



Information Item

February 9, 2009

TO: Mayor and City Council

FROM: Andy Agle, Director of Housing and Economic Development

SUBJECT: FY07/08 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 2007-2008 (FY07/08), as required by Santa Monica Municipal Code Section 9.56.150.

Thirty-six percent (36%) of the 254 multifamily units completed during FY07/08 are affordable. Twenty-nine percent (29%) of the 1,200 multifamily units that are currently in construction will be affordable, and fifty three percent (53%) of the 485 multifamily units that received Planning approvals during FY07/08 will be affordable. Therefore, the Proposition R standard of 30 percent affordability was met and exceeded. Virtually all of the affordable units that were completed or received Planning approvals, and one-third of the affordable units in construction, resulted from City housing trust fund financing.

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 \$265,632 per unit. 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 of 2 to 3 units, or projects in non-residential zones, are eligible to pay the fee

instead of constructing affordable units). The City's affordable housing fees for new-market rate apartment and condominium developments are \$26.45 per square foot for apartments and \$30.89 for condominium projects.

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 \$1,365,613 in affordable housing fees during FY07/08. This total differs from the total in-lieu fees reflected in Attachment 1 due to some projects that paid in-lieu fees in the prior year (FY 06/07) but were completed in the current year and some projects that paid fees in the current year and will be completed next year (FY08/09). 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 thirteen developments totaling 254 units were completed during FY07/08. Ninety-two of these 254 units (36% of total units) are affordable. Thus, in FY07/08, the City met and exceeded the Proposition R standard of 30% affordability. Ninety-one of these 92 affordable units received City housing trust fund loans totaling approximately \$13.5 million.

Developments In Construction

Attachment 2 of this report indicates multifamily developments that were in construction at the end of the FY07/08 reporting period. Sixty-two new multifamily developments containing 1,200 units have been issued building permits. If all sixty-two of these developments are completed by the next reporting period (FY08/09), 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 FY08/09 period and how many affordable units will result. One hundred and seven of these 297 affordable units received City housing trust fund loans totaling approximately \$19 million.

Planning Approvals

Attachment 3 indicates that 14 multifamily developments containing 485 units, of which 256 will be affordable, were approved during FY07/08. If all of these developments are completed during a single reporting period, then 53% will be affordable. However, it is not possible to predict how many of these developments will actually be completed in any given year. 252 out of the 256 affordable units will receive City housing trust fund loans totaling approximately \$30 million.

Perspective

Although the Proposition R mandate is supposed to be measured on an annual basis, the following figures provide a historical perspective on the affordable housing numbers since the passage of Proposition R. 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	0.50%
FY03/04	235	40	17%
FY04/05	55	26	47%
FY05/06	39	2	5%
FY06/07	272	86	32%
FY07/08	254	92	36%
TOTAL:	2,615	947	36%

Prepared by: Lori Khajadourian, Administrative Analyst

Attachments

- Attachment 1 - Multifamily Developments Completed During FY 07/08
- Attachment 2 - Multifamily Developments In Construction as of June 2008
- Attachment 3 - Multifamily Developments Approved During FY 07/08

Multifamily Developments Completed During FY2007-08

[July 2007 - June 2008]

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	Completed Date
					On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
2209 Main St.	<input type="checkbox"/>	44 (City Loan)	<input type="checkbox"/>				21			23			0	0	08/13/2007
1032 03rd St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$90,888									0	5	10/01/2007
2012 Main St.	<input type="checkbox"/>	107	<input checked="" type="checkbox"/>	\$357,934	1								0	106	10/01/2007
839 09th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$73,459									0	5	10/08/2007
2411 04th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$64,084									0	3	11/21/2007
2015 Idaho Ave.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$121,341									0	6	02/28/2008
219 California Ave.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$36,201									0	3	03/06/2008
3031 Santa Monica	<input type="checkbox"/>	47 (City Loan)	<input type="checkbox"/>										47	0	03/21/2008
1237 24th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$47,497									0	4	03/31/2008
1035 19th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$83,335									0	5	04/29/2008
2702 Arizona Ave.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$53,244									0	3	05/27/2008
1719 Ocean Front W	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$67,079									0	5	06/02/2008
1544 07th St.	<input checked="" type="checkbox"/>	17	<input checked="" type="checkbox"/>	\$286,326									0	17	06/06/2008
TOTALS:		254		\$1,281,388	1	0	21	0	0	23	0	0	47	162	

# of Developments:	13		
Total Units:	254		
Total Affordable Units:	92		
% Affordable Units:	36%		
	V.Low	Low	Mod.
	22	23	47
	8.7%	9.1%	18.5%

Attachment 1

Multifamily Developments In Construction as of June 30, 2008

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	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
1410 05th St.	<input type="checkbox"/>	52	<input checked="" type="checkbox"/>	\$148,795										52	11/24/2003
1027 10th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$80,637										5	04/23/2004
2512 28th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$218,498										10	06/09/2004
126 Pacific St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$85,063										5	03/01/2005
1445 25th St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$40,033										4	04/12/2005
1442 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St.		5								50	05/26/2005
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 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St.		5								50	06/29/2005
954 15th St.	<input type="checkbox"/>	7	<input type="checkbox"/>		1									6	07/27/2005
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
507 Wilshire Blvd.	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St.		5								50	10/18/2005
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
2632 Santa Monica Blv	<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"/>	\$101,479										6	01/06/2006
1120 21st St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$88,719										5	01/18/2006
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

Attachment 2

Multifamily Developments In Construction as of June 30, 2008

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	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
1228 21st St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$68,967									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 Blv	<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.	<input type="checkbox"/>	36	<input type="checkbox"/>	[City Loan]			18			18			0	06/27/2006	
1253 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$83,126									5	06/30/2006	
1502 Broadway	<input checked="" type="checkbox"/>	32	<input type="checkbox"/>		3								29	12/12/2006	
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.	<input type="checkbox"/>	46	<input type="checkbox"/>	[City Loan]			44				2		0	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	04/20/2007	
1241 05th St.	<input type="checkbox"/>	49	<input type="checkbox"/>	1437 5th St.		5							49	04/24/2007	
2018 19th St.	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>	[City Loan]			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	
1027 21st St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	07/05/2007	
2510 07th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>										8	07/13/2007	

Attachment 2 (continued)

Multifamily Developments In Construction as of June 30, 2008

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	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
941 20th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>										8	07/19/2007	
1427 07th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	711 Colorado Ave.		5							50	08/16/2007	
1829 11th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	09/12/2007	
1610 Broadway	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$74,867									4	09/21/2007	
1539 04th St.	<input type="checkbox"/>	62	<input type="checkbox"/>	711 Colorado Ave.		8							62	10/29/2007	
1458 14th St.	<input type="checkbox"/>	20	<input type="checkbox"/>	[City Loan]			14					6	0	10/31/2007	
851 19th St.	<input checked="" type="checkbox"/>	4	<input type="checkbox"/>										4	11/08/2007	
1122 26th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	11/12/2007	
917 19th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>										6	11/27/2007	
1127 06th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	11/27/2007	
1327 Euclid St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>										5	12/14/2007	
852 10th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	12/17/2007	
1814 12th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	12/31/2007	
1437 05th St.	<input type="checkbox"/>	27	<input type="checkbox"/>		27								0	03/21/2008	
1112 Pico Blvd.	<input checked="" type="checkbox"/>	18	<input checked="" type="checkbox"/>										18	04/10/2008	
2029 Olympic Blvd.	<input type="checkbox"/>	65	<input type="checkbox"/>							55			0	05/09/2008	
TOTALS:		1,200	\$2,203,001		81	48	81	3	0	18	161	0	8	838	

# of Developments:	<input type="text" value="62"/>		
Total Units :	<input type="text" value="1,200"/>		
Total Affordable Units :	<input type="text" value="352"/>	<input type="text" value="162"/>	<input type="text" value="169"/>
% Affordable Units :	<input type="text" value="29%"/>	<input type="text" value="13.5%"/>	<input type="text" value="1.8%"/>

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 2 (continued)

Multifamily Developments w/Planning Approvals During FY07-08

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		
1917 12th St.	<input type="checkbox"/>	7	<input type="checkbox"/>							1			6	07/02/2007	
1434 14th St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>					1					5	07/02/2007	
2301 10th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	08/06/2007	
1825 Euclid St.	<input type="checkbox"/>	5	<input type="checkbox"/>							1			4	09/19/2007	
1318 10th St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>							1			5	10/29/2007	
1048 10th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>										4	11/19/2007	
1959 High Place	<input type="checkbox"/> <small>(CityLoan)</small>	45	<input type="checkbox"/>									45	0	12/12/2007	
1021 Grant St.	<input type="checkbox"/>	3	<input checked="" type="checkbox"/>										3	12/12/2007	
1942 High Place	<input type="checkbox"/> <small>(CityLoan)</small>	47	<input type="checkbox"/>						47				0	12/12/2007	
1804 10th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>										6	01/07/2008	
1041 17th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>										8	02/04/2008	
851 20th St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>										2	05/05/2008	
1701 Ocean Ave.	<input type="checkbox"/> <small>(CityLoan)</small>	324	<input type="checkbox"/>					160					164	05/13/2008	
1433 14th St.	<input type="checkbox"/>	19	<input checked="" type="checkbox"/>										19	08/16/2008	
TOTALS:					485	0	0	0	161	0	47	3	0	45	229

# of Developments:	14																								
Total Units :	485																								
Total Affordable Units :	<table style="display: inline-table; border: none;"> <tr> <td style="border: none;">V.Low</td> <td style="border: none;">Low</td> <td style="border: none;">Mod.</td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">256</td> <td style="border: 1px solid black; text-align: center;">5</td> <td style="border: 1px solid black; text-align: center;">208</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;"></td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">53%</td> <td style="border: 1px solid black; text-align: center;">0.0%</td> <td style="border: 1px solid black; text-align: center;">42.9%</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;"></td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">53%</td> <td style="border: 1px solid black; text-align: center;">0.0%</td> <td style="border: 1px solid black; text-align: center;">42.9%</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;"></td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">53%</td> <td style="border: 1px solid black; text-align: center;">0.0%</td> <td style="border: 1px solid black; text-align: center;">42.9%</td> </tr> </table>	V.Low	Low	Mod.	256	5	208				53%	0.0%	42.9%				53%	0.0%	42.9%				53%	0.0%	42.9%
V.Low	Low	Mod.																							
256	5	208																							
53%	0.0%	42.9%																							
53%	0.0%	42.9%																							
53%	0.0%	42.9%																							

Attachment 3