

INFORMATION ITEM

TO: Mayor and City Council

FROM: City Staff

SUBJECT: Annual Report to the City Council Concerning the City's Affordable Housing Production Program (Ordinance #1918)

INTRODUCTION

This Annual Report transmits information concerning the implementation of the City's Affordable Housing Production Program, Santa Monica Municipal Code Section 9.56 et seq. and the production of affordable housing in the City since the enactment of this Program. The Annual Report also assesses whether City Council needs to consider amending the City's Affordable Housing Production Program to ensure that the provisions of Proposition R are met.

BACKGROUND

On November 6, 1990, the voters of the City of Santa Monica approved Proposition R, adding Section 630 to the City Charter. Proposition R requires that not less than 30% of all newly constructed multifamily residential housing in the City on an annual basis be permanently affordable to and occupied by low and moderate income households. Proposition R further requires that at least 50% of the affordable units be made available to low income households, and the remainder be affordable to moderate income households. The charter amendment defines low income as not exceeding 60%

of median income, and moderate income as not exceeding 100% of median income. Proposition R requires that the City Council adopt an ordinance implementing the Proposition's requirements but does not mandate a specific approach to meeting the requirements of Proposition R.

In March 1992, the City Council adopted Ordinance 1615, the first permanent ordinance implementing Proposition R. Under Ordinance 1615, in most instances, developers of new multifamily housing were required to construct affordable units on site. On July 21, 1998, the City Council replaced Ordinance 1615 with the Affordable Housing Production Program (Ordinance 1918), codified as Chapter 9.56 of the Municipal Code. Chapter 9.56 allows developers of new multifamily housing to satisfy the affordable housing obligation through payment of a fee or through a variety of other options, including constructing affordable units on or off site or dedicating land for affordable housing. Chapter 9.56 became effective on August 20, 1998 and is applicable to all multifamily development projects with planning applications deemed complete as of March 1, 1998.

In conjunction with Chapter 9.56, the City Council establishes the affordable housing fees for new market rate apartment and condominium development by resolution. These fees are currently \$6.14 per square foot for apartments and \$11.01 for condominiums.

DISCUSSION

This section provides information concerning the implementation of Chapter 9.56, the manner in which its affordable housing provisions have been met during Fiscal Year

00/01, as well as an assessment of the City's compliance with Proposition R during this same period. This discussion includes the following:

- C Affordable Housing Fees;
- C Housing projects and units that received Planning Approvals;
- C Housing projects and units that received Certificates of Occupancy;
- C Housing projects and units that received Building Permits.

Staff is reporting this information by fiscal year so that it coincides with the reporting period used for the City's budget and housing programs.

Affordable Housing Fees

Under Chapter 9.56.070, affordable housing fees are required to be paid in full prior to issuance of a Certificate of Occupancy. A total of \$532,572 in affordable housing fees associated with 11 projects was paid to the City during FY 00/01. Some of the projects that paid fees had not yet received their Certificates of Occupancy by the end of this reporting period.

Planning Approvals

Chapter 9.56 specifically requires that the Annual Report detail housing projects that have received planning approval during the previous fiscal year (SMMC Section 9.56.150). Accordingly, Exhibit 1 shows that nine multifamily development projects containing 262 units were approved during Fiscal Year 00/01. Fifteen of these units

(6%) will be affordable to very low income households. Thirty-seven of these units (14%) will be affordable to moderate income households.

In seven of the nine developments, the developers opted to pay the Affordable Housing Fee rather than provide any affordable units on site. The remaining two developments will satisfy their affordable housing obligation by providing moderate income units on site.

Certificates of Occupancy Issued During Fiscal Year 00/01

Chapter 9.56 requires that the Annual Report, “assess whether the provisions of Proposition R have been met” (SMMC Section 9.56.150). Proposition R requires, on an annual basis, that at least thirty percent (30%) of all *newly constructed* multifamily housing be affordable to low- and moderate-income households. Housing is considered newly constructed at the point in time when a Certificate of Occupancy is issued.

Exhibit 2 shows that 12 projects with 420 units received Certificates of Occupancy during Fiscal Year 00/01. Of these, 109 units (26% of total units) are affordable as follows: 35 very low-income units (8%, rounded); 22 low-income units (5%, rounded); and 52 moderate-income units (12%, rounded). One 20-unit project was subsidized with City housing funds (see “City Loan” notation).

Building Permits Issued During Fiscal Year 00/01

To provide a more comprehensive assessment of housing development, Exhibit 3 shows that building permits were issued for 18 new multifamily developments containing

357 units during Fiscal Year 00/01. Of these, 132 units or thirty-seven percent (37%) overall will be affordable to low- and moderate-income households, and the vast majority of these (114 units or 32% overall) will be affordable to very low income households. Two of the 18 projects containing 110 units are subsidized with City housing funds.

Other Affordable Units During Fiscal Year 00/01

In addition to the construction of new residential buildings, the City assisted with the acquisition of 12 existing multifamily projects containing 201 units using City housing trust funds. These apartment buildings are rehabilitated following acquisition. The terms of the City funding assistance require that these apartment buildings be operated as affordable (primarily very low and low income) housing for a minimum of 55 years. However, these affordable housing units are not counted toward the 30% affordability goal of Proposition R because they are not newly constructed units. If these acquisition units were counted, the 30% affordability goal would have been exceeded during FY00/01.

CONCLUSION

Twenty-six percent (26%) of the multifamily units issued certificates of occupancy during Fiscal Year 00/01 were affordable, and of these, 13% (rounded) are very low- and low-income units and 13% (rounded) are moderate income units. Therefore, the requirements of Proposition R were not fully satisfied during Fiscal Year 00/01. This is the first year since the adoption of Proposition R that the City has fallen slightly short of its requirements. However, the 'pipeline' of multifamily housing projects (i.e. building

permits have been issued) indicates that 37% of the total units likely to be completed during the next reporting period (FY01/02) will be affordable to low and moderate income households. Therefore, under that scenario, the requirements of Proposition R will be exceeded and modifications to the existing program are not currently required.

Prepared by: Jeff Mathieu, Director of Resource Management
Bob Moncrief, Housing & Redevelopment Manager
Tad Read, Housing Coordinator
Jim Kemper, Senior Development Analyst

Attachments: **Exhibit 1** - Multifamily Projects with Planning Approvals During FY 00/01
Exhibit 2 - Multifamily Projects with Certificates of Occupancy Issued During FY 00/01
Exhibit 3 - **Multifamily Projects with Building Permits Issued During FY 00/01**

EXHIBIT 1

Multifamily Projects w/Planning Approvals During FY00-01

Address	Condos?	Total Units	In-Lien Fee Option?	In-Lien Fee Amount*	VERY LOW INCOME UNITS		LOW INCOME UNITS		MOD. INCOME UNITS		Mkt-Rate Units	Planning Approval Date	
					On-Site	Off-Site	On-Site	Off-Site	On-Site	Off-Site			
1531 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$306,994							48	11-May-01	
1536 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$140,968							48	12-Apr-01	
1540 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$163,085							48	28-Dec-00	
1418 07th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$140,204							48	19-Oct-00	
1432 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>						11		0	08-Nov-00	
1537 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>						26		0	23-Feb-01	
837 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$94,972							5	16-May-01	
1424 Broadway	<input type="checkbox"/>	7	<input checked="" type="checkbox"/>	\$34,541							7	02-Nov-00	
331 Santa Monica	<input type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$29,689							6	12-Sep-00	
TOTALS:		262		\$910,452	15	0	0	0	0	37	0	0	210

No. of Projects:
 Total Units:
 Total Affordable Units:
 % Affordable Units:

* The In Lien Fee Amount indicated reflects the fee that will be due by the developer prior to the City issuing a Certificate of Occupancy for the project, but which is currently not due and therefore not yet collected.

Wednesday, July 18, 2001

ppPlanApplw/FY00-01

Page 1 of 1

Exhibit 1

EXHIBIT 2

Multifamily Projects w/Certificate of Occupancy Issued During FY2000-01

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee Amount	VERY LOW INCOME UNITS			LOW INCOME UNITS			MOD. INCOME UNITS			Mkt-Rate Units	Certificate of Occupancy Issued
					On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
844 03rd St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$64,912										5	08-Dec-00
1445 06th St.	<input type="checkbox"/>	48	<input type="checkbox"/>			5								48	22-Jun-01
911 07th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$47,299										5	17-May-01
1432 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>		10									0	14-Jun-01
1022 10th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$51,785										5	29-May-01
1507 10th St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$21,487										4	01-Feb-01
933 15th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$54,858										5	14-Dec-00
1318 16th St.	<input type="checkbox"/>	18	<input type="checkbox"/>								18			0	30-Oct-00
425 Broadway	<input type="checkbox"/>	101	<input checked="" type="checkbox"/>	\$170,035										101	15-May-01
2922 Montana Ave	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$54,313										5	14-Dec-00
1725 Ocean Front	<input type="checkbox"/>	178	<input type="checkbox"/>			22					23			133	03-May-01
708 Pico Blvd. (City Leas)	<input type="checkbox"/>	20	<input type="checkbox"/>			20								0	09-Nov-00
TOTALS:		420		\$464,689	10	5	20	22	0	0	52	0	0	311	

No. of Projects:
 Total Units:
 Total Affordable Units:
 % Affordable Units:

VERY LOW INCOME UNITS
 On-Site: Off-Site: NonProfit On-Site:
LOW INCOME UNITS
 On-Site: Off-Site: NonProfit On-Site:
MOD. INCOME UNITS
 On-Site: Off-Site: NonProfit On-Site:

Please note that regarding the 1432 7th Street project, there are a total of 26 units, all of which are affordable. 11 are moderate units, and 15 are very low income units that represent the 'offsite' affordable housing obligations of 1445 6th Street [5 units], 1535 6th Street [5 units], and 620 Santa Monica Boulevard [5 units]. The 5 units representing the offsite obligation of 1445 6th Street is shown with that project in the 'offsite' column.

Exhibit 3

EXHIBIT 3

Multifamily Projects w/Building Permit Issued During FY00-01

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee Amount*	VERY LOW INCOME UNITS		LOW INCOME UNITS		MOD. INCOME UNITS		Mkt-Rate Units	Building Permit Issued
					On-Site	Off-Site	On-Site	Off-Site	On-Site	Off-Site		
1116 04th St. (City Loan)	<input type="checkbox"/>	66	<input type="checkbox"/>								0	01-Aug-00
1234 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$141,831							48	12-Mar-01
1519 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$171,027							48	05-Dec-00
1530 07th St.	<input type="checkbox"/>	48	<input type="checkbox"/>								48	18-Oct-00
1513 09th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$39,144							6	02-Mar-01
849 14th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$116,305							8	12-Oct-00
1534 17th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$96,177							10	24-Aug-00
1117 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$56,785							5	22-Jan-01
1226 23rd St.	<input type="checkbox"/>	9	<input type="checkbox"/>								0	21-May-01
1254 24th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>								4	18-Aug-00
302 Arizona Ave.	<input type="checkbox"/>	32	<input type="checkbox"/>								24	16-Oct-00
2030 California Ave.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$56,655							4	23-Aug-00
502 Colorado Ave. (City Loan)	<input type="checkbox"/>	44	<input type="checkbox"/>								0	24-Aug-00

Exhibit 3 [cont.]

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee Amount*	VERY LOW INCOME UNITS		LOW INCOME UNITS		MOD. INCOME UNITS		Mkt-Rate Units	Building Permit Issued		
					On-Site	Off-Site	On-Site	Off-Site	On-Site	Off-Site			On-Site	Off-Site
812 Euclid St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$43,512							4	06-Sep-00		
938 Lincoln Blvd.	<input checked="" type="checkbox"/>	9	<input checked="" type="checkbox"/>	\$107,820							9	18-Aug-00		
2216 Main St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$13,775							2	19-Mar-01		
1230 Montana Ave.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$13,072							4	04-Oct-00		
331 Santa Monica	<input type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$29,689							6	17-May-01		
TOTALS:		357		\$885,791	0	0	109	4	0	0	13	0	1	230

No. of Projects:	<input type="checkbox"/> 18
Total Units:	<input type="checkbox"/> 357
Total Affordable Units:	<input type="checkbox"/> 127
% Affordable Units:	<input type="checkbox"/> 36%
	<input type="checkbox"/> 31%
	<input type="checkbox"/> 1%
	<input type="checkbox"/> 4%
	<input type="checkbox"/> 109
	<input type="checkbox"/> 4
	<input type="checkbox"/> 14
	<input type="checkbox"/> 109
	<input type="checkbox"/> 4
	<input type="checkbox"/> 14

Please note that the 1530 7th Street project elected to meet its affordable housing obligation by providing 5 very low income offsite units in a 26-unit project located at 1432 7th Street. However, because that project [1432 7th St.] was issued a Certificate of Occupancy during this reporting period and is therefore not included among projects issued Building Permits, these 5 offsite units are not included in this chart.

* The In Lieu Fee Amount indicated reflects the fee that will be due by the developer prior to the City issuing a Certificate of Occupancy for the project, but which is currently not due and therefore not yet collected.