

RESOLUTION NO. 2005-568

Adopted by the Sacramento City Council

July 26, 2005

ADOPTING AN INCLUSIONARY HOUSING PLAN FOR THE NATOMAS FIELD DEVELOPMENT PROJECT FOR PROPERTY LOCATED IN NORTH NATOMAS, SOUTHEAST OF THE INTERSECTION OF ARENA BOULEVARD AND EAST COMMERCE WAY, SACRAMENTO, CALIFORNIA. (P04-236) (APN: 225-01 50-014, 018, -025, -027, -028, -030, -032, AND -036)

BACKGROUND

- A. The Mixed Income Housing Policy adopted in the City of Sacramento Housing Element and required by the City's Mixed Income Housing Ordinance, requires that ten percent of the units in a residential development project be affordable to very low income households and five percent to low income households.
- B. The City Council conducted a public hearing on July 26, 2005 concerning the above Inclusionary Housing Plan and based on documentary and oral evidence submitted at the public hearing, the Council hereby finds: The proposed Plan is consistent with Chapter 17.190 of the City Code which requires an Inclusionary Housing Plan setting forth the number, unit mix, location, structure type, affordability and phasing of the Inclusionary Units in the residential development;

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

Section 1. The City Council adopts the Inclusionary Housing Plan for the Natomas Park Commons project, attached hereto as Exhibit A.

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Adopted by the City of Sacramento City Council on July 26, 2005 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters and Mayor Fargo.

Noes: None

Abstain: None

Absent: None

Heather Fargo

Mayor Heather Fargo

Shirley Concolino

Shirley Concolino, City Clerk

Exhibit A: Inclusionary Housing Plan**INCLUSIONARY HOUSING PLAN
for the
NATOMAS FIELD PROJECT
July 26, 2005****Introduction**

JB Management is the owner of Natomas Field in the City of Sacramento on which it is proposed to construct a mixed-income development including both for-sale and rental residential units ("Residential Project"). Beazer Homes is the developer representing the for-sale portion of this project and USA Properties is the developer representing the rental unit portion of this project. The for-sale portion of this project consists of four housing products totaling 707 lots. The rental portion of this project consists of one 200 unit apartment complex containing one and two bedroom income restricted senior housing units. This Inclusionary Housing Plan shall bind and the benefits shall inure to the Owners, its successors in interest and assignees.

Both the for-sale and rental components will be constructed on-site within the Natomas Field development. The developer will convey a 9+ acre parcel within this project to USA Properties for development of a rental site which blends through both architecture and landscaping with the for-sale component of the site.

The Mixed Income Housing Policy adopted in the City of Sacramento Housing Element and required by the City's Mixed-Income Housing Ordinance ("Ordinance"), City of Sacramento City Code Chapter 17.190, requires that ten percent (10%) of the units in a Residential Project be affordable to very low income households and five percent (5%) to low income households (the "Inclusionary Requirement" and "Inclusionary Units").

Pursuant to the City Code section 17.190.110 (B), an Inclusionary Housing Plan ("Plan") must be approved prior to or concurrent with the approval of legislative entitlements for the Development Project. City Code section 17.190.110 (A) sets forth the number, unit mix, location, structure type, affordability and phasing of the Inclusionary units in the Residential Project. This document constitutes that Plan, and, as supplemented and amended from time to time, is intended to begin implementation of the Inclusionary Requirement. All future approvals for the Development Project, including tentative maps, subsequent tentative maps, planned development permits, special permits, site development plans, and plan review shall be consistent with this Inclusionary Housing Plan.

The Inclusionary Requirement for the Residential Project will be set forth in more detail in the Inclusionary Housing Agreement(s) executed by the Developer and the Sacramento Housing and Redevelopment Agency ("SHRA") and recorded against all

the residential land in the Development Project including the rental parcel under development by USA Properties. The Inclusionary Housing Agreement will describe with particularity the site and building schematics and the phasing requirements linking the affordable and market rate units, pursuant to Section 17.90.110 C.

Number of Inclusionary Units

The Developer, or its successors and assignees, shall construct or cause to be constructed a number of dwelling units affordable to Low Income Households ("Low Income Units") equal to five percent (5%) and Very Low Income Households ("Very Low Income Units") equal to ten percent (10%), as defined in the Sacramento City Code section 17.190.020, of the total number of housing units approved for the Project. Based upon current project proposals of 907 residential units, the Inclusionary Requirement is ninety-one (91) Very Low Income Units and forty-five (45) Low Income Units, for a total of one hundred thirty-six (136) inclusionary units required for the Residential Project. This obligation will be met through 27 for-sale units on the project and one hundred and nine (109) units in the apartment project currently under development by USA Properties within the Natomas Field site.

If the project approvals are amended to increase the number of units in the Project, this Plan will be amended to reflect a number equal to five percent (5%) Low Income Units and ten percent (10%) Very Low Income Units of the increased total units in the amended entitlements. If the project approvals are amended to decrease the number of units in the Project, this Plan will be amended to reflect a number equal to five percent (5%) of Low Income Units and ten percent (10%) Very Low Income Units of the decreased total residential units in the amended entitlement. However, after a building permit has been issued for a structure or Master Parcel which contains Inclusionary Units, those Units will be constructed and maintained as Inclusionary Units pursuant to the terms of Chapter 17.190 of the City Code, regardless of any subsequent reduction in the number of approved total residential units.

Tenure

The Inclusionary Housing Units shall consist of both for-sale units and rental apartment units on-site within the Natomas Field project. The apartment site will contain an affordable senior complex. The Inclusionary Housing Units will be a mixture of two and three bedroom units throughout the four for-sale housing product lines and one and two bedroom rental units in the on-site apartment complex.

Size and Bedroom Count

For-Sale Inclusionary Units

The for-sale Inclusionary Housing units shall be both two and three bedroom units. The Inclusionary Housing Agreement(s) will include the following units at the designated affordability levels for each of the four housing product lines offered at this

community. The specific lot designations for the Inclusionary Units are shown on the project tentative map in Exhibit A to this Plan, the "Affordable For Sale Exhibit".

TABLE 1 – For Sale Inclusionary Housing Units

Model	Total Units in Residential Project	Inclusionary Units			Size (Sq. Ft.)	Number of Bedrooms
		VLI	LI	Total		
Brownstones (detached)	217	0	7	7	1365	3
Cottages (detached)	179	0	6	6	1291	3
Bungalows (detached)	95	0	6	6	1387	3
Town Homes (attached)	216	0	8	8	1151	2
TOTAL	707	0	27	27		

All for-sale inclusionary units will be Elevation "A".

The balance of the Inclusionary Housing Requirement will be met with one and two bedroom senior rental units in the on-site apartment complex. The Inclusionary Housing Agreement(s) will include the following units at the designated affordability levels in Table 2.

TABLE 2 – Rental Inclusionary Housing Units

Model	Total Units in Residential Project	Inclusionary Units			Size (Sq. Ft.)	Number of Bedrooms
		VLI	LI	Total		
Model A	120	60	12	72	Avg. 582	1
Model B	80	31	6	37	Avg. 750	2
TOTAL	200	91	18	109		

Location of Inclusionary Units

The Inclusionary Units shall be located throughout both the for-sale and rental portions of the Development Project consistent with the units reflected in Tables 1 and 2. Specific lot designations for the for sale portion are identified in the tentative map attached to this plan as Exhibit A, and subject to revisions pursuant to Section 17.190.110 of the Mixed Income Ordinance.

Affordability Requirements

The rental Inclusionary Units shall be restricted for thirty years to occupancy by Low Income senior households and Very Low Income senior households. Low Income Households shall have gross incomes that do not exceed eighty percent (80%) of the Sacramento area median income, adjusted for family size. Very Low Income Households shall have gross incomes that do not exceed fifty percent (50%) of the Sacramento area median income adjusted for family size.

Monthly Affordable Rents (including utility allowances) of the rental Inclusionary Units shall be restricted to Low Income Households and Very Low Income Households. A unit whose occupancy is restricted to a Low Income Household has a monthly rent that does not exceed one-twelfth of thirty percent (30%) of eighty percent (80%) of the Sacramento area median income, adjusted for family size. A unit whose occupancy is restricted to a Very Low Income Household has a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of the Sacramento area median income, adjusted for family size. Median income figures are those published annually by the United States Department of Housing and Urban Development.

The for-sale Inclusionary Units shall be restricted to occupancy by Low Income Households. Low Income Households shall have gross incomes, at the time of initial occupancy, that do not exceed eighty percent (80%) of the Sacramento area median income, adjusted for family size. The sale price of the units will be set so that low income households can qualify for the purchase of the for-sale units. The sales price will be set such that no more than thirty-five percent (35%) of the gross annual household income of the given income group will be allocated to housing costs. As part of the Inclusionary Housing Agreement, SHRA will provide the Developer with a schedule of maximum sales prices affordable to income ranges.

Sales prices of units will be outlined in the Inclusionary Housing Agreement. The units will be sold initially at an affordable housing price to a low income household with a first-time home buyer. An SHRA 30-year note will govern the home's resale, allowing SHRA, one hundred twenty days to refer an income-eligible buyer after notification of the owners intent to sell. If an income-eligible purchaser is not found, the home may be resold, provided that SHRA recaptures the difference between the home's market value and its affordable housing price as well as any other City or SHRA contributions. The owner occupant will receive his or her initial equity in the home and a portion of the home's appreciated value. The terms of this arrangement will be outlined in the Inclusionary Housing Agreement between SHRA and the Developer. The process by which the for-sale units are to be priced, sold and monitored are detailed in the "Guidelines for the Sale of Inclusionary Housing", adopted by the City Council on April 29, 2004.

Incentives

Pursuant to Section 17.190.040 of the Ordinance, the City may make available a variety of incentives to offset the cost of providing Inclusionary Housing Units. Subsection A allows the provision of fee waivers or deferrals for Inclusionary Housing Units. The City of Sacramento has created a fund for development fee reductions for the Inclusionary Units in the amount of \$4,000 for very low income Inclusionary Housing Units and \$1,000 for low income Inclusionary Housing Units. The Natomas Field project will be using \$382,000 of these fee reductions for the multi-family Inclusionary Units as follows:

Affordability Level	# of Units	Fee Reduction/Unit	Total Fee Reduction
Very Low Income	91	\$4,000	\$364,000
Low Income	18	\$1,000	\$18,000
TOTAL	109		\$382,000

Phasing of Development of the Inclusionary Units

The Inclusionary Units shall be developed concurrently with the development of the Development Project. The nature of the concurrency is defined by a series of linkages between approvals of the market rate units and the development of the Inclusionary Units.

MARKET RATE HOUSING / INCLUSIONARY HOUSING LINKAGES

Market Rate Activity	Inclusionary Approval Linkage
Approval of legislative entitlements and project-level applications submitted with Legislative entitlements.	Approval of Inclusionary Housing Plan.
Approval of first final map for Residential Project.	Execution of Inclusionary Housing Agreement by Beazer Homes.
Recordation of first final map for Residential Project.	Recordation of Inclusionary Housing Agreement by Beazer Homes AND transfer of Lot A to affordable housing developer.
Issuance of building permits in excess of 65% of single family for-sale units in Residential Project.	Issuance of building permits for 100% of the Inclusionary Housing Units.

Amendment and Administration of this Housing Plan

This Inclusionary Housing Plan shall be administered by the Planning Director with the advice of the Executive Director of SHRA. The Planning Director may make minor administrative amendments to the text of this Plan as provided in Sacramento City Code section 17.190.110(3)(B)(3)(d).

