

RESOLUTION NO. 2007-911

Adopted by the Sacramento City Council

December 11, 2007

ADOPTING THE INCLUSIONARY HOUSING PLAN FOR THE SACRAMENTO RAILYARDS PROJECT (P05-097)

BACKGROUND

- A. On September 11, 2007, October 2, 2007 and October 22, 2007, the City Planning Commission participated in the public hearings on the Sacramento Railyards Specific Plan at the joint meetings with the Design Commission and Preservation Commission. At the October 22, 2007 hearing, the draft Sacramento Railyards Inclusionary Housing Plan dated as October 16, 2007 was presented.
- B. On October 30, 2007, the City Council held a noticed public hearing on the Sacramento Railyards Project, and received and considered evidence regarding the draft Sacramento Railyards Inclusionary Housing Plan dated as October 25, 2007.
- C. On November 13, 2007, the City Planning Commission held a noticed public hearing on the Sacramento Railyards Project, and received and considered evidence regarding the draft Sacramento Railyards Inclusionary Housing Plan dated as November 4, 2007. The Planning Commission found that the Sacramento Railyards Inclusionary Housing Plan dated as November 4, 2007 was consistent with the Mixed Income Housing Ordinance and forwarded to the City Council a recommendation to approve this Inclusionary Housing Plan.
- D. On November 20, December 4, and December 11, 2007, the City Council conducted noticed public hearings on the Sacramento Railyards Project, and received and considered evidence regarding the draft Sacramento Railyards Inclusionary Housing Plans dated as November 4, 2007 and December 3, 2007.

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

- Section 1. Based on the verbal and documentary evidence received at the hearings on the Sacramento Railyards Project, the City Council finds that the Sacramento Railyards Inclusionary Housing Plan dated as December 3, 2007 is consistent with Chapter 17.190 of the City Code (Mixed Income Housing Ordinance), which requires an Inclusionary Housing Plan for the Sacramento Railyards setting forth the number, unit mix, location, structure

type, affordability and phasing of the Inclusionary Units for the residential portion of the Sacramento Railyards development.

Section 2. The City Council adopts the Inclusionary Housing Plan for the Sacramento Railyards Project, attached as Exhibit A.

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Exhibit A: Sacramento Railyards Inclusionary Housing Plan – 5 pages

Adopted by the City of Sacramento City Council on December 11, 2007 by the following vote:

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

Noes: None.

Abstain: None.

Absent: None.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk

EXHIBIT A

INCLUSIONARY HOUSING PLAN The Sacramento Railyards December 3, 2007

Introduction

S. Thomas Enterprises of Sacramento, LLC is the owner and developer (the "Developer") of certain real property in the City of Sacramento known as The Railyards, an urban infill mixed-use redevelopment project which will include up to 12,000 high density housing choices (the "Project"). The Project is located within the current Richards Boulevard Redevelopment Area and the proposed Railyards Redevelopment Area.

The City of Sacramento Mixed Income Housing Ordinance, Municipal Code Chapter 17.190 ("Inclusionary Housing Ordinance"), sets forth affordable housing requirements for new growth areas (the "Inclusionary Requirement"). Pursuant to section 17.190.110 (B) of the Inclusionary Housing Ordinance, an Inclusionary Housing Plan must be approved prior to or concurrent with the approval of legislative entitlements for the Project. Individual residential development projects shall be required to submit site-specific plans showing the location, bedroom size, and any design changes for inclusionary units, for the City's review pursuant to the Railyards Special Planning District process. Such site-specific plans shall be consistent with the affordability percentages and income levels that are specified in this Inclusionary Housing Plan.

This Inclusionary Housing Plan fully complies with the Inclusionary Housing Ordinance and with Community Redevelopment Law ("CRL").

Subsequent approvals for the Project will be consistent with the Inclusionary Housing Plan, and development of further detail concerning such items as the siting, mix and phasing of affordable residential units shall, pursuant to section 17.190.110 of the Inclusionary Housing Ordinance, be set forth in an Inclusionary Housing Agreement(s) executed by the Developer and the City, the Redevelopment Agency of the City ("RACS"), or the Sacramento Housing and Redevelopment Agency ("SHRA"), as applicable, and recorded against all the residential land in the Project. The Inclusionary Housing Agreement(s) and any amendments to the Inclusionary Housing Plan shall be consistent with the Development Agreement and the Railyards Special Planning District.

Market Analysis for Ownership Housing

As a follow-up to a May 2007 City Council housing workshop, the SHRA is undertaking a market analysis to provide additional information to the Council on income levels for affordable ownership housing. In the event that the Inclusionary

Housing Ordinance is amended to reflect that market analysis, the City agrees that the Developer shall be entitled to modify this Inclusionary Housing Plan accordingly.

Current Standards for Inclusionary Housing

The Developer will fully comply with the current Inclusionary Housing Ordinance for the Project: ten percent (10%) very low income units and five percent (5%) low income units, for a total of fifteen percent (15%) affordable units within the Project (the "Inclusionary Units"). Because the Project is located in a redevelopment area, it must also comply with the CRL, which requires longer duration of affordability covenants than does the Inclusionary Housing Ordinance. Accordingly, pursuant to the CRL any rental Inclusionary Units provided for the Project will remain affordable for 55 years, and any ownership Inclusionary Units provided for the Project will remain affordable for 45 years, rather than for 30 years as provided in the Inclusionary Housing Ordinance.

Number, Affordability Levels, and Tenure of Inclusionary Units

The total build-out of residential units in the Project has not yet been finalized. Based on current Project proposals of a total of 12,000 dwelling units, the Inclusionary Requirement is 1800 units. If the Project approvals are amended to increase or decrease the number of dwelling units in the Project, this Plan will be adjusted to reflect a number equal to the stated percentage of the adjusted number of dwelling units.

Special Needs Housing

The Developer seeks to provide affordable special needs housing as part of the Project. It has been noted that affordable housing also includes an often forgotten segment of housing for special needs populations. The City's Housing Element in the General Plan addresses housing for "individuals or households who share a common type of need due to age, disability, income or other mutual circumstance." The 2000 Census reported that Sacramento had over 150,000 special needs individuals and households.

The California Legislature has recognized the importance of fulfilling this need, as well as the benefits provided to cities and residents from such housing, by including senior housing developments and special needs housing programs in legislation providing density bonuses, loan programs, or other development incentives. Several California cities, including San Francisco, Carlsbad and Novato, also have recognized this need by permitting inclusionary credit for affordable senior and other special needs housing.

The City is in the process of updating the Housing Element of the General Plan, including addressing special needs housing. The City, the SHRA and the Developer will work together in the development of affordable special needs housing consistent with the updated Housing Element.

Density Bonus

The Developer shall receive a density bonus pursuant to Government Code section 65915 and section 17.190.040 of the Inclusionary Housing Ordinance. In addition, should any City, State or Federal program or law permit the award of additional density bonuses, whether for provision of affordable housing, special needs housing, or otherwise, Developer shall have the right to apply for such bonuses and to receive them if awarded.

Proposition 1C Grant Requirements

Effective August 24, 2007, the Infill Incentive Grant Program of 2007, Health and Safety Code section 53545.12, *et seq.*, permits funds approved pursuant to State Proposition 1C to be used for capital outlay grants to qualifying urban infill residential and mixed-use projects. In the event that Developer receives a capital outlay grant, this Inclusionary Housing Plan will be amended if necessary to ensure compliance with the Infill Incentive Grant Program requirements. However, Developer shall continue to comply with the income levels, housing percentages, and other requirements of the Inclusionary Housing Ordinance. Developer shall also comply with the duration of affordability covenants required by the CRL or the Infill Incentive Grant Program, whichever duration is longer.

Transit Oriented Development Housing Program

Health and Safety Code section 53560, *et seq.*, provides low-interest loans, grants, or a combination of the two, to qualifying housing developments and infrastructure projects to stimulate production of housing near transit stations. Threshold requirements for application include the provision of at least fifteen percent (15%) of the total residential units as affordable rental and/or ownership units with affordability covenants lasting 55 years. During the application process points are awarded for the affordable units, among other items. The TOD Housing Program regulations are still being promulgated and may be revised before they are adopted. In the event that the Developer adjusts the number, type, or affordability level of the Inclusionary Units pursuant to the adopted TOD Housing Program, this Inclusionary Housing Plan will be amended as necessary to reflect the adjustments. However, Developer shall continue to comply with the income levels, housing percentages, and other requirements of the Inclusionary Housing Ordinance, and shall comply with the duration of affordability covenants required by the CRL or the TOD Housing Program, whichever duration is longer.

Unit Size

The sizes of Inclusionary Units have not yet been determined, but will accommodate households of diverse sizes, in conformity with the Inclusionary Housing Ordinance.

Location

The Inclusionary Units will be provided on the Project site, and will be located and sited in conformity with the requirements of the Inclusionary Housing Ordinance.

Phasing

Developer will comply with the Inclusionary Housing Ordinance, which provides for development of the Inclusionary Units concurrently with the phasing of the Project.

Marketing

The Inclusionary Housing Ordinance does not provide specific requirements for marketing of the affordable units. The Developer will comply with applicable Federal and State laws with respect to marketing of the Inclusionary Units, and will cooperate with the City and the RACS or SHRA as applicable to ensure that eligibility requirements are met.

Financing

The City and the RACS shall dedicate all tax increment generated from the Railyards Project and set aside for housing, exclusively to finance projects built to satisfy the Inclusionary Requirement for the Railyards Project, until such time as all required Inclusionary Units for the Project have been completed. If the Railyards Project itself remains in the Richards Redevelopment Project Area, only tax increment generated from the Railyards Project will be so dedicated. However, if the Railyards Redevelopment Project Area is established, only tax increment from the Railyards Project itself will be so dedicated.

Developer will pay Housing Trust Fund Fees in accordance with the City Code. All Housing Trust Fund Fee revenue generated from the Railyards Project itself shall be used to provide Inclusionary Housing that is deemed by the City to satisfy the Railyards Project's Inclusionary Housing Requirement. In no event shall the Railyards Project itself be entitled to receive any other Housing Trust Fund Fee revenue from properties other than itself. The Project shall only receive Fee revenue that the Project generates.

Incentives, Assistance and Subsidies

Pursuant to City Municipal Code section 17.190.040, upon application therefore the City shall make available to a residential project developer a program of waiver, reduction or deferral of development fees, administrative and financing fees for Inclusionary Units. Such a program may include application, on behalf of a developer, to the California Housing Finance Agency to obtain school facility fee reimbursements for eligible projects and credit such funds to offset school fees paid by a project; and application to the county of Sacramento residential impact fee waiver and deferral program for waiver and/or deferral of regional sanitation impact fees. The Developer intends to make such application, pursuant to section 17.190.040, in order to offset the Developer's cost of the Inclusionary Requirement.

Amendment and Administration of Housing Plan

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

Developer's assignees that provide affordable housing as part of the Project's Inclusionary Requirement shall be subject to this Inclusionary Housing Plan, as the same may be amended.