

RESOLUTION NO. 2006-764

Adopted by the Sacramento City Council

October 17, 2006

ADOPTING THE INCLUSIONARY HOUSING PLAN FOR THE DUNMORE-JESSIE PROJECT LOCATED AT JESSIE AVENUE BETWEEN RIO LINDA BOULEVARD AND DRY CREEK ROAD IN THE NORTH SACRAMENTO COMMUNITY PLAN AREA, SACRAMENTO, CALIFORNIA. (P04-079) (APN: 237-0200-056, -074, -082, -086; 237-0140-026, -032, -033, -056)

BACKGROUND

The City Council conducted a public hearing on October 17, 2006 concerning the Inclusionary Housing Plan, and, based on documentary and oral evidence submitted at the public hearing, the City Council hereby finds:

- A. The proposed project is located in a new growth area and is subject to the City's mixed income housing requirements that 15 percent of the residential units be affordable to "low" and "very low" income households; and
- B. 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 Inclusionary Housing Plan for the Dunmore-Jessie Project (P04-079) is hereby adopted as attached hereto as Exhibit A.

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Exhibit A: Inclusionary Housing Plan – 8 Pages

Adopted by the City of Sacramento City Council on October 17, 2006 by the following vote:


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

Noes: None.

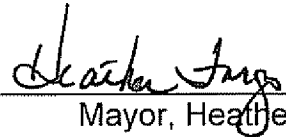
Abstain: None.

Absent: Councilmember Tretheway.

Attest:



Shirley Concolino, City Clerk



Mayor, Heather Fargo

**Inclusionary Housing Plan
Jessie Avenue**

Approval Date: _____

Proposed Project

Hanzlick Family Partnership, a California Limited Partnership and Douglas M Hanzlick are the owners (collectively, "Owner") and GSJ Company, L.L.C, a California limited liability company dba Dunmore Communities is the developer ("Developer") of that certain real property in the City of Sacramento ("City") in which the Developer proposes to develop and construct the Jessie Avenue residential community ("Project") This 26 70 +/- acre (gross) Project is located at the extension of Jessie Avenue and is generally bounded by Interstate 80 to the south and Dry Creek Road to the east The Project consists of 184 single-family lots

Mixed Income Housing Policy

The Project site is located in a new growth area and the project is subject to the City's Mixed Income Housing Policy. The Mixed Income Housing Policy was adopted in the City of Sacramento Housing Element and required by the City's Mixed Income Housing Ordinance, Sacramento City Code ("City Code"), Chapter 17 190 (the "Ordinance"). Section 17 190 030 B 1 of the City Code sets forth the standard inclusionary housing component requiring that ten percent (10%) of the total units in a Residential Project be affordable to very low income households and five percent (5%) for low income households (the "Inclusionary Requirement" and "Inclusionary Housing Units").

Pursuant to City Code Section 17 190 110 B, an Inclusionary Housing Plan ("Plan") must be approved prior to or concurrent with the approval of legislative, or as applicable in this case, adjudicatory entitlements for the Project. City Code Section 17 190 110 A requires that the Plan set forth the number, unit mix, location, structure type, affordability and phasing of the Inclusionary Units in the Project. The Plan, as supplemented and amended from time to time, is intended to begin the implementation of the Inclusionary Requirement for the Project. All future approvals for the Project shall be consistent with this Plan.

The Inclusionary Requirement for the Project will be set forth in more detail in the Inclusionary Housing Agreement executed by the Developer and the Sacramento Housing and Redevelopment Agency ("SHRA") and recorded against all the residential land in the Project. The Inclusionary Housing Agreement shall be executed no later than the approval of the final map for the subdivision and recorded concurrently with the recordation of the final map. The Inclusionary Housing Agreement will describe with particularity the site and building schematics and phasing for the construction and of the Inclusionary Units, pursuant to City Code Section 17 190 110 C. The Inclusionary Housing Agreement shall be consistent with this Plan.

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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 Very Low Income Households, as defined in City Code Section 17 190 020 ("Very Low Income Units") and Low Income Households, as defined in City Code Section 17 190 020 ("Low Income Units"), equal to ten percent (10%) and five percent (5%) of the total number of housing units approved for the Residential Project, respectively, as provided for in city Code Section 17 190.030.B Based on the current Project proposal, the Inclusionary Requirement for the Project is 18 units for Very Low Income Households and 9 units for Low Income Households.

Total Number of Units within the Project	184
Very Low Income Units (10% of units)	18
Low Income Units (5% of units)	9
Total Number of Inclusionary Units	27

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 ten percent (10%) and five percent (5%) of the increased total residential units in the amended entitlements for Very Low Income Units and Low Income Units, respectively. If the Project approvals are amended to decrease the number of residential units in the Project, this Plan will be amended to reflect a number equal to ten percent (10%) and five percent (5%) for the decreased total residential units in the amended entitlements for Very Low Income Units and Low Income Units, respectively. However, after a building permit has been issued for a structure to contain 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 in the Project.

Units by Type and Tenure

The on-site Inclusionary Housing Units shall consist of 18 single-family units affordable to and occupied by Very Low Income Households and 9 single-family units affordable to and occupied by Low Income Households. It is the intent of the Developer to market the Inclusionary Housing Units as ownership units. An initial owner who purchases a for-sale Inclusionary Housing Unit shall occupy that unit as their principal residence and shall certify to the Developer/Builder of the unit that he/she qualifies as a "first-time home buyer" as defined in City Code Section 17.190.020. SHRA and the initial owner who purchases a for-sale Inclusionary Housing Unit shall enter into an Inclusionary Housing Individual Regulatory Agreement for Homeownership of Property ("Individual Regulatory Agreement") which the SHRA will record against the applicable Inclusionary Housing Unit, detailing the recapture difference between the market sales

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price and the affordable price (adjusted for inflation) if the home is resold to a non-income qualified buyer in the future.

Size and Bedroom Count

The Inclusionary Housing Units shall consist of single-family units. The single-family units will be 1,560 square feet each, shall include 3 bedrooms and be two-story units.

Location of Inclusionary Housing Units within the Project

Inclusionary Housing Units shall be located on-site within the proposed Project as part of the single-family residential development. Single-family units are planned to be located generally in pairs, as shown on the Project tentative map.

Inclusionary Housing Units will be located on lots designated for cluster units. The Inclusionary Housing Units are placed at appropriate spacing throughout the single-family residential neighborhood at the entrance of the Project due to lot size constraints and in an effort to maintain a mix of product types with respect to elevation throughout the 26.70 +/- acre Project.

Specific lots identified for Inclusionary Housing Units have been identified on the Inclusionary Housing Unit Map for the Project, attached hereto as "Attachment 1." Table 1, below, summarizes the locations of the Inclusionary Housing Units within the Project.

Table 1
Location of Inclusionary Housing Units

Inclusionary Unit	Level of Affordability	Lot Number	Size of Unit	Number of Bedrooms
1	Very Low Income	15	1,560 +/- sq. feet	3 per Unit
2	Very Low Income	25	1,560 +/- sq. feet	3 per Unit
3	Very Low Income	26	1,560 +/- sq. feet	3 per Unit
4	Very Low Income	29	1,560 +/- sq. feet	3 per Unit
5	Very Low Income	74	1,560 +/- sq. feet	3 per Unit
6	Very Low Income	79	1,560 +/- sq. feet	3 per Unit

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7	Very Low Income	82	1,560 +/- sq. feet	3 per Unit
8	Very Low Income	86	1,560 +/- sq. feet	3 per Unit
9	Very Low Income	89	1,560 +/- sq. feet	3 per Unit
10	Very Low Income	93	1,560 +/- sq. feet	3 per Unit
11	Very Low Income	102	1,560 +/- sq. feet	3 per Unit
12	Very Low Income	107	1,560 +/- sq. feet	3 per Unit
13	Very Low Income	116	1,560 +/- sq. feet	3 per Unit
14	Very Low Income	124	1,560 +/- sq. feet	3 per Unit
15	Very Low Income	145	1,560 +/- sq. feet	3 per Unit
16	Very Low Income	149	1,560 +/- sq. feet	3 per Unit
17	Very Low Income	154	1,560 +/- sq. feet	3 per Unit
18	Very Low Income	157	1,560 +/- sq. feet	3 per Unit
19	Low Income	75	1,560 +/- sq. feet	3 per Unit
20	Low Income	106	1,560 +/- sq. feet	3 per Unit
21	Low Income	121	1,560 +/- sq. feet	3 per Unit
22	Low Income	123	1,560 +/- sq. feet	3 per Unit
23	Low Income	129	1,560 +/- sq. feet	3 per Unit
24	Low Income	138	1,560 +/- sq. feet	3 per Unit
25	Low Income	161	1,560 +/- sq. feet	3 per Unit
26	Low Income	162	1,560 +/- sq. feet	3 per Unit
27	Low Income	170	1,560 +/- sq. feet	3 per Unit

The location of the Inclusionary Housing Units within the Project are subject to amendment, consistent with City Code Section 17.190.110 B 3.

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Marketing of Units

The Developer will use their typical newspaper, internet, toll free number and signage to market the Project. Information will be made available in the Developer's (i) off-site sales office; and (ii) on-site sale office, regarding the availability of Inclusionary Housing Units and such information will also be incorporated into internet advertising for the Project.

Affordability Requirements

Sale and occupancy of the Inclusionary Housing Units shall be restricted to households with incomes, at the time of initial occupancy, that do not exceed (i) fifty percent (50%) of the median income for Sacramento County, adjusted for household size, for Very Low Income Households; and (ii) eighty percent (80%) of the median income for Sacramento County, adjusted for household size, for Low Income Households, and shall be consistent with the SHRA guidelines. Median income figures are those published and periodically updated by the United States Department of Housing and Urban Development.

The sale price of the Inclusionary Housing Units will be set so that Low Income Households and Very Low Income Households can qualify for the purchase of the single-family 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 expenses. SHRA will provide the Developer with a schedule of maximum sales prices affordable to the applicable income ranges.

Sales prices of Inclusionary Housing Units will be outlined in the Inclusionary Housing Agreement as provided for by the Ordinance (as such Ordinance may be amended from time to time). The Inclusionary Housing Units will be sold initially at an Affordable Housing Price (as defined in City code Section 17.190.020) to Low Income Households or Very Low Income Households as first-time home buyers as provided for by the Ordinance (as such Ordinance may be amended from time to time). An SHRA 30-year note will govern the Inclusionary Housing Unit's resale, allowing SHRA one hundred twenty days (120) to refer an income-eligible buyer after notification of the owner's intent to sell, as provided for by the Ordinance (as such Ordinance may be amended from time to time). If an income-eligible purchaser is not found, the Inclusionary Housing Unit may be resold, provided that SHRA recaptures the difference between the Inclusionary Housing Unit's market value and its Affordable Housing Price as well as any other City or SHRA contributions, as provided for by the Ordinance (as such Ordinance may be amended from time to time). The owner occupant will receive his or her initial equity in the Inclusionary Housing Unit and a portion of the Inclusionary Housing Unit's appreciated value as provided for by the Ordinance (as such Ordinance may be amended from time to time). The terms of this arrangement will be outlined in the Inclusionary Housing Agreement between SHRA and the Developer as provided for by the Ordinance (as such Ordinance may be amended from time to time).

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Phasing of Development of the Inclusionary Units

The Inclusionary Housing Units shall be developed concurrently with the development of the "Market Rate" (as defined in City Code Section 17.190.020) units contained within the Project. The nature of the concurrency of such development shall be defined by a series of linkages between approvals in respect to the Market Rate units and the development of the Inclusionary Housing Units

Market Rate Housing/Inclusionary Unit Linkages

The following checklist outlines the relationship between the Market Rate unit development activity and the Inclusionary Housing Unit development activity. The items outlined in the checklist below are necessary to ensure that the development of Inclusionary Housing Units occurs concurrently with the development of the Market Rate Units:

- The Inclusionary Housing Plan shall be approved concurrently with the approval of the Project's tentative map
- The Inclusionary Housing Agreement shall be executed prior to the approval of the Project's final map
- The Inclusionary Housing Agreement shall be recorded concurrently with the recordation of the Project's final map
- Up to 65% of the building permits for Market Rate units may be pulled prior to the issuance of building permits for all Inclusionary Housing Units in the Project
- The final 35% of the building permits for Market Rate units may be pulled after issuance of building permits for all Inclusionary Housing Units in the Project
- Marketing of Inclusionary Housing Units within the Project shall occur concurrently with the marketing of Market Rate units

Amendment and Administration of the Inclusionary Housing Plan

The Planning Director, with the advice of the Executive Director of the SHRA, shall administer this Plan. The Planning Director may make minor administrative amendments to the text of this Plan as provided in City Code Section 17.190.110 B 3 d

Waiver of Conflict

THE PARTIES AGREE AND ACKNOWLEDGE THAT WAGNER KIRKMAN BLAINE KLOMPARENS & YOUNG LLP ("WKBKY") REPRESENTS ONLY GSJ COMPANY, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY WITH RESPECT TO THIS PLAN AND ANY TRANSACTIONS CONTEMPLATED THEREBY. ALL CONSTITUENT MEMBERS OF OWNER (INCLUDING, WITHOUT LIMITATION, HANZLICK FAMILY PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND DOUGLAS M. HANZLICK) HAVE BEEN ADVISED TO AND HAVE HAD THE

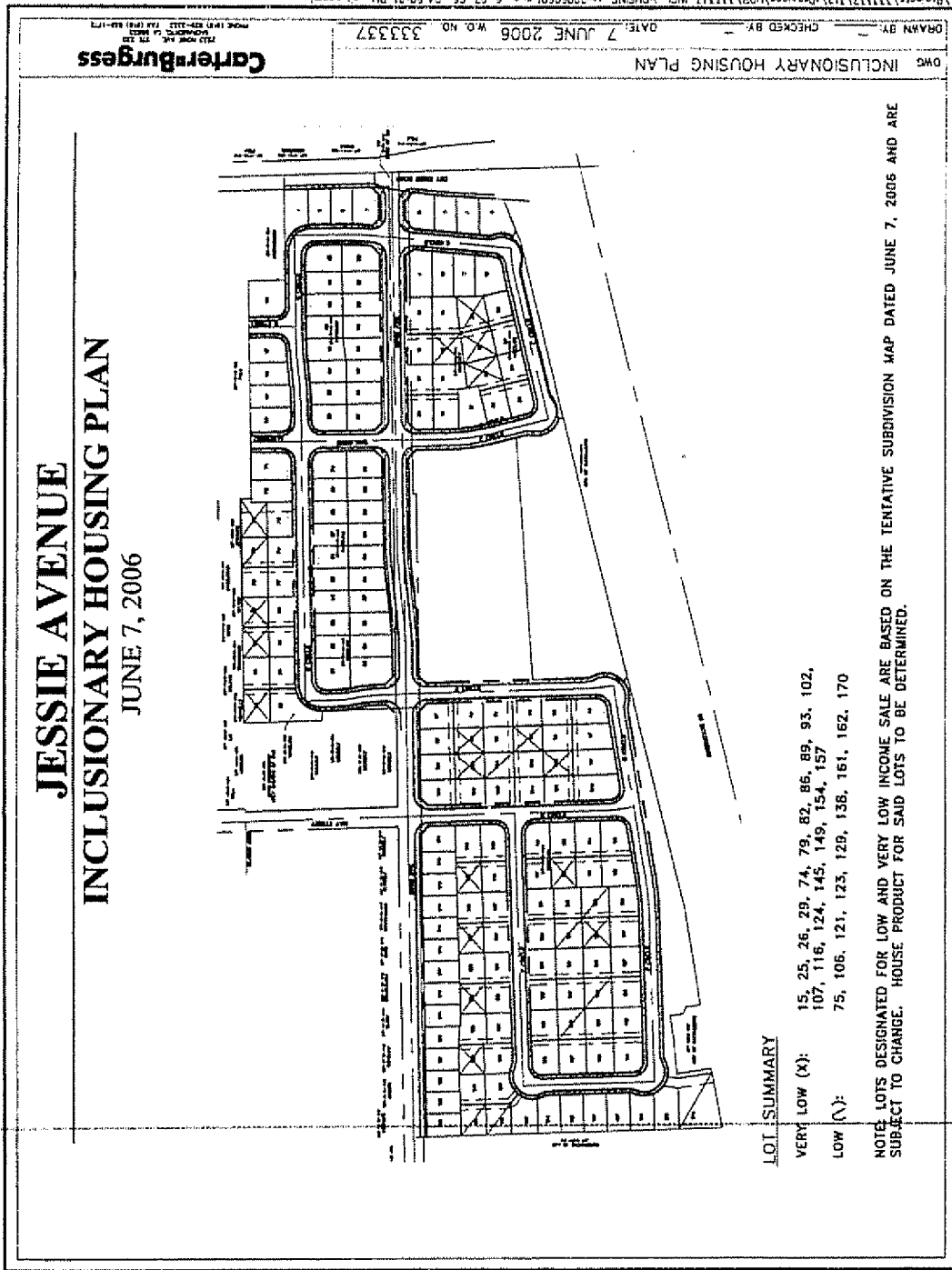
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REASONABLE OPPORTUNITY TO PROCURE INDEPENDENT COUNSEL OF THEIR OWN CHOICE IN ORDER TO HAVE SEPARATE REPRESENTATION, AND ~~HEREBY WAIVES ANY CONFLICT. THE PARTIES~~ (INCLUDING, WITHOUT LIMITATION, THE CONSTITUENT MEMBERS OF EACH PARTY) FURTHER AGREE THAT EACH HAS READ AND UNDERSTANDS THIS AGREEMENT, HAS HAD A REASONABLE OPPORTUNITY TO CONSIDER THE TERMS OF THIS AGREEMENT, AND AGREES THAT SUCH TERMS ARE FAIR AND REASONABLE. BECAUSE OF THE HIGH DEGREE OF SOPHISTICATION AND EXPERTISE OF THE PARTIES (INCLUDING, WITHOUT LIMITATION, THE CONSTITUENT MEMBERS OF EACH PARTY), EACH PARTY (INCLUDING, WITHOUT LIMITATION, THE CONSTITUENT MEMBERS OF EACH PARTY) WAIVES ANY CONFLICT OF INTEREST WITH WKBKY.

List of Attachments:

Attachment 1 -- Inclusionary Housing Unit

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