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DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

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SACRAMENTO, CA
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March 27, 1990

Transportation and Community Development Committee
Budget and Finance Committee

BUILDING INSPECTIONS
916-449-5716

PLANNING
916-449-5604

Honorable Members In Session:

SUBJECT: INTERIM CENTRAL CITY HOUSING STRATEGY

SUMMARY

This report outlines several interim housing strategies to conserve and enhance housing opportunities in the Central City. In denying the appeal (by ECOS) of the Special Permit to develop the Wells Fargo project, the City Council recommended the need to develop a City Housing Strategy and requested a report back within 60 days. Staff is responding by presenting a three-phased effort: 1) immediate consideration of several interim strategies that the Council could undertake while more comprehensive strategies are formulated; 2) consideration of a Request for Proposals (RFP) for the development of a comprehensive Central City housing strategy that would be completed in the Fall of 1990; and, 3) the update of the City's housing element by July 1991, in coordination with the County, to assure the effective implementation of policies and programs to address regional housing needs.

BACKGROUND

On January, 17, 1990, the City Council requested staff to prepare a Central City Housing Strategy, which recommends implementation programs that go beyond the Housing Trust Fund in mitigating the housing demand generated by commercial development projects.

It is the City's goal, as stated in the General Plan, that adequate housing be produced to maintain a jobs/housing balance and mitigate traffic and air quality impacts. The City's desire to increase and preserve housing in the Central City is an integral part of supporting significant public and private investment and the development of a 24-hour city. Recent studies have clearly documented that housing development has lagged behind new commercial development in the Central City.

To address this issue, staff prepared the following list of interim housing strategies for discussion. These suggestions included some of the housing mitigation measures included in the Wells Fargo EIR, and the ideas of City Planning and Agency staff. A preliminary list of strategies were presented by staff to the City Planning Commission on February 22, 1990 and at a joint meeting with the Housing and Redevelopment Commission on March 15, 1990. On the basis of the comments by the Commissioners, these strategies have been revised. The Council may want to apply the interim strategies until such time as the comprehensive Housing Strategy is completed (approximately six to nine months). A brief statement of the pros and cons associated with each interim strategy is attached.

Housing Policy

1. Restate the need for a Central City housing policy to create a "twenty-four hour City" which gives the downtown area the life, activity and essential economic support that is critical to enhance previous public and private investments in retail, cultural and recreational facilities, promote a jobs-to-housing balance and reduce traffic and air quality impacts.
2. Consider adopting a citywide policy which opposes or discourages rezonings, community plan or general plan amendments from residential to non-residential uses or downzonings which result in a reduction in existing residential densities.

Pros: Maintains existing residential development potential and housing-to-jobs balance.
Cons: Provides limited flexibility in consideration of new proposals that are inconsistent with existing land use designations.
3. Consider adopting a Central City housing policy which encourages appropriate mixed use development in suitable areas in the Central City and opposes rezonings from residential to non-residential uses that do not result in net housing benefits to the City.

Pros: Allows land use changes that fully mitigate related housing impacts.

Cons: Would require major changes to pending commercial development projects in the downtown area that do not include an adequate housing component.

4. Consider adoption of a Central City jobs-to-housing goal which would require commercial project sponsors, that exceed the maximum intensity of development permitted given current zoning, to directly participate in the construction or rehabilitation of housing units. The goal should be based on the 1980 ratio of Central City residents-to-employees of 8% (or 27 units/100,000 square feet of office development). Participation by the commercial project sponsor should include one or more of the following measures:

- a. Construction of housing units as part of the project itself.
- b. Direct construction of housing developments in the Central City.
- c. Acquisition and donation to SHRA of sufficient vacant parcels in the Central City to accomplish the housing objectives.
- d. Contribution of an equivalent amount of funds to SHRA to accomplish the housing objectives.

Pros: Provides a quantified policy objective for the Central City and choices to mitigate housing impacts identified in the environmental review process, and is generally consistent with the preliminary recommendations of the R Street Corridor Committee.

Con: More study maybe necessary to better define the link between new commercial development and moderate income/market rate housing impacts in the Central City.

Zoning

5. Encourage the conservation and rehabilitation of existing housing stock in the Central City by supporting a housing preservation and abatement program.

Pros: Indicates support for conservation of remaining housing stock.
Cons: Would require a general fund appropriation of approximately \$300,000 to significantly intensify housing preservation efforts.

6. Promote residential development in the C-4 zone (R Street Corridor) by limiting office uses to 25% of each building's square footage.

Pros: Reduces price speculation in office market and improves economic feasibility of housing.
Cons: Provides limited flexibility in consideration of more intensive development proposals.

7. Discourage office development and the conversion of residential to office uses in the R-O zone by requiring non-residential development proposals to demonstrate a specific need for office use and the infeasibility of housing.

Pros: Consistent with intent of ordinance to conserve older residential buildings.
Cons: Doesn't provide a direct incentive for conserving residential uses.

8. Consider waiving or reducing parking requirements for residential mixed-use projects in commercial zones and encourage residential support services in the Central City.

Pros: Encourages transit use and 24-hour utilization of commercial parking.
Cons: Reduced parking may cause problems in marketing units.

9. Consider adopting a Central City policy which encourages residential development in appropriate locations within commercial zones with special permit approval (C-1, C-2, C-3, C-4).

- Pros: Indicates general support for housing.
Cons: Doesn't provide a direct incentive for development.

Financial Incentives

10. Consider establishing separate housing incentive funds to pay for special permit, variance or other project related fees for low income projects or market rate residential projects that need assistance and are located in appropriate locations in the Central City.

Pros: Provides essential local financing to improve the economic feasibility of housing.
Cons: Would require a General Fund appropriation of \$300,000 to \$400,000 to assure full cost recovery of administrative expenses.
11. Consider providing financial support for the establishment and capitalization of existing and new non-profit housing development corporations, the formation of joint ventures with non-profit or for profit developers and the purchase of tax credits for low and moderate income housing projects in the Central City.

Pros: Provides the organizational capacity that will be necessary to construct housing downtown.
Cons: No identified funding source.
12. Add Central City residential sites to the City's infill inventory and waive water development fees, and permit commercial project sponsors to credit these units towards compliance with the Housing Trust Fund Ordinance.

Pros: Provides a direct financial incentive for housing.
Cons: Could result in significantly less Housing Trust Fund revenue dedicated to low income housing projects, and the water fee waivers could impact the construction of future water improvements.
13. Immediately utilize Housing Trust Fund fees for Central City low income housing projects.

Pros: Provides a flexible source of local funding for low income housing projects.

Cons: Refunds would be required if City loses lawsuit and fewer affordable units could result since the per unit cost for housing is higher in the Central City.

14. Increase the amount of tax increment financing targeted for housing programs.

Pros: Provides essential subsidies to improve the economic feasibility of housing.

Cons: May require the redirection of funds from major commercial or public facility projects.

FINANCIAL DATA

Adoption of the interim housing strategies would not negatively impact City funds unless the policy restrictions are so severe as to discourage acceptable commercial development in the City. However, policies Nos. 5, 10, 11, 12, 13 and 14 will likely require more detailed analysis to fully evaluate potential impacts to the general fund and other funding sources.

POLICY CONSIDERATIONS

For the most part, the interim zoning strategies could be accomplished administratively. Prior to adoption of any of the housing policies, staff will need to complete a thorough environmental assessment of potential impacts associated with these policies.

MBE/WBE EFFORTS

There are no MBE/WBE impacts associated with this item.

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RECOMMENDATION

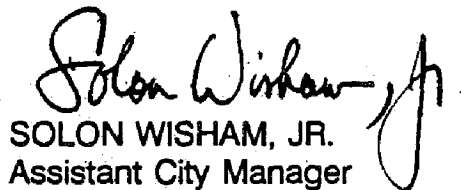
It is recommended that the Joint Transportation and Community Development/Budget and Finance Committee discuss the interim housing strategies and direct staff (if appropriate) to complete the appropriate environmental reviews.

Respectfully submitted,



MICHAEL M. DAVIS
Director of Planning and Development

Recommendation Approved:



SOLON WISHAM, JR.
Assistant City Manager

CONTACT PERSON:

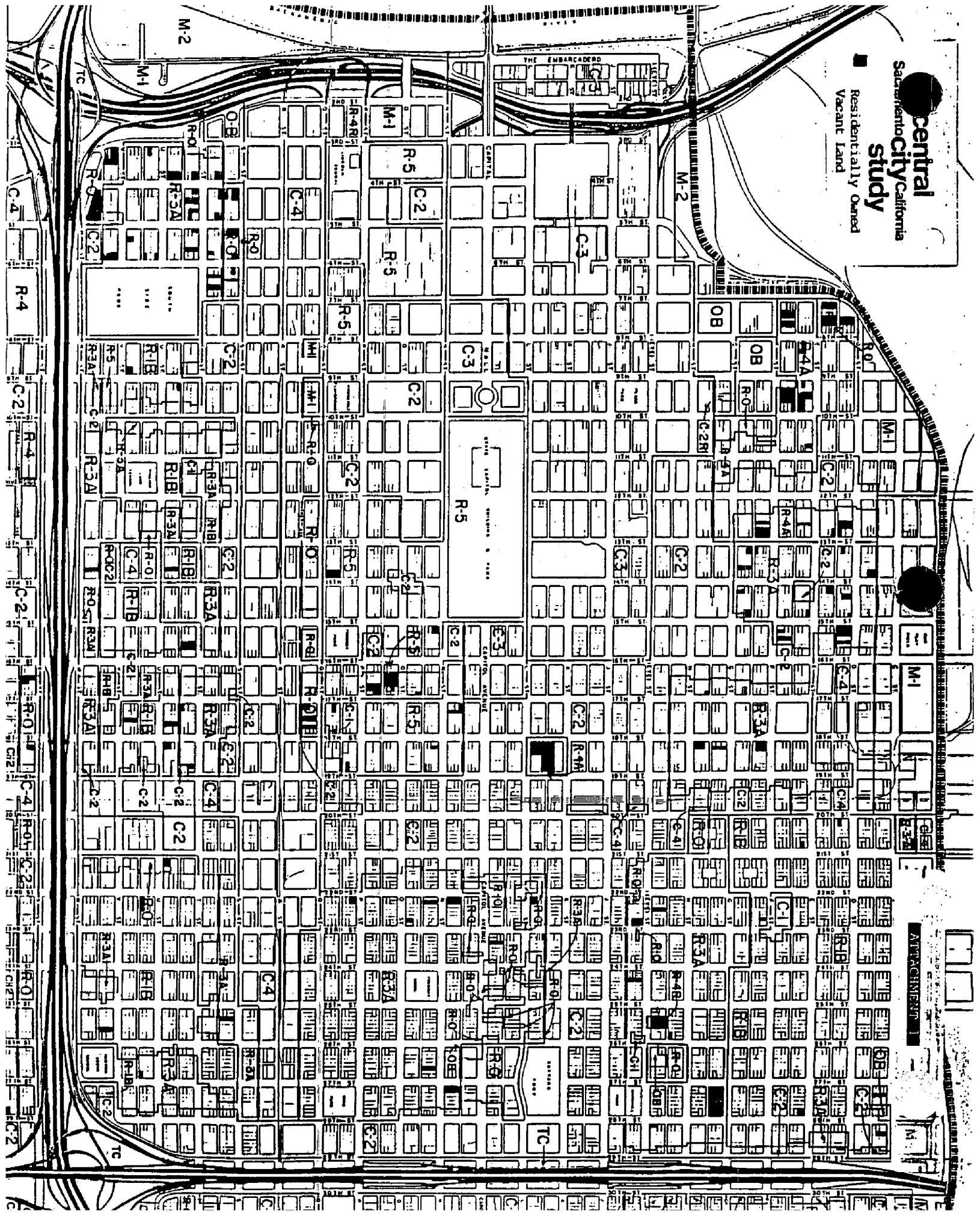
Steve Peterson, Senior Planner
(916) 449-5381

All Council Districts

MMD:SP:vr
M90-005

Attachments

Central City California
Sacramento
Residentially Owned
Vacant Land
study



ATTACHMENT

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

M E M O R A N D U M

DATE: February 22, 1990

TO: Marty Van Duyn, Director Planning,
City of Sacramento Planning & Development

FROM: Thomas V. Lee, Director of Community Development

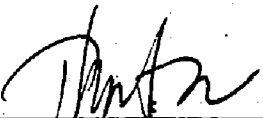
RE: Interim Central City Housing Policy

We have reviewed a copy of the staff report regarding the Interim Central City Housing Policy and feel that the report reflects the comments provided by Agency staff. We would point out that the recommendations of the proposed comprehensive Central City Housing Strategy, which we plan to have available in the Fall of 1990, could result in changes in land use designations and rezonings, in order to preserve and increase housing in the area.

Also, we would like to schedule the joint meeting of the Housing and Redevelopment Commission and the Planning Commission for Monday, March 12, 1990 at 6:00 p.m. Because the Sacramento Housing Redevelopment Commission's regular agenda for March 5th is very extensive, meeting on March 12th will enable the Commission to focus on this important housing study.

Thank you for the opportunity to provide input on the Interim Central City Housing Policy. We look forward to working with you and your staff to achieve the goals for housing in the Central City.

Should you have any need for assistance, please contact Jim Carney of my staff at 440-1328.



THOMAS V. LEE

MVL:JC:plf

cc: Bina Lefkowitz

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