

March 28, 2006

Santa Monica, California

**INFORMATION ITEM**

TO: Mayor and City Council

FROM: Jeff Mathieu, Director, Resource Management Department

SUBJECT: FY04/05 Annual Report to the City Council Concerning the City's  
Affordable Housing Production Program (S.M.M.C. Sec 9.56)

Executive Summary

This Annual Report transmits information concerning the implementation of the City's Affordable Housing Production Program, per Santa Monica Municipal Code Section 9.56 et seq., for the reporting period of Fiscal Year 2004-2005.

Forty-seven percent (47%) of the 55 multifamily units completed during FY04/05 are affordable to low and moderate income households. Nineteen percent (19%) of the 785 multifamily units in construction during FY04/05 will be affordable, and twenty-five percent (25%) of the 332 units that received Planning approvals during FY04/05 will be affordable. Therefore, these not yet completed multifamily developments indicate that the Proposition R standard of 30 percent affordability, which was met in FY 04/05, may not be met in the future. Section 9.56.150 states, "In the event the provisions of Proposition R have not been met, the City Council shall take such action as is necessary to ensure that the provisions will be met in the future." Proposed modifications to the Affordable Housing Production Program are being developed by staff and will be scheduled for City Council consideration.

## 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 specifies that not less than 30 percent of all newly constructed multifamily residential housing in the City on an annual basis should be permanently affordable to and occupied by low and moderate income households. Proposition R further requires that at least one-half 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 percent of area median income, and moderate income as not exceeding 100 percent of area median income.

In March 1992, the City Council adopted Ordinance 1615, the first permanent ordinance implementing Proposition R. Under Ordinance 1615, developers of new multifamily housing were regularly 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 permits developers of new multifamily housing to satisfy their 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 requires that the City Council establish the affordable housing fees for new market rate apartment and condominium development. The fees during FY04/05 were \$6.14 per square foot for apartments and \$11.01 per square foot for condominiums. These fees were increased by the City Council in October 2005 to \$22.33 for apartments and

\$26.08 for condominiums. The new fees are applicable to multifamily developments whose applications are deemed completed after December 9, 2005.

### Discussion

Staff provides information annually to the City Council concerning the implementation of Chapter 9.56, the manner in which its affordable housing provisions have been met during the preceding fiscal year, as well as an assessment of the City's compliance with Article VI, Section 630 of the City Charter (Proposition R) during this same period. This discussion includes the following:

- Affordable Housing Fees;
- Housing developments and units that were completed;
- Housing developments and units that received Building Permits
- Housing developments and units that received Planning Approvals;

### **Affordable Housing Fees**

Affordable housing fees must be paid in full prior to final City approval of a building permit. The City collected a total of \$138,813 in affordable housing fees during FY04/05. The affordable housing fees are used to subsidize the development of new affordable housing units by nonprofit affordable housing developers.

### **Completed Developments**

Exhibit 1 of this report indicates that five developments totaling 55 units were completed during FY04/05. As detailed in the Proposition R Achievements Table on page 5, this production number is unusually small relative to past reporting years. Twenty-six of these

55 units (47% of total units) are affordable. Thus, in FY04/05, the City exceeded the Proposition R standard of 30%. However, as detailed below, the overall trend of housing development indicates that less than 30% of the total units in the pipeline will be affordable.

### **Developments In Construction**

Exhibit 2 of this report indicates multifamily developments that were in construction at the end of the FY04/05 reporting period. Forty new multifamily developments containing 785 units have been issued building permits. If all of these developments are completed by the next reporting period (FY05/06), then 146 units (19%) will be affordable.

### **Planning Approvals**

Exhibit 3 indicates that 22 multifamily developments containing 332 units were approved during FY04/05. If all of these developments are completed during a single reporting period (for example, FY06/07), then 82 units (25%) will be affordable.

Developers of thirteen of the 22 developments (59%) opted to pay the Affordable Housing Fee rather than provide affordable units onsite. Seven developers plan to satisfy their affordable housing obligation by providing the affordable units on-site. One of the seven developments with affordable units onsite is a City-subsidized affordable housing development with a total of 47 affordable units (of 82 total affordable units receiving Planning approval). Two developers plan to satisfy their affordable housing obligation by providing the affordable units offsite.

## Perspective

The aggregate percentage of affordable units completed since the inception of Proposition R is 37 percent. The following table illustrates the cumulative achievements of Proposition R (no multifamily developments were completed during FY95/96):

<b>Proposition R Achievements</b>			
<b>Reporting Period</b>	<b>Total Units</b>	<b>Affordable Units</b>	<b>% Affordable</b>
FY94/95	11	2	18%
FY96/97	108	86	80%
FY97/98	111	68	61%
FY98/99	172	146	85%
FY99/00	177	123	69%
FY00/01	267	64	24%
FY01/02	702	211	30%
FY02/03	212	1	0.5%
FY03/04	235	40	17%
FY04/05	55	26	47%
<b>TOTAL:</b>	<b>2,050</b>	<b>767</b>	<b>37%</b>

Prepared by: Jeff Mathieu, Director, Resource Management Department  
Bob Moncrief, Housing Manager  
Ron Barefield, Housing Administrator  
Jim Kemper, Senior Administrative Analyst

Attachments: Exhibit 1 - Multifamily Developments Completed During FY 04/05  
Exhibit 2 - Multifamily Developments In Construction as of June 2005  
Exhibit 3 - Multifamily Developments Approved During FY 04/05

**Exhibit 1**

**Multifamily Developments Completed During FY2004-05**

[July 2004 - June 2005]

Address	Condos? <input type="checkbox"/>	In-Lieu Fee Option? <input type="checkbox"/>	In-Lieu Fee Amount	VERY LOW INCOME UNITS			LOW INCOME UNITS			MOD. INCOME UNITS			Mkt-Rate Units	Completed Date
				On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
837 18th St.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$86,814									5	07/08/2004	
1513 09th St.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$36,785									6	07/29/2004	
1212 Euclid St.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$70,831									13	11/17/2004	
915 12th St.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$57,618									5	11/24/2004	
1522 06th St.	<input type="checkbox"/>	<input type="checkbox"/>		15					11			0	11/30/2004	
<b>TOTALS:</b>	<b>55</b>		<b>\$252,047</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>29</b>		

# of Developments:	5						
Total Units:	55						
<table border="0"> <tr> <td>V.Low</td> <td>Low</td> <td>Mod.</td> </tr> <tr> <td>15</td> <td>0</td> <td>11</td> </tr> </table>		V.Low	Low	Mod.	15	0	11
V.Low	Low	Mod.					
15	0	11					
Total Affordable Units:	26						
% Affordable Units:	47%						
	27.3%						
	0.0%						
	20.0%						

## Exhibit 2

### Multifamily Developments In Construction as of June 30, 2005

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	NonProfit On-Site	Off-Site	On-Site	Off-Site		
1254 24th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$37,083							4	08/18/2000
235 Ocean Park Blvd.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$64,936							3	06/19/2002
639 Pacific St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$43,058							3	08/07/2002
2623 Main St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$10,364							4	10/15/2002
713 Ashland Ave.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$15,049							2	08/16/2003
1514 Maple St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$12,329							2	08/19/2003
1719 Ocean Front Walk	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$70,758							5	09/29/2003
1448 05th St.	<input type="checkbox"/>	56	<input checked="" type="checkbox"/>	\$149,905							56	10/07/2003
1410 05th St.	<input type="checkbox"/>	57	<input checked="" type="checkbox"/>	\$146,694							57	11/24/2003
1411 07th St.	<input type="checkbox"/>	58	<input checked="" type="checkbox"/>	\$130,204							59	12/01/2003
944 05th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$85,757							5	12/18/2003
525 Marine St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$46,148							4	02/13/2004
212 Marine St.	<input checked="" type="checkbox"/>	21	<input checked="" type="checkbox"/>	\$186,702					2		19	02/19/2004
2021 Main St.	<input type="checkbox"/>	26	<input checked="" type="checkbox"/>	\$86,132							26	02/23/2004
2012 Main St.	<input type="checkbox"/>	107	<input checked="" type="checkbox"/>	\$379,133							107	02/23/2004
834 16th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$154,085							10	02/27/2004
1520 16th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$86,500							5	03/16/2004
923 20th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$82,344							5	04/19/2004
1027 10th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$81,595							5	04/23/2004
1455 Berkeley St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$70,233							4	05/11/2004
606 Broadway	<input type="checkbox"/>	50	<input type="checkbox"/>								4	06/04/2004
2512 28th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$203,666							10	06/09/2004
2013 21st St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$56,110							5	08/18/2004

**Exhibit 2 (continued)**

**Multifamily Developments In Construction as of June 30, 2005**

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		
1306 Princeton St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$30,976							2	10/12/2004
1424 Broadway (City Loan)	<input type="checkbox"/>	41	<input type="checkbox"/>			34					0	10/18/2004
1349 26th St. (City Loan)	<input type="checkbox"/>	44	<input type="checkbox"/>			36					0	10/18/2004
1544 07th St.	<input checked="" type="checkbox"/>	17	<input checked="" type="checkbox"/>	\$304,548							17	10/25/2004
2411 04th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$63,924							3	12/03/2004
1528 Princeton St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$130,777							8	01/03/2005
2209 Main St. (City Loan)	<input type="checkbox"/>	44	<input type="checkbox"/>			21					0	02/11/2005
126 Pacific St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$86,924							5	03/01/2005
1032 03rd St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$94,730							5	04/06/2005
1445 25th St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$40,033							4	04/12/2005
1237 24th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$50,547							4	05/04/2005
1442 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>			4					46	05/26/2005
1243 Franklin St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$50,505							5	06/06/2005
1906 Broadway	<input checked="" type="checkbox"/>	32	<input type="checkbox"/>			3					29	06/07/2005
1321 05th St.	<input type="checkbox"/>	16	<input checked="" type="checkbox"/>	\$40,178							16	06/09/2005
2220 04th St.	<input type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$23,639							3	06/16/2005
1420 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>			4					46	06/29/2005
<b>TOTALS:</b>		<b>785</b>		<b>\$3,115,565</b>	<b>15</b>	<b>0</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>2</b>	<b>639</b>

<b># of Developments:</b>	<b>40</b>
<b>Total Units:</b>	<b>785</b>
<b>Total Affordable Units:</b>	<b>146</b>
<b>% Affordable Units:</b>	<b>19%</b>
<b>Y.Low</b>	<b>106</b>
<b>Low</b>	<b>38</b>
<b>Mod.</b>	<b>2</b>
<b>% Affordable Units:</b>	<b>13.5%</b>
<b>% Affordable Units:</b>	<b>4.8%</b>
<b>% Affordable Units:</b>	<b>0.3%</b>

\* The In Lieu Fee Amount indicated reflects the estimated fee that is due by the developer prior to the City issuing a Certificate of Occupancy for the development. Actual In Lieu Fee Amounts are calculated based on the as-built development.

**Exhibit 3**

**Multifamily Developments w/Planning Approvals During FY04-05**

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	Planning Approval Date
					On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
403 Idaho Ave.	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$44,106									2	07/07/2004	
126 Pacific St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$86,924									5	08/04/2004	
914 14th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$82,234									5	08/18/2004	
650 Copeland Ct.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$22,730									2	08/25/2004	
1418 07th St.	<input type="checkbox"/>	50	<input type="checkbox"/>			5							48	09/23/2004	
1544 11th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$91,251									6	10/06/2004	
1514 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>		20						6		0	10/18/2004	
1229 22nd St.	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$20,913									2	11/09/2004	
1105 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$91,010									5	12/01/2004	
3107 Santa Monica Blvd	<input type="checkbox"/>	10	<input type="checkbox"/>		1								9	12/01/2004	
2316 03rd St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$72,215									3	01/19/2005	
606 Broadway	<input type="checkbox"/>	50	<input type="checkbox"/>		4								46	01/25/2005	
1829 11th St.	<input type="checkbox"/>	7	<input type="checkbox"/>				1						6	01/31/2005	
2301 10th St.	<input type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$34,390									3	02/02/2005	
1035 19th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$90,449									5	02/16/2005	
1502 Broadway	<input checked="" type="checkbox"/>	32	<input type="checkbox"/>		3								29	02/16/2005	
1453 06th St.	<input type="checkbox"/>	5	<input type="checkbox"/>				1				1		3	02/28/2005	
2121 Virginia Ave.	<input checked="" type="checkbox"/>	11	<input checked="" type="checkbox"/>	\$205,359									11	03/16/2005	
1236 25th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$64,648									3	03/16/2005	
3031 Santa Monica Blvd	<input type="checkbox"/>	47	<input type="checkbox"/>										47	03/25/2005	
626 Broadway	<input type="checkbox"/>	48	<input type="checkbox"/>			5							48	04/05/2005	
1902 California Ave.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$107,986									5	06/15/2005	
<b>TOTALS:</b>		<b>332</b>		<b>\$1,014,214</b>	<b>28</b>	<b>10</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>246</b>		

The In Lieu Fee Amount indicated reflects the estimated fee that is due prior to the City issuing a Certificate of Occupancy for the project. Actual In Lieu Fee Amounts are calculated based on the as-built development.

The 5 off-site units shown for 626 Broadway are included as on-site units at 1514 7th St. Therefore those off-site units are not included in the Total Affordable Units or % Affordable Units to the left. The 5 off-site affordable units for 1418 7th Street will be built at 1244 6th Street.

<b># of Developments:</b>	22
<b>Total Units :</b>	332
<b>Total Affordable Units :</b>	82
<b>% Affordable Units :</b>	25%
<b>V.L.Low</b>	33
<b>Low</b>	2
<b>Mod.</b>	47
<b>% Affordable Units :</b>	8.4%
<b>% Affordable Units :</b>	0.6%
<b>% Affordable Units :</b>	14.2%