



# CITY OF SACRAMENTO

41

## CITY PLANNING DEPARTMENT

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MARTY VAN DUYN  
PLANNING DIRECTOR

November 5, 1980

Planning and Community Development Committee  
City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: RESPONSE TO CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT COMMENTS ON SACRAMENTO'S 1980 HOUSING ELEMENT (M-343)

### Summary

The two attached documents are Housing and Community Development comments on the City's recently adopted Housing Element, and the staff response to these comments. H/CD finds that the adopted element is inadequate because it is not in conformance with State housing element guidelines. Staff and Planning Commission are recommending specific responses for transmittal to H/CD following Council approval. Specific follow-up action by the City to each H/CD comment is contained in the attached staff report of October 23, 1980.

### City Planning Commission Action

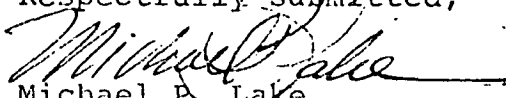
The Planning Commission on October 30th unanimously approved the staff recommendations by a vote of seven ayes, one absence and one vacancy.

### Specific Recommendations to the City Council

Council members should note specific responses numbers 4 and 6. Staff especially is seeking P/CD committee and/or City Council direction regarding possible changes in strategy for the City to improve its rehabilitation efforts related to renter housing. Staff is also seeking direction related to programs for expanding new rental housing construction. It is desirable to have this direction as soon as possible, and to communicate the City's position to H/CD.

The City Council is scheduled to consider these recommendations on November 12th.

Respectfully submitted,

  
Michael P. Lake  
Senior Planner

APPROVED  
BY THE CITY COUNCIL

NOV 12 1980

OFFICE OF THE  
CITY CLERK

ML:bw  
Senior Planner

Item No. 1

Attachments

City Planning Commission  
Sacramento, California

Members in Session:

Subject: RESPONSE TO CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT COMMENTS ON SACRAMENTO'S 1980 HOUSING ELEMENT  
(M-343)

### Summary

State law provides for California Department of Housing and Community Development review and comment on the adequacy of a local jurisdiction's housing element. The City Manager's Office has received comments on Sacramento's 1980 Housing Element. In summary, H/CD finds the element inadequate, and suggests changes for conformance with State guidelines.

Staff recommends transmittal of this report to H/CD after Planning Commission and City Council concurrence. Follow-up action leading to the adoption of resolutions and amendments to the Housing Element after public hearings are recommended herein.

### Background

Under Section 50459 of the State Health and Safety Code, the California Department of Housing and Community Development (hereinafter H/CD) is authorized to review local housing elements "for conformity with the requirements of Section 65302(c) of the Government Code and guidelines adopted pursuant thereto." H/CD's evaluation of our housing element is attached. Generally, the finding of non-conformance is focussed on two factors (1) quantified goals for specific housing programs, and (2) inadequate programs to meet the identified renter needs of our community. Failure of the City to ameliorate these and other H/CD expressed concerns could in the future reduce our City's chances of obtaining housing funds from State housing program sources and from federal housing programs where A-95 clearinghouse review by the State is required.

In an attempt to simplify the recommended response to the numerous H/CD comments, each comment requiring response has been assigned a number corresponding to that same number placed to the left of the H/CD relevant section in the attachment. The staff recommended action follows each separate staff response.

### Specific Responses

#### 1. Quantified objectives for individual programs.

Following is a list of preliminary 1st year and 5th year objectives for each of the programs identified in the housing element. The quantities have been provided by Community Development and Housing Agency staff. These are subject to refinement and, in some cases, major policy decisions prior to overall approval.

<u>Program</u>	<u>1980-81</u>	<u>1984-85</u>	<u>Comments</u>
Sacramento Neighborhood Assistance Program	30	200	Rehab for owner units
HUD Assisted-Sections 8 and 312	45	197	Rehab for owner and renter units
Home Ownership/Home Improvement Program	28	141	Rehab for owner units
Home Ownership/Home Improvement Program	30	75	Rehab for renter units
Deferred Payment Rehabilitation Loan Program	10	49	Rehab for owner and renter units
Home Ownership/Home Improvement Program	7	17	New construction owner units
HUD Assisted-Section 8	39	97	New construction renter units

(Note: The above programs are CDBG assisted and eligible for meeting Housing Assistance Program goals)

Scattered Residential Site Acquisition Program	50	250	Sites for owner and renter units
H/CD Rental Housing Construction Program	(1)	(1)	New construction renter units
H/CD Home Ownership Assistance Program	(1)	(1)	Purchase of owner units
Local Mortgage Revenue Bond Program	(2)	(2)	New construction owner and renter units
New Residential Hotels Program	35	175	New construction renter units
Condominium Conversion Protection Program	(3)	(3)	None
Painting and Beautification Program	120	680	Existing owner units
Housing Opportunity Program for the Elderly	133	673	Existing owner units
Retrofitting Grant Program	28	152	Existing owner units
Community Redevelopment Grant Program	56	280	Variety of units affected
Local Tax Increment Replacement Housing Program	64	80	New construction owner and renter units

(1) Goals not quantified yet; subject to major policy decisions and State approval.

(2) Goals subject to private sector interest and major policy decisions if renter program to be used.

(3) Estimates not available; dependent upon a number of varying factors, including provisions for retention of a fixed number of low/mod income units.

RECOMMENDED ACTION: Direct Community Development, Housing and Redevelopment, and Planning staffs to refine these quantitative objectives and present them to the Planning Commission and City Council as an amendment to the Action Plan, Section VI, pages 77-84.

2. Total housing/household need.

Clarification of the quantities in Tables 12 and 26 will improve the Housing Element. The desired estimate is 19,060 renter and owner low income households needing assistance. This is shown in Table 26 on page 65 and indicated as a rounded-off figure in Item 20 on page 53. Of the total 9,745 substandard housing units shown in Table 12, 7,666 units are suitable for rehabilitation as well as some of the 575 units that are estimated to be unoccupied in 1980. Roughly this amount, or 7,115 units, are designated for rehabilitation if the three year objectives stated in Table 26 are projected to 20 year objectives. In other words, the units currently suitable for rehabilitation (Table 12) are reflected in the 20 year rehabilitation objectives (Table 26). The minor difference in quantities between the two tables could be explained by the fact that a few of the total units needing rehabilitation probably are currently occupied by other than low income households, and therefore do not show up in Table 26 which addresses only low income households in need.

RECOMMENDED ACTION: Direct Planning staff to prepare amendment language which clarifies Table 26, page 65, and present this to the Planning Commission and City Council for adoption.

3. Three-year percentage of need being met.

The HAP quantitative objectives stated in Table 26 for the 1st year, 3rd year, and 20th year are 5%, 15% and 100% respectively. As in number 2 above, the quantities shown in this table are based on the 20 year total need of 19,060 household units.

RECOMMENDED ACTION: Same as for number 2 above.

4. Rehabilitation programs.

The City's performance record for rehabilitation of owner occupied units is admittedly better than that for renter occupied units. The 1979-80 count of rehabilitated rental units included not only the 39 units administered by the Sacramento Housing and Redevelopment Agency, but an additional known 63 units through HUD's Section 312 and Section 8 programs. CHFA data on rental rehab assistance is not obtainable but is estimated to be an additional 10 to 15 units for that period. Therefore, the total is roughly 114 renter rehab units instead of 39 units. According to SHRA, the number of substantial renter rehab units has improved for 1980-81.

According to Mike Hanamura of SHRA, two main factors presently prohibit SHRA from increasing rehabilitation assistance to owners of rental units: (a) the lack of a substantial number

of interested property owners to do rehabilitation work on their rentals, and (b) similar to other agency administered programs, the large case loads that each staff property rehab specialist carries creates a waiting or lag time in processing each case.

One alternative to generate participation by the absentee owner is to initiate a concentrated code enforcement program with rehabilitation-financial assistance provided to the property owner who complies. The issues of strict code enforcement and a form of rent stabilization needed as a result of that action, however, are subject to major City policy decisions.

Provisions for preventing displacement of low income renters, stabilizing rents and generally retaining affordable units has been addressed as part of the Condominium Conversion Ordinance. The forthcoming Affordable Housing Study will also address the issue universally. The decision to significantly increase the priority associated with renter rehabilitation programs and renter displacement protection, however, must ultimately come from the City Council.

RECOMMENDED ACTION: Staff recommends City Council direction on this important policy issue. Since the program alternatives stemming from such a direction require input from various sources such as SHRA, the Building Inspections Division, the Manager's Office and Community Development staff, timing of an official City position cannot be determined until the nature of that policy direction is known. Staff recommends that H/CD should be apprised of the schedule for action, however, once it is determined.

5. Inclusionary housing.

The Affordable Housing Study which includes addressing the issue of a voluntary or mandatory inclusionary program is now scheduled for completion by a consultant in January of 1981. A consultant for the study will hopefully be selected in early November of this year.

RECOMMENDED ACTION: None.

6. Expansion of rental housing programs.

The demise of insufficient affordable housing, especially rentals, is common to most larger municipalities nation-wide. While Sacramento is fortunate to have rental rates that are comparatively low, this situation will not continue forever if the construction of new affordable rental units continues at the present rate. Sacramento is looking into increasing the number of affordable rental units as part of the Affordable Housing Study, and presently has a condominium conversion ordinance designed to retard the depletion of rental stock for needy households. The feasibility of establishing a mortgage revenue bond program and/or requesting H/CD for funds under the Rental Housing Construction Program must be explored further and are subject to City Council policy direction.

RECOMMENDED ACTION: Staff recommends the same action on this comment as that given for number 4 above.

7. Use of HUD Section 235 allocations.

Approximately \$3 million in Section 235 allocations to Sacramento was recently returned unused to HUD because of an administrative error. Our City was not entitled that amount of program money. Our investigation of the Santa Ana program where this source of funds was used in tandem with CDBG funds disclosed that the few projects that resulted within the two-year operational period has led that City to phase-out the program (SHRA: Leo Goto). The Affordable Housing Study, however, will consider various funding source combinations to increase the supply of housing to needy households.

RECOMMENDED ACTION: None.

8. Expanded use of mobile homes and manufactured housing.

The Planning Department is presently evaluating zoning ordinance changes which will result in increasing the potential use of mobile homes and manufactured housing in residential areas. Consultant completion of a manufactured housing study for the County means that Citystaff time can be devoted to seeing that the counter part City study is executed.


RECOMMENDED ACTION: None.

Recommendation

Staff recommends:

1. Planning Commission and City Council concurrence with the above responses to individual comments by H/CD on the City Housing Element.
2. Transmittal of this report to H/CD as the City's response.
3. Holding of public hearings before the Planning Commission and City Council to consider amendments to the 1980 Housing Element as suggested in above responses numbered 1, 2, and 3. Staff should report back to the Planning Commission with refined amendment language no later than mid December 1980.
4. City Council direction on above responses numbered 4 and 6. Depending upon the nature of the direction being given, a deadline for action should be set and H/CD so informed.

Respectfully submitted,

  
Michael P. Lake,  
Senior Planner

Attachment: H/CD comments

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Division of Community Affairs  
921 Tenth Street  
Sacramento, CA 95814  
(916) 445-4725

CITY PLANNING COMMISSION



AUG 22 1980

RECEIVED

August 18, 1980

Mr. Walter Slipe  
City Manager  
City of Sacramento  
915 I Street  
Sacramento, CA 95814

Dear Mr. Slipe:

RE: Review of the City of Sacramento Adopted Housing Element

The Department of Housing and Community Development has reviewed the adopted housing element dated June 10, 1980, for the City of Sacramento. Under Section 50459 of the State Health and Safety Code, our Department is authorized to review local housing elements "for conformity with the requirements of Section 65302(c) of the Government Code and guidelines adopted pursuant thereto." The purpose of our review is to advise the City of any additional steps which might need to be developed and any additional steps which might need to be taken to produce a housing element which is in conformity with the 1977 Guidelines.

As set forth in the Housing Element Guidelines, the two most important components of a housing element are:

1. The identification and documentation of housing needs; and
2. The development of a housing program to address these identified needs.

In order to conform to Section 65302(c) of the Government Code, the housing element is to contain "standards and plans for the improvement of housing and for the provision of adequate sites for housing" and is to make "adequate provision for housing needs of all economic segments of the community."

The guidelines define adequate provision to be "a good faith, diligent effort" to expand housing opportunities. They further provide that such effort is to emphasize use of a wide range of local public powers which impact upon housing including a commitment to pursue and cooperate in available Federal and State programs. We have noted several areas which need further development for the Sacramento City housing element to conform to state housing element law.

## I. HOUSING NEEDS IDENTIFICATION AND DOCUMENTATION

The City has done a commendable job in producing a needs identification section which is well written and documented. In our judgment the essential information for determining housing need has been adequately covered.

## II. HOUSING PROGRAMS

While an accurate assessment of housing need is essential, the heart of the housing element lies in those provisions relating to the development and implementation of a housing program. To achieve this, Section 6450 of the Guidelines calls for a program containing five explicit commitments as follows:

- 1) the specific objectives to be accomplished (quantified when possible);
- 2) the actions which will be undertaken to implement the program (for example, city council resolution, land acquisition, density bonus, etc.);
- 3) the sources of financing or funding (e.g., federal or state programs, local revenue bonds, private subsidy, etc.);
- 4) the local agencies with primary responsibility for implementing programs; and,
- 5) the establishment of reasonable timeframes for accomplishment of specific objectives, which include benchmarks to indicate progress.

1 [ Data in the housing element indicates that 16% of the City's households are low income and are experiencing affordability problems; 87% of these households are renters. Approximately 8.5% of the City's housing units need either rehabilitation or replacement. The City's adopted housing element contains excellent programs which the City is currently implementing or planning to implement described according to four of the above criteria. The housing element contains quantified objectives. However, each program should be assigned quantified objectives individually. As described in the element, the City has a wide range of current and proposed housing programs utilizing federal and state resources and local public powers. Some of the City's programs include: a) several rehabilitation programs funded by Community Development Block Grant funds and the State Deferred Payment Rehabilitation Loan Program, b) the CHFA Home Ownership/Home Improvement Program, c) Scattered Residential Site Acquisition Program, d) HCD Rental Housing Construction Program and Homeownership Assistance Program, e) Local Mortgage Revenue Bond Program, f) New Residential Hotels Program, and g) a condominium conversion ordinance to protect the City's existing rental stock.

2 [ The element contains a table on page 65 showing three year quantified objectives and a total need of 19,060. However, this reported total need figure aggregates rehabilitation and affordability needs and new construction needs. On page 30,



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2  
the element indicates that 9,475 substandard housing units exist in the City and on page 53 the element indicates that 19,000 low income households in the City need assistance. Adding the households in need of assistance of 19,000 to housing units needing rehabilitation gives a total need of 28,745. These apparent inconsistencies should be clarified.

3  
According to the identified need on page 65, 15% of the unmet need will be met in three years. However, according to the identified need of 28,745, the three year quantified objectives would meet approximately 10% of the total need in three years. The element should clearly indicate what percentage of the unmet housing need is to be met. We note that the Sacramento Regional Area Planning Commission Housing Opportunity Plan calls for the City to address 5% of unmet housing need of low income households per year. We believe this a reasonable proportion of the City's current unmet housing need to be annually addressed through programs proposed in the housing element.

1  
Since the City's housing element is a five year plan, the element should contain quantified objectives for a five year period and the objectives should be broken down for each program as noted above.

We commend the City for allocating approximately 43% of its 1980-81 Community Development Block Grant funds for housing rehabilitation and other housing related activities.

We note that 73% of the City's housing units needing rehabilitation are renter occupied. The quantified objectives on page 65 show a major portion of the units to be rehabilitated as renter occupied. However, information obtained from Sacramento Redevelopment Agency staff regarding the City's past rehabilitation performance indicates most of the units rehabilitated in 1979-80 were owner units.

	Quantified Objectives (HAP Goals)		Units Rehabilitated 1979-80
	1yr.	3yr.	
rehab of rental units	268	705	39
rehab assistance for homeowners	113	325	256

4  
If the City's rehabilitation programs follow past performance standards, it appears the City will have difficulty meeting its renter rehabilitation objectives. The housing element should contain programs to address the renter rehabilitation need. One alternative would be for the City to establish an outreach program to encourage owners of rental property to participate in City rehabilitation programs. The City may also consider making use of the provisions of Revenue and Taxation Code Section 17922 which would allow the City to deny state income tax deductions to owners of substandard property until the substandard conditions are eliminated. The element should also contain provisions to prevent displacement of low income renter households which might not be able to afford increased rents after rehabilitation, or show how affordability will be retained.

5 We note that the proposed inclusionary housing program which was contained in the draft housing element was deleted from the adopted housing element. However, the City Council has directed the staff to explore mandatory and voluntary aspects of inclusionary housing. The staff is to complete findings and recommendations by September 1, 1980. We commend the City for considering an inclusionary program as part of the City's housing program and we offer our assistance in developing such a program.

6 The housing element indicates that there are approximately 7,464 unconstrained vacant acres in the City available for residential development and information in the element regarding building activity for the past several years shows that a significant number of multiple units have been constructed. City staff, however, informs us that most of the multiple units constructed in the last several years have been ownership units. Since renter households constitute a high proportion of the City's housing need, we urge the City to include additional programs for the production of affordable renter units in the City. Alternatives might be for the City to include provision for renter units in an inclusionary program if the City decides to implement such a program or include rental units in the City's mortgage revenue bond program.

With respect to bond financing programs, federal legislation is pending which might restrict the use of mortgage based tax exempt bond financing for owner home mortgages. At the same time, the only restriction on rental housing bonds currently imposed by Congress is that at least 20% of the units financed be for low income (usually Section 8).

7 HUD informs us that Section 235 allocations (mortgage insurance and financing for low and moderate income families) for the Sacramento Area have been returned unused to the Central office. We urge the City to consider mechanisms for utilizing the Section 235 program to provide ownership opportunities for some of the City's low and moderate income households. You may be interested in an approach used by the City of Santa Ana in Orange County where they operate a Section 235 program coupled with CDBG funds in which the City purchases the land with CDBG money and leases the land to the eligible family. The Section 235 loan is then made on the structure only, which brings the cost of the housing unit within the Section 235 maximum limits.

8 In addition, AB 1564 which requires housing elements to consider all aspects of current housing technology, including manufactured housing, as a possible tool for making adequate provision for the housing needs of all economic segments of the community, became effective January 1, 1980. The Department has amended its guidelines to reflect this new provision (copy attached).

The City staff has informed us that currently mobilehomes are allowed only in mobilehome parks and that mobilehome parks are allowed in the City with a special permit. We commend the City for adopting a program to study the feasibility of allowing manufactured housing as primary dwellings within

Walter Slipe  
August 18, 1980  
Page Five

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8  
L residential areas or as separate subdivisions outside of mobilehome parks.  
Information in the housing element indicates this study will be completed  
before January 1, 1981.

In summary, we find that the City of Sacramento Housing Element demonstrates concern for addressing the housing needs of the City, but is not adequate when assessed by the standards of Government Code Section 65302(c) and the 1977 Housing Element Guidelines. In the preceding comments we have noted several areas where the element should be amended if it is to conform with state housing element law. If you have any questions, please contact Georgann Eberhardt of our staff at (916) 323-6164.

Sincerely,



David Williamson  
Supervisor, Review Section

Enclosure

cc James Barnes, Executive Director  
Sacramento Regional Area Planning Commission

Marty Van Duyn, Planning Director  
City of Sacramento

Michael Lake, Planning Department  
City of Sacramento