the affordability of multi-family rental housing in the Pocket area. Agency staff anticipate using the funds in the Public Housing, HUD Opt-Out, or Developer Leverage Programs.

**FINANCIAL CONSIDERATIONS**

The in-lieu fees generated by the proposed project will be distributed to the Sacramento Housing and Redevelopment Agency for the development of rental housing in the Pocket area. No cost will be incurred by the City.


**POLICY CONSIDERATIONS**

The recommended action is consistent with the Condominium Conversion section of the Zoning Ordinance that requires adequate mitigation of comparable rental housing lost by a conversion.


**MBE/ WBE**

Not Applicable

Respectfully submitted,

  
GARY STONEHOUSE  
Planning Director

Recommendation approved by,

  
ROBERT THOMAS  
Acting Planning & Development  
Director

FOR CITY COUNCIL INFORMATION  
WALTER J. SLIPE  
CITY MANAGER

For Council Meeting:  
October 1, 1991

Contact Person:  
Will Weitman, Principal Planner, 449-5604  
Carol Shearly, Assistant Planner, 449-5381

AMENDED

**RESOLUTION NO.**

91-817

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

RESOLUTION TO DISTRIBUTE REPLACEMENT RENTAL HOUSING IN-LIEU FEES COLLECTED BY THE CITY PLANNING AND DEVELOPMENT DEPARTMENT TO THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY FOR PROPERTY LOCATED AT 6670 PARK RIVIERA WAY

(P91-022) (APN: 030-0153-004, 005 AND 030, 0154-001)

WHEREAS, the City Council conducted a public hearing on \_\_\_\_\_ concerning the request for approval of a condominium conversion located at the above described location and based on documentary and oral evidence submitted at the public hearing, the City Council hereby finds:

1. The proposed condominium conversion is consistent with the General Plan and Housing Element as required by Section 28-C-6(a)(i) of the Comprehensive Zoning Ordinance;
2. The loss of replacement housing has been mitigated in that the applicant must comply with a condition of approval to provide in-lieu fees of \$1.00 (one dollar) a square foot of building area for a total of \$35,860 to cover the cost of replacing rental housing lost by the condominium conversion; and
3. The Sacramento Housing and Redevelopment Agency will use the in-lieu fees to develop or conserve the affordability of multi-family rental housing in the Pocket area through the Public Housing Program, HUD Opt-Out Program, or Developer Leverage Program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento that the in-lieu fees collected from the applicant of the above-mentioned project shall be distributed to the Sacramento Housing and Redevelopment Agency for the purpose of developing multi-family rental housing in the Pocket area.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\* amended CC 10-1-91

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

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91-817  
*as amended*  
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CITY CLERK  
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ON DATE OF \_\_\_\_\_

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2. The loss of replacement housing has been mitigated in that the applicant must comply with a condition of approval to provide in-lieu fees to cover the cost of replacing rental housing lost by the condominium conversion; and
3. The Sacramento Housing and Redevelopment Agency will use the in-lieu fees to develop or conserve the affordability of multi-family rental housing in the Pocket area through the Public Housing Program, HUD Opt-Out Program, or Developer Leverage Program.

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MAYOR

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