



Information Item

December 11, 2007

TO: Mayor and City Council

FROM: Andy Agle, Director of Housing and Economic Development

SUBJECT: FY06/07 Annual Report to the City Council Concerning the City's Affordable Housing Production Program (S.M.M.C. Sec 9.56)

Introduction

This Annual Report transmits information concerning the implementation of the City's Affordable Housing Production Program (AHPP) for the reporting period of Fiscal Year 2006-2007 (FY06/07), as required by Santa Monica Municipal Code Section 9.56.150.

Thirty-two percent (32%) of the 272 multifamily units completed during FY06/07 are affordable. Twenty-nine percent (29%) of the 1,224 multifamily units that are currently in construction will be affordable, and ten percent (10%) of the 155 multifamily units that received Planning approvals during FY06/07 will be affordable. Therefore, the Proposition R standard of 30 percent affordability was met for completed units, and may be met during the current year, based on the overall affordability of projects in construction.

Background

Proposition R was adopted by the voters of the City of Santa Monica on November 6, 1990, added as Section 630 to the City Charter. This charter amendment 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. This 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.

Proposition R has been implemented through a series of ordinances since its adoption, and is currently implemented as Chapter 9.56 of the Municipal Code. Chapter 9.56 permits developers of new multifamily housing rental units 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 was revised by the City Council in 2005 to require developers of new multifamily ownership projects (condominiums) of four or more units in multifamily zoning districts to satisfy their affordable housing obligation by constructing onsite or offsite affordable housing units. The calculation of the number of onsite or offsite units required may result in a fraction of a unit. If this fraction is .75 or greater, the developer must build this unit. If this fraction is less than .75, the developer may instead choose to pay an affordable housing fee for that fractional unit based on the City's Affordable Housing Unit Development Cost, which is presently \$265,632.00 per unit as adopted on July 24, 2007 by Resolution #10230. Alternatively, the developer may choose to construct all mandatory (non fractional) affordable housing units with three bedrooms.

Chapter 9.56 also requires that the City Council establish the affordable housing fees for new market-rate apartment and condominium developments (new apartment projects are

eligible to pay the fee instead of constructing affordable units, but only new condominium projects in non-residential zones are eligible to pay the fee instead of constructing affordable units). The City Council recently increased the fees for apartment projects from \$24.10 to \$25.31 (per square foot) and for condominium projects from \$28.15 to \$29.56.

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 have 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 \$1,177,512 in affordable housing fees during FY06/07. This total differs from the total in-lieu fees reflected in Attachment 1 due to some projects that paid fees in the current year and will be completed next year (FY07/08), and some projects were completed this year and in-lieu fees received in the next year (FY 07/08). The affordable housing fees are used to subsidize the development of new affordable housing units by nonprofit affordable housing developers.

Completed Developments

Attachment 1 of this report indicates that fourteen developments totaling 272 units were completed during FY06/07. Eighty-six of these 272 units (32% of total units) are affordable.

Thus, in FY06/07, the City met the Proposition R standard of 30% affordability. All except one of these affordable units resulted from City-funded loans.

Developments In Construction

Attachment 2 of this report indicates multifamily developments that were in construction at the end of the FY06/07 reporting period. Sixty-two new multifamily developments containing 1,224 units, of which 358 will be affordable, have been issued building permits. Fifty percent (50%) of these affordable units are a result of City-funded loans. If all of these developments are completed by the next reporting period (FY07/08), then 29% of the units will be affordable. However, it is not possible to predict how many of these developments will actually be completed during the FY07/08 period.

Planning Approvals

Attachment 3 indicates that 32 multifamily developments containing 155 units, of which 16 will be affordable, were approved during FY06/07. If all of these developments are completed during a single reporting period, then 10% will be affordable. However, it is not possible to predict how many of these developments will actually be completed in any given year.

Of the 32 developments, 21 developers (65%) elected to pay the Affordable Housing Fee rather than provide affordable units directly. Eleven developers plan to satisfy their

affordable housing obligation by providing affordable units onsite. No 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 thirty-six percent (36%). The following table illustrates the cumulative achievements of Proposition R (no multifamily developments were completed during FY95/96):

Proposition R Achievements			
Reporting Period	Total Units	Affordable Units	% Affordable
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%
FY05/06	39	2	5%
FY06/07	272	86	32%
TOTAL:	2,361	855	36%

Prepared by: Jim Kemper, Acting Housing Administrator

Attachments

- Attachment 1 - Multifamily Developments Completed During FY 06/07
- Attachment 2 - Multifamily Developments In Construction as of June 2007
- Attachment 3 - Multifamily Developments Approved During FY 06/07

Attachment 1

Multifamily Developments Completed During FY2006-07

[July 2006 - June 2007]

Address	Condos? Units	Total Units	In-Lieu Fee Option?	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		
1448 05th St.	<input type="checkbox"/>	52	<input checked="" type="checkbox"/>	\$150,025										52	07/10/2006
2013 21st St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$56,110										5	08/17/2006
834 16th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$99,533										10	11/28/2006
639 Pacific St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$39,649										3	02/15/2007
1528 Princeton St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$137,548										8	02/20/2007
1411 07th St.	<input type="checkbox"/>	59	<input checked="" type="checkbox"/>	\$135,921										59	02/22/2007
2021 Main St.	<input type="checkbox"/>	26	<input checked="" type="checkbox"/>	\$87,851	1									25	03/08/2007
2220 04th St.	<input type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$19,728										3	03/13/2007
1424 Broadway <small>(City Lease)</small>	<input type="checkbox"/>	41	<input type="checkbox"/>				34				7			0	03/13/2007
1455 Berkeley St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$70,234										4	04/02/2007
1349 26th St. <small>(City Lease)</small>	<input type="checkbox"/>	44	<input type="checkbox"/>				36				8			0	04/19/2007
923 20th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$76,101										5	04/23/2007
1520 16th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$86,500										5	05/31/2007
2216 Main St.	<input type="checkbox"/>	7	<input checked="" type="checkbox"/>	\$31,900										7	06/29/2007
TOTALS:		272		\$991,100	1	0	70	0	0	0	15	0	0	188	

# of Developments:	14												
Total Units:	272												
Total Affordable Units:	86												
% Affordable Units:	32%												
	<table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">V.Low</td> <td style="text-align: center;">71</td> <td style="text-align: center;">15</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: right;">Low</td> <td style="text-align: center;">26.1%</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">0.0%</td> </tr> <tr> <td style="text-align: right;">Mod.</td> <td></td> <td></td> <td></td> </tr> </table>	V.Low	71	15	0	Low	26.1%	5.5%	0.0%	Mod.			
V.Low	71	15	0										
Low	26.1%	5.5%	0.0%										
Mod.													

Attachment 2

Multifamily Developments In Construction as of June 30, 2007

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee or Offsite Address	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		
1719 Ocean Front Walk	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$70.758							5	09/29/2003
1410 06th St.	<input type="checkbox"/>	52	<input checked="" type="checkbox"/>	\$146.694							52	11/24/2003
2012 Main St.	<input type="checkbox"/>	107	<input checked="" type="checkbox"/>	\$357.934	1						106	02/23/2004
1027 10th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$80.637							5	04/23/2004
606 Broadway	<input type="checkbox"/>	50	<input type="checkbox"/>		4						46	06/04/2004
2512 28th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$203.666							10	06/09/2004
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"/>	\$64.084							3	12/03/2004
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"/>	\$90.888							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 06th 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
1420 06th St.	<input type="checkbox"/>	50	<input type="checkbox"/>		4						46	06/29/2005
839 08th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$73.459							5	07/05/2005
964 15th St.	<input type="checkbox"/>	7	<input type="checkbox"/>		1						6	07/27/2005
219 California Ave.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$40.214							3	07/29/2005
1751 Appian Way	<input type="checkbox"/>	14	<input type="checkbox"/>			3					11	08/15/2005
1229 22nd St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$20.913							2	08/18/2005

Attachment 2 (continued)

Multifamily Developments In Construction as of June 30, 2007

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee or Offsite Address	VERY LOW INCOME UNITS		LOW INCOME UNITS		MOD. INCOME UNITS		Mkt-Rate Units	Building Permit Issued
					On-Site	Off-Site	On-Site	NonProfit On-Site	On-Site	Off-Site		
2015 Idaho Ave.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$123,378							6	08/18/2005
507 Wilshire Blvd.	<input type="checkbox"/>	50	<input type="checkbox"/>		4						46	10/18/2005
2702 Arizona Ave.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$60,874							3	10/19/2005
1311 Centinela Ave.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$137,810							8	11/17/2005
403 Idaho Ave.	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$44,106							2	12/06/2005
1418 07th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1244 6th Street		5					50	12/13/2005
1035 19th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$90,449							5	12/21/2005
2632 Santa Monica Blvd	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$3,868							2	12/21/2005
1544 11th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$91,251							6	01/06/2006
1120 21st St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$88,719							5	01/18/2006
3031 Santa Monica Blvd (City Loan)	<input type="checkbox"/>	47	<input type="checkbox"/>								47	01/19/2006
1750 10th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$68,218							8	01/23/2006
1537 16th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$85,471							5	01/27/2006
914 14th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$82,234							5	04/24/2006
1524 11th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$100,995							5	04/25/2006
1228 21st St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$69,627							4	04/26/2006
914 05th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$85,305							4	06/05/2006
3107 Santa Monica Blvd	<input type="checkbox"/>	9	<input type="checkbox"/>		1						8	06/06/2006
2121 Virginia Ave.	<input checked="" type="checkbox"/>	11	<input checked="" type="checkbox"/>	\$205,359							11	06/12/2006
1105 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$91,010							5	06/19/2006
1902 California Ave.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$107,986							5	06/26/2006
2411 Centinela Ave (City Loan)	<input type="checkbox"/>	36	<input type="checkbox"/>								36	06/27/2006
1804 10th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$70,189							6	06/30/2006

Attachment 2 (continued)

Multifamily Developments In Construction as of June 30, 2007

Address	Condos?	Total Units	In-Lieu Fee Option?	In-Lieu Fee or Offsite Address	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		
1253 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$86,021							5	06/30/2006
1127 06th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>								4	09/15/2006
1502 Broadway	<input checked="" type="checkbox"/>	32	<input type="checkbox"/>		3						29	12/12/2006
1814 12th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>								4	12/19/2006
947 04th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$104,991							5	12/26/2006
626 Broadway	<input type="checkbox"/>	48	<input type="checkbox"/>	1514 7th Street	5						48	01/29/2007
908 17th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>								8	01/31/2007
1548 05th St. [City Loan]	<input type="checkbox"/>	46	<input type="checkbox"/>								46	02/13/2007
1514 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>		20			6			0	03/16/2007
711 Colorado Ave.	<input type="checkbox"/>	26	<input type="checkbox"/>		26						0	04/04/2007
1548 06th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	711 Colorado Ave.	5						50	04/19/2007
1241 05th St.	<input type="checkbox"/>	49	<input type="checkbox"/>	1437 5th St.	5						49	04/24/2007
2018 19th St. [City Loan]	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>			5					0	05/04/2007
1511 15th St.	<input type="checkbox"/>	29	<input checked="" type="checkbox"/>	\$34,375							29	05/08/2007
1038 11th St.	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>								5	05/11/2007
1671 20th St.	<input type="checkbox"/>	100	<input type="checkbox"/>					100			0	05/17/2007
TOTALS:		1,224		\$3,554,215	71	20	26	3	0	23	106	866

# of Developments:	62
Total Units :	1,224
Total Affordable Units :	358
% Affordable Units :	29%
V.Low	97
Low	26
Mod.	235
% V.Low	7.9%
% Low	2.1%
% Mod.	19.2%

The offsite units shown above in this chart are identified for purposes of indicating how a particular project will satisfy its affordable housing obligation. Such offsite units are not included (or double-counted) in the figures to the left.

Attachment 3

Multifamily Developments w/Planning Approvals During FY06-07

Address	Condos?	Total Units	In-Lieu Fee Option?	Offsite Address	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		
1122 26th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	08/16/2006	
917 19th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>										6	08/16/2006	
941 11th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	08/16/2006	
1827 16th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	08/16/2006	
2005 19th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	08/16/2006	
818 Lincoln Blvd.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	08/16/2006	
1048 10th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	09/20/2006	
1543 11th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	09/20/2006	
1433 18th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	09/20/2006	
1025 Euclid St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	09/20/2006	
1319 Centinela Ave.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>										6	11/01/2006	
1610 Broadway	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	11/03/2006	
612 Lincoln Blvd.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	12/13/2006	
1829 11th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	12/13/2006	
1919 04th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	12/13/2006	
1038 21st St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	01/17/2007	
1931 22nd St.	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>							1			4	01/17/2007	
2301 10th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	02/21/2007	
1318 10th St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>							1			5	02/21/2007	
1211 09th St.	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>							1			4	02/21/2007	
1753 18th St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>							1			5	02/21/2007	
853 21st St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>						1				5	02/21/2007	
1127 Princeton St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	02/21/2007	
1319 Yale St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>	1									5	02/21/2007	
1920 Montana Ave.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>	1									5	03/21/2007	
1417 Yale St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	03/21/2007	

Multifamily Developments w/Planning Approvals During FY06-07

Attachment 3 (continued)

Address	Condos?	In-Lieu Fee Option?	OffSite Address	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		
1237 25th St.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>											3	03/21/2007
1434 14th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>				1							5	03/21/2007
2401 28th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>							1				5	04/18/2007
1171 Franklin St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>							1				5	04/18/2007
1807 17th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>				1							5	06/20/2007
1041 17th St.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>											8	06/20/2007
TOTALS:				2	0	0	3	0	0	6	0	0	144	

# of Developments:	32
Total Units :	155
Total Affordable Units :	16
% Affordable Units :	10%
V.Low	7
Low	3
Mod.	6
1.3%	1.9%
1.9%	3.9%