

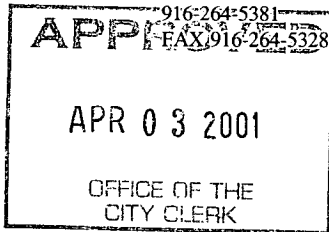
13.2

PLANNING & BUILDING DEPT.

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
ROOM 300
SACRAMENTO, CA
95814-2998

PLANNING DIVISION



March 22, 2001

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Fee Reductions for Affordable Housing (M00-062)

- A. AN ORDINANCE ADDING CHAPTER 17.195 TO TITLE 17 OF THE CITY CODE RELATING TO REDUCTIONS IN DEVELOPMENT AND IMPACT FEES TO PROMOTE AFFORDABLE HOUSING IN NEW GROWTH AREAS

LOCATION: Citywide

COUNCIL DISTRICT: All

RECOMMENDATION: Staff recommends that the City Council approve the attached ordinance to establish an Affordable Housing Fee Reduction Fund

CONTACT PERSON: Steve Peterson, Principal Planner, 264-5981
Beverley Fretz-Brown, SHRA Housing Manager, 440-1347

FOR COUNCIL MEETING OF: April 3, 2001 (evening session)

SUMMARY: The City Council adopted Resolution 2000-577 directing staff to prepare fee reduction and priority processing ordinances to assist in the development of very low and low income housing. The fee reduction program is intended to assist in the annual production of 150 units of housing affordable to very low and low income households within the city's new growth areas.

BACKGROUND INFORMATION:

The Housing Element requires that the city implement a Development Fee Financing Program (or other financing mechanisms) and work with affordable housing developers,

other agencies and districts to waive fees or defer payment of eligible planning and development impact fees until close of escrow for ownership housing and until occupancy for rental housing for low income households. The main provisions of the fee reduction ordinance are summarized below:

- The fee reductions will be administered as a rebate program to reduce city development and impact fees otherwise applicable to Inclusionary units designated for very low income households by \$4,000 per unit and Inclusionary units designated for low income households by \$1,000 per unit.
- The fee waiver or reduction approval shall be valid for a period of eighteen (18) months from the date of recordation of the Inclusionary Housing Agreement; provided that the Planning Director may extend this time period for an additional period of eighteen months upon a determination that good faith, reasonable efforts have been made to develop the Inclusionary Units.
- The projects shall be prioritized based upon the date of recordation of the Inclusionary Housing Agreement, or, where the fee waiver or reduction approval has expired and the project has been relocated to the bottom of the list.
- No application for fee waiver or approval shall be approved unless such waiver or approval is subject to a deed of trust or other security for performance.

FINANCIAL CONSIDERATIONS:

The City Council approved as part of the Mid year 2000-2001 Budget a \$500,000 CIP to fund the Affordable Housing Program. Funds appropriated for a particular year and not spent pursuant to the provisions of this Chapter shall be carried over.

POLICY CONSIDERATIONS:

The adopted Mixed Income Housing ordinance establishes priorities for financial and regulatory concessions. Fee reductions, preferential permit processing, reductions in unit sizes, and flexibility in the types of permitted housing are the most cost effective regulatory and financial incentives for affordable housing developers.


ENVIRONMENTAL CONSIDERATIONS:

CEQA does not apply to financial assistance for low and moderate income housing projects.

ESBD EFFORTS:

No goods or services are being purchased.

Respectfully submitted,



Gary Stonehouse, Planning Director

RECOMMENDATION APPROVED:



Thomas Lee, Deputy City Manager

FOR CITY COUNCIL INFORMATION
ROBERT P. THOMAS, CITY MANAGER

Attachments:

Fee Reduction Ordinance



ORDINANCE NO. 2001-015

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE ADDING CHAPTER 17.195 TO TITLE 17 OF THE CITY CODE RELATING TO REDUCTIONS IN DEVELOPMENT AND IMPACT FEES TO PROMOTE AFFORDABLE HOUSING IN NEW GROWTH AREAS (M00-062)

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO

Section 1. Findings

The City Council for the City of Sacramento finds as follows:

- A. The payment of the development and impact fees currently imposed on residential development within the City creates a potential barrier to development of affordable housing units, or at minimum, discourages development of affordable housing.
- B. The impact of development and impact fees on the development of affordable housing is particularly significant for development within "New Growth Areas" of the City, as that term is defined in Chapter 17.190 of the City Code;
- C. To cause or promote the development of affordable housing, it is necessary and appropriate for the City to waive or reduce a portion of the development and impact fees on new residential development in New Growth Areas;
- D. In enacting the provisions of Section 2 of this ordinance, thereby adding Chapter 17.195 to the City Code, it is the purpose and intent of the Council to reduce the burden of development and impact fees on affordable housing development in New Growth Areas of the City through waiver or reduction of some or all of such fees, with the hope and expectation that this will encourage and promote the development of affordable housing in such areas.
- E. To the extent development and impact fees are waived or reduced for development

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

of inclusionary housing units in New Growth Areas, these fees shall not be passed on through an increase in the fees paid by others subject to these fees, but shall instead be paid for out of City funds from one or more sources.

- F. The amount of funding to support the waiver or reduction of development and impact fees pursuant to Chapter 17.195 of the City Code, as added by Section 2 of this Ordinance, shall be determined on an annual basis. It is anticipated that, subject to funding availability and other budgetary constraints, the amount of funding provided to support affordable housing pursuant to Chapter 17.195 shall be not less than \$500,000.00 annually; and further, that any funds not expended in a given fiscal year shall be carried over to the next fiscal year, and that the commitment to provide \$500,000.00 or more shall not be reduced by the amount(s) not expended, and therefore carried over, from prior years.
- G. The amount of funding to be provided pursuant to Chapter 17.195 to promote affordable housing in New Growth Areas is contingent upon the annual City budget process, and nothing in this ordinance is intended to, nor could it, bind future City Councils on budgetary decisions, including the decision on whether to carry over funds dedicated to promote affordable housing but not spent in the prior year(s);
- G. The provisions of Chapter 17.195 enacted pursuant to Section 2 of this Ordinance are consistent with, and enacted pursuant to, the Housing Element of the General Plan, as amended in 2000 pursuant to Resolution No. 2000-414.

Section 2

Chapter 17.195 is hereby added to Title 17 of the City Code, to read as follows:

17.195.010 Purpose

The Council of the City of Sacramento desires to encourage the construction of residential projects that will provide affordable housing units for low and very low income households in the City of Sacramento. It is the intent of the Council in enacting the provisions of this Chapter, to reduce the burden of development and impact fees on affordable housing development in New Growth Areas subject to the inclusionary housing requirements of Chapter 17.190 through waiver or reduction of some or all of such fees, with the expectation that this will encourage and promote the development of affordable in New Growth Areas of the City.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.020 Definitions

- A. General: Except as specifically provided herein, the definitions set forth in Section 17.190.020 shall apply to this Chapter.
- B. Additional definitions: The following additional definitions shall apply for purposes of this Chapter.

Affordable Housing Fee Reduction Fund: "Affordable Housing Fee Reduction Fund" shall mean the fund established pursuant to Section 17.195.060 of this Chapter to assist in the development of affordable housing in New Growth Areas.

Development and impact fees: "Development and impact fees" shall mean the fees required by City Code, ordinance, resolution or other City law to be paid as a condition of, or prerequisite to, development of residential uses, as those fees may be amended from time to time.

17.195.030 Fee Waiver/Reduction Program

- A. A development project in a New Growth Area that is subject to the inclusionary housing provisions of Chapter 17.190 shall be eligible for a waiver of a portion of the development and impact fees that would otherwise be imposed on the inclusionary units in the development project, as specified herein.
- B. Subject to the availability of funds and compliance with the other requirements of this Chapter, the development and impact fees otherwise applicable to the affordable housing units produced pursuant to the inclusionary housing requirements of Chapter 17.190 shall be reduced as follows:
 - i. Very low income units: The development and impact fees otherwise applicable to Inclusionary units designated for very low income households shall be reduced by the amount of Four Thousand (\$4,000.00) per unit until all available funds are expended.
 - ii. Low income units: The development and impact fees otherwise applicable to Inclusionary units designated for low income households shall be reduced by the amount of (\$1,000.00) per unit until all available funds are expended.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.040 Application Process and Approval

- A. Requests for fee waivers or reductions shall be included in the Application for Inclusionary Incentives and shall be submitted to the Planning Director on or before the date the Applicant requests preparation and execution of the Inclusionary Housing Agreement required pursuant to Chapter 17.190.
- B. The Planning Director, with the advice of the Sacramento Housing and Redevelopment Authority, shall approve an application for reservation of funds from the annual allocation established for the fee waiver and reservation program, as specified in Section 17.200.050 upon a determination that the proposed development is consistent with an approved Affordable Housing Plan and other entitlements. The approval shall be contingent upon execution and recordation of the Inclusionary Housing Agreement. The approval of funding shall be set forth in the Inclusionary Housing Agreement, and the date of recordation of that Agreement shall determine the order in which the funds in the Affordable Housing Fee Reduction Fund are allocated and distributed.
- C. The fee waiver or reduction approval shall be valid for a period of eighteen (18) months from the date of recordation of the Inclusionary Housing Agreement; provided that the Planning Director may extend this time period for an additional period of eighteen months upon a determination that good faith, reasonable efforts have been made to develop the Inclusionary Units. An application to extend the fee waiver or reduction approval shall be filed not less than thirty (30) days prior to expiration of the eighteen month period, and shall be processed in the same manner, and shall be subject to notice, hearing and appeal, in the same manner as a Planning Director's Special Permit.
- D. Following expiration of the eighteen (18) month period, or, in the case of an extension, upon expiration of the additional eighteen (18) month period, the project shall be removed from its then current place on the list maintained by the Planning Director pursuant to Subsection E of projects eligible for funds from the Inclusionary Housing Fee Reduction Fund, and placed at the bottom of that list.
- E. The Planning Director shall establish and maintain a list of projects for which an Inclusionary Housing Agreement has been approved and recorded, the date of recordation and the amount of fee waivers/reductions approved for the project. The projects shall be prioritized based upon the date of recordation of the Inclusionary

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Housing Agreement, or, where the fee waiver or reduction approval has expired and the project has been relocated on the list pursuant to Subsection D above, the date on which the project is so relocated.

- F. No application for fee waiver or approval shall be approved unless such waiver or approval is subject to a deed of trust or other security for performance, as provided in Section 17.195.050, unless such security is waived as provided in said Section.

17.195.050 Security for Performance:

General: Security shall be required for fee waiver applications for the sole purpose of ensuring a method of recovery of those fees waived if a residential development project fails to provide the percentage of Affordable Rents or Affordable Housing Costs for Very Low Income Households or Low Income households for which a fee waiver or reductions is sought. Except as provided below, the security shall be provided in the form of a promissory note secured by a deed of trust encumbering each parcel of record owned by the applicant that constitutes the inclusionary housing component of the residential project for which the fee waiver or reduction is sought, and it shall be recorded prior to issuance of the building permit for the Inclusionary Unit for which the fee waiver is sought. The promissory note and deed of trust shall be in a form satisfactory to the SHRA and Agency counsel.

Exception: It is anticipated that, in many instances, the Inclusionary Housing Agreement required by and between the City and SHRA or its successor(s) pursuant to Section 17.190.110 shall address and provide adequate security to ensure that the affordable housing obligations established by Chapter 17.190 will be satisfied. Upon a determination that the Inclusionary Housing Agreement executed pursuant to Section 17.190.110 provides adequate assurance that the affordable housing obligations established by Chapter 17.190 will be satisfied, the SHRA may waive the requirement for security imposed by this section.

17.195.060 Affordable Housing Fee Reduction Fund

- A. There is hereby 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

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Affordable Housing Fee Reduction Account Fund established pursuant to this Section.

- B. Subject to the annual appropriations and funding process, any funds allocated for a particular fiscal year and not allocated or spent pursuant to the provisions of this Chapter shall be carried over and included in the funds included in the Affordable Housing Fee Reduction Fund established pursuant to this Section.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

ATTEST:

MAYOR

CITY CLERK

I:\real\housing\fee reduction ordinance 020601

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____



13.2
1.17

NEIGHBORHOODS,
PLANNING AND DEVELOPMENT
SERVICES DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
ROOM 300
SACRAMENTO, CA
95814-2904

PLANNING
916-264-5381
FAX 916-264-5328

March 16, 2001

City Council
Sacramento, California

CONTINUED
FROM 3-27-01
TO 4-3-01

Honorable Members in Session:

SUBJECT: AN ORDINANCE ADDING CHAPTER 17.195 TO TITLE 17 OF THE CITY CODE RELATING TO REDUCTIONS IN DEVELOPMENT AND IMPACT FEES TO PROMOTE AFFORDABLE HOUSING IN NEW GROWTH AREAS (M00-062)

LOCATION AND DISTRICT: Citywide

RECOMMENDATION:

It is recommended that the item be passed for publication of title and continued to April 3, 2001.

CONTACT PERSON: Steve Peterson, Principal Planner, 264-5981

FOR COUNCIL MEETING OF: March 27, 2001 (afternoon session)

SUMMARY:

This item is presented at this time for approval of publication of title pursuant to City Charter, Section 32.

BACKGROUND INFORMATION:

Prior to publication of an item in a local paper to meet legal advertising requirements, the City Council must first pass the item for publication. The City Clerk then transmits the title of the item to the paper for publication and for advertising the meeting date.

Respectfully submitted,



f FOR CITY COUNCIL INFORMATION:
ROBERT P. THOMAS
CITY MANAGER



GARY L. STONEHOUSE
PLANNING DIRECTOR

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE ADDING CHAPTER 17.195 TO TITLE 17 OF THE CITY CODE RELATING TO REDUCTIONS IN DEVELOPMENT AND IMPACT FEES TO PROMOTE AFFORDABLE HOUSING IN NEW GROWTH AREAS (M00-062)

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO

Section 1. Findings

The City Council for the City of Sacramento finds as follows:

- A. The payment of the development and impact fees currently imposed on residential development within the City creates a potential barrier to development of affordable housing units, or at minimum, discourages development of affordable housing.
- B. The impact of development and impact fees on the development of affordable housing is particularly significant for development within "New Growth Areas" of the City, as that term is defined in Chapter 17. 190 of the City Code;
- C. To cause or promote the development of affordable housing, it is necessary and appropriate for the City to waive or reduce a portion of the development and impact fees on new residential development in New Growth Areas;
- D. In enacting the provisions of Section 2 of this ordinance, thereby adding Chapter 17.195 to the City Code, it is the purpose and intent of the Council to reduce the burden of development and impact fees on affordable housing development in New Growth Areas of the City through waiver or reduction of some or all of such fees, with the hope and expectation that this will encourage and promote the development of affordable housing in such areas.
- E. To the extent development and impact fees are waived or reduced for development

- 1 -

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

of inclusionary housing units in New Growth Areas, these fees shall not be passed on through an increase in the fees paid by others subject to these fees, but shall instead be paid for out of City funds from one or more sources.

- F. The amount of funding to support the waiver or reduction of development and impact fees pursuant to Chapter 17.195 of the City Code, as added by Section 2 of this Ordinance, shall be determined on an annual basis. It is anticipated that, subject to funding availability and other budgetary constraints, the amount of funding provided to support affordable housing pursuant to Chapter 17.195 shall be not less than \$500,000.00 annually; and further, that any funds not expended in a given fiscal year shall be carried over to the next fiscal year, and that the commitment to provide \$500,000.00 or more shall not be reduced by the amount(s) not expended, and therefore carried over, from prior years.
- G. The amount of funding to be provided pursuant to Chapter 17.195 to promote affordable housing in New Growth Areas is contingent upon the annual City budget process, and nothing in this ordinance is intended to, nor could it, bind future City Councils on budgetary decisions, including the decision on whether to carry over funds dedicated to promote affordable housing but not spent in the prior year(s);
- G. The provisions of Chapter 17.195 enacted pursuant to Section 2 of this Ordinance are consistent with, and enacted pursuant to, the Housing Element of the General Plan, as amended in 2000 pursuant to Resolution No. 2000-414.

Section 2

Chapter 17.195 is hereby added to Title 17 of the City Code, to read as follows:

17.195.010 Purpose

The Council of the City of Sacramento desires to encourage the construction of residential projects that will provide affordable housing units for low and very low income households in the City of Sacramento. It is the intent of the Council in enacting the provisions of this Chapter, to reduce the burden of development and impact fees on affordable housing development in New Growth Areas subject to the inclusionary housing requirements of Chapter 17.190 through waiver or reduction of some or all of such fees, with the expectation that this will encourage and promote the development of affordable in New Growth Areas of the City.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.020 Definitions

A. General: Except as specifically provided herein, the definitions set forth in Section 17.190.020 shall apply to this Chapter.

2. Additional definitions: The following additional definitions shall apply for purposes of this Chapter.

Affordable Housing Fee Reduction Fund: "Affordable Housing Fee Reduction Fund" shall mean the fund established pursuant to Section 17.195.060 of this Chapter to assist in the development of affordable housing in New Growth Areas.

Development and impact fees: "Development and impact fees" shall mean the fees required by City Code, ordinance, resolution or other City law to be paid as a condition of, or prerequisite to, development of residential uses, as those fees may be amended from time to time.

17.195.030 Fee Waiver/Reduction Program

A. A development project in a New Growth Area that is subject to the inclusionary housing provisions of Chapter 17.190 shall be eligible for a waiver of a portion of the development and impact fees that would otherwise be imposed on the inclusionary units in the development project, as specified herein.

2. Subject to the availability of funds and compliance with the other requirements of this Chapter, the development and impact fees otherwise applicable to the affordable housing units produced pursuant to the inclusionary housing requirements of Chapter 17.190 shall be reduced as follows:

i. Very low income units: The development and impact fees otherwise applicable to Inclusionary units designated for very low income households shall be reduced by the amount of Four Thousand (\$4,000.00) per unit until all available funds are expended.

ii. Low income units: The development and impact fees otherwise applicable to Inclusionary units designated for low income households shall be reduced by the amount of (\$1,000.00) per unit until all available funds are expended.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.040 Application Process and Approval

- A. Requests for fee waivers or reductions shall be included in the Application for Inclusionary Incentives and shall be submitted to the Planning Director on or before the date the Applicant requests preparation and execution of the Inclusionary Housing Agreement required pursuant to Chapter 17.190.
- B. The Planning Director, with the advice of the Sacramento Housing and Redevelopment Authority, shall approve an application for reservation of funds from the annual allocation established for the fee waiver and reservation program, as specified in Section 17.200.050 upon a determination that the proposed development is consistent with an approved Affordable Housing Plan and other entitlements. The approval shall be contingent upon execution and recordation of the Inclusionary Housing Agreement. The approval of funding shall be set forth in the Inclusionary Housing Agreement, and the date of recordation of that Agreement shall determine the order in which the funds in the Affordable Housing Fee Reduction Fund are allocated and distributed.
- C. The fee waiver or reduction approval shall be valid for a period of eighteen (18) months from the date of recordation of the Inclusionary Housing Agreement; provided that the Planning Director may extend this time period for an additional period of eighteen months upon a determination that good faith, reasonable efforts have been made to develop the Inclusionary Units. An application to extend the fee waiver or reduction approval shall be filed not less than thirty (30) days prior to expiration of the eighteen month period, and shall be processed in the same manner, and shall be subject to notice, hearing and appeal, in the same manner as a Planning Director's Special Permit.
- D. Following expiration of the eighteen (18) month period, or, in the case of an extension, upon expiration of the additional eighteen (18) month period, the project shall be removed from its then current place on the list maintained by the Planning Director pursuant to Subsection E of projects eligible for funds from the Inclusionary Housing Fee Reduction Fund, and placed at the bottom of that list.
- E. The Planning Director shall establish and maintain a list of projects for which an Inclusionary Housing Agreement has been approved and recorded, the date of recordation and the amount of fee waivers/reductions approved for the project. The projects shall be prioritized based upon the date of recordation of the Inclusionary

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Housing Agreement, or, where the fee waiver or reduction approval has expired and the project has been relocated on the list pursuant to Subsection D above, the date on which the project is so relocated.

- F. No application for fee waiver or approval shall be approved unless such waiver or approval is subject to a deed of trust or other security for performance, as provided in Section 17.195.050, unless such security is waived as provided in said Section.

17.195.050 Security for Performance:

General: Security shall be required for fee waiver applications for the sole purpose of ensuring a method of recovery of those fees waived if a residential development project fails to provide the percentage of Affordable Rents or Affordable Housing Costs for Very Low Income Households or Low Income households for which a fee waiver or reductions is sought. Except as provided below, the security shall be provided in the form of a promissory note secured by a deed of trust encumbering each parcel of record owned by the applicant that constitutes the inclusionary housing component of the residential project for which the fee waiver or reduction is sought, and it shall be recorded prior to issuance of the building permit for the Inclusionary Unit for which the fee waiver is sought. The promissory note and deed of trust shall be in a form satisfactory to the SHRA and Agency counsel.

Exception: It is anticipated that, in many instances, the Inclusionary Housing Agreement required by and between the City and SHRA or its successor(s) pursuant to Section 17.190.110 shall address and provide adequate security to ensure that the affordable housing obligations established by Chapter 17.190 will be satisfied. Upon a determination that the Inclusionary Housing Agreement executed pursuant to Section 17.190.110 provides adequate assurance that the affordable housing obligations established by Chapter 17.190 will be satisfied, the SHRA may waive the requirement for security imposed by this section.

17.195.060 Affordable Housing Fee Reduction Fund

- A. There is hereby 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

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Affordable Housing Fee Reduction Account Fund established pursuant to this Section.

- B. Subject to the annual appropriations and funding process, any funds allocated for a particular fiscal year and not allocated or spent pursuant to the provisions of this Chapter shall be carried over and included in the funds included in the Affordable Housing Fee Reduction Fund established pursuant to this Section.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

I:\realhousing\fee reduction ordinance 020601

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE ADDING CHAPTER 17.195 TO TITLE 17 OF THE CITY CODE RELATING TO REDUCTIONS IN DEVELOPMENT AND IMPACT FEES TO PROMOTE AFFORDABLE HOUSING IN NEW GROWTH AREAS (M00-062)

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO

Section 1. Findings

The City Council for the City of Sacramento finds as follows:

- A. The payment of the development and impact fees currently imposed on residential development within the City creates a potential barrier to development of affordable housing units, or at minimum, discourages development of affordable housing.
- B. The impact of development and impact fees on the development of affordable housing is particular significant for development within "New Growth Areas" of the City, as that term is defined in Chapter 17. 190 of the City Code;
- C. To cause or promote the development of affordable housing, it is necessary and appropriate for the City to waive or reduce a portion of the development and impact fees on new residential development in New Growth Areas;
- D. In enacting the provisions of Section 2 of this ordinance, thereby adding Chapter 17.195 to the City Code, it is the purpose and intent of the Council to reduce the burden of development and impact fees on affordable housing development in New Growth Areas of the City through waiver or reduction of some or all of such fees, with the hope and expectation that this will encourage and promote the development of affordable housing in such areas.
- E. To the extent development and impact fees are waived or reduced for development

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

of inclusionary housing units in New Growth Areas, these fees shall not be passed on through an increase in the fees paid by others subject to these fees, but shall instead be paid for out of City funds from one or more sources.

- F. The amount of funding to support the waiver or reduction of development and impact fees pursuant to Chapter 17.195 of the City Code, as added by Section 2 of this Ordinance, shall be determined on an annual basis. It is anticipated that, subject to funding availability and other budgetary constraints, the amount of funding provided to support affordable housing pursuant to Chapter 17.195 shall be not less than \$500,000.00 annually; and further, that any funds not expended in a given fiscal year shall be carried over to the next fiscal year, and that the commitment to provide \$500,000.00 or more shall not be reduced by the amount(s) not expended, and therefore carried over, from prior years.
- G. The amount of funding to be provided pursuant to Chapter 17.195 to promote affordable housing in New Growth Areas is contingent upon the annual City budget process, and nothing in this ordinance is intended to, nor could it, bind future City Councils on budgetary decisions, including the decision on whether to carry over funds dedicated to promote affordable housing but not spent in the prior year(s);
- G. The provisions of Chapter 17.195 enacted pursuant to Section 2 of this Ordinance are consistent with, and enacted pursuant to, the Housing Element of the General Plan, as amended in 2000 pursuant to Resolution No. 2000-414.

Section 2

Chapter 17.195 is hereby added to Title 17 of the City Code, to read as follows:

17.195.010 Purpose

The Council of the City of Sacramento desires to encourage the construction of residential projects that will provide affordable housing units for low and very low income households in the City of Sacramento. It is the intent of the Council in enacting the provisions of this Chapter, to reduce the burden of development and impact fees on affordable housing development in New Growth Areas subject to the inclusionary housing requirements of Chapter 17.190 through waiver or reduction of some or all of such fees, with the expectation that this will encourage and promote the development of affordable in New Growth Areas of the City.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.020 Definitions

- A. General: Except as specifically provided herein, the definitions set forth in Section 17.190.020 shall apply to this Chapter.
- 2. Additional definitions: The following additional definitions shall apply for purposes of this Chapter.

Affordable Housing Fee Reduction Fund: "Affordable Housing Fee Reduction Fund" shall mean the fund established pursuant to Section 17.195.060 of this Chapter to assist in the development of affordable housing in New Growth Areas.

Development and impact fees: "Development and impact fees" shall mean the fees required by City Code, ordinance, resolution or other City law to be paid as a condition of, or prerequisite to, development of residential uses, as those fees may be amended from time to time.

17.195.030 Fee Waiver/Reduction Program

- A. A development project in a New Growth Area that is subject to the inclusionary housing provisions of Chapter 17.190 shall be eligible for a waiver of a portion of the development and impact fees that would otherwise be imposed on the inclusionary units in the development project, as specified herein.
- 2. Subject to the availability of funds and compliance with the other requirements of this Chapter, the development and impact fees otherwise applicable to the affordable housing units produced pursuant to the inclusionary housing requirements of Chapter 17.190 shall be reduced as follows:
 - i. Very low income units: The development and impact fees otherwise applicable to Inclusionary units designated for very low income households shall be reduced by the amount of Four Thousand (\$4,000.00) per unit until all available funds are expended.
 - ii. Low income units: The development and impact fees otherwise applicable to Inclusionary units designated for low income households shall be reduced by the amount of (\$1,000.00) per unit until all available funds are expended.

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

17.195.040 Application Process and Approval

- A. Requests for fee waivers or reductions shall be included in the Application for Inclusionary Incentives and shall be submitted to the Planning Director on or before the date the Applicant requests preparation and execution of the Inclusionary Housing Agreement required pursuant to Chapter 17.190.
- B. The Planning Director, with the advice of the Sacramento Housing and Redevelopment Authority, shall approve an application for reservation of funds from the annual allocation established for the fee waiver and reservation program, as specified in Section 17.200.050 upon a determination that the proposed development is consistent with an approved Affordable Housing Plan and other entitlements. The approval shall be contingent upon execution and recordation of the Inclusionary Housing Agreement. The approval of funding shall be set forth in the Inclusionary Housing Agreement, and the date of recordation of that Agreement shall determine the order in which the funds in the Affordable Housing Fee Reduction Fund are allocated and distributed.
- C. The fee waiver or reduction approval shall be valid for a period of eighteen (18) months from the date of recordation of the Inclusionary Housing Agreement; provided that the Planning Director may extend this time period for an additional period of eighteen months upon a determination that good faith, reasonable efforts have been made to develop the Inclusionary Units. An application to extend the fee waiver or reduction approval shall be filed not less than thirty (30) days prior to expiration of the eighteen month period, and shall be processed in the same manner, and shall be subject to notice, hearing and appeal, in the same manner as a Planning Director's Special Permit.
- D. Following expiration of the eighteen (18) month period, or, in the case of an extension, upon expiration of the additional eighteen (18) month period, the project shall be removed from its then current place on the list maintained by the Planning Director pursuant to Subsection E of projects eligible for funds from the Inclusionary Housing Fee Reduction Fund, and placed at the bottom of that list.
- E. The Planning Director shall establish and maintain a list of projects for which an Inclusionary Housing Agreement has been approved and recorded, the date of recordation and the amount of fee waivers/reductions approved for the project. The projects shall be prioritized based upon the date of recordation of the Inclusionary

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Housing Agreement, or, where the fee waiver or reduction approval has expired and the project has been relocated on the list pursuant to Subsection D above, the date on which the project is so relocated.

- F. No application for fee waiver or approval shall be approved unless such waiver or approval is subject to a deed of trust or other security for performance, as provided in Section 17.195.050, unless such security is waived as provided in said Section.

17.195.050 Security for Performance:

General: Security shall be required for fee waiver applications for the sole purpose of ensuring a method of recovery of those fees waived if a residential development project fails to provide the percentage of Affordable Rents or Affordable Housing Costs for Very Low Income Households or Low Income households for which a fee waiver or reductions is sought. Except as provided below, the security shall be provided in the form of a promissory note secured by a deed of trust encumbering each parcel of record owned by the applicant that constitutes the inclusionary housing component of the residential project for which the fee waiver or reduction is sought, and it shall be recorded prior to issuance of the building permit for the Inclusionary Unit for which the fee waiver is sought. The promissory note and deed of trust shall be in a form satisfactory to the SHRA and Agency counsel.

Exception: It is anticipated that, in many instances, the Inclusionary Housing Agreement required by and between the City and SHRA or its successor(s) pursuant to Section 17.190.110 shall address and provide adequate security to ensure that the affordable housing obligations established by Chapter 17.190 will be satisfied. Upon a determination that the Inclusionary Housing Agreement executed pursuant to Section 17.190.110 provides adequate assurance that the affordable housing obligations established by Chapter 17.190 will be satisfied, the SHRA may waive the requirement for security imposed by this section.

17.195.060 Affordable Housing Fee Reduction Fund

- A. There is hereby 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

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

Affordable Housing Fee Reduction Account Fund established pursuant to this Section.

- B. Subject to the annual appropriations and funding process, any funds allocated for a particular fiscal year and not allocated or spent pursuant to the provisions of this Chapter shall be carried over and included in the funds included in the Affordable Housing Fee Reduction Fund established pursuant to this Section.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

I:\realhousing\fee reduction ordinance 020601

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____