

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.

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 purpose of the Annual Report is to provide the Council with information regarding implementation of Chapter 9.56, including reporting on projects that have received planning approval during the previous year and the manner in which the provisions of Chapter 9.56 were satisfied. The Annual Report also assesses whether the provisions of Proposition R have been met, so that Council may determine whether it should amend the City's Affordable Housing Production Program or its implementation 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 provides that the City shall require

that not less than 30% of all newly constructed multifamily residential housing 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 multi-family housing were required to construct affordable units on site to fulfill the affordable housing obligation.

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 multi-family development projects with planning applications deemed complete as of March 1, 1998. In conjunction with adopting Chapter 9.56, the City Council adopted Resolution 9295 establishing the affordable housing fees for new market rate apartment and condominium

development. Under Resolution 9295, the fees are \$6.14 per square foot of floor area for apartments and \$7.13 per square foot of floor area for condominiums, with 25% to 50% discounts if the new development will occur on vacant land or on land in non-residential zones which is not developed with multifamily housing. The amount of the fee may be established at least every two years by resolution of the City Council.

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 98/99, as well as an assessment of the City's compliance with Proposition R during this same period. This discussion includes the following:

- C Development of Administrative Guidelines;
- C Affordable Housing Fees;
- C Housing projects and units which received *Planning Approvals*;
- C Housing projects and units which received *Certificates of Occupancy*; and,
- C Housing projects and units which received *Building Permits*.

Staff has chosen to report this information by fiscal year in order to establish consistency with the reporting period used for the City's budget and other affordable housing programs.

Development of Administrative Guidelines

Under Chapter 9.56, City staff is authorized to develop administrative guidelines to implement certain provisions of the Affordable Housing Production Program, such as guidelines for constructing affordable housing units off-site, dedicating land for affordable housing, and other provisions of the program. The draft Administrative Guidelines are scheduled for review by the Housing Commission on September 9, 1999 and by the Planning Commission on September 16, 1999. The draft Administrative Guidelines are scheduled for City Council review on September 28, 1999.

Affordable Housing Fees

Attachment 1 shows all multi-family development projects granted planning approvals subject to Chapter 9.56 during Fiscal Year 1998-99. The attachment also shows the amount of affordable housing fees associated with each project as well as the total affordable housing fees assessed for all multifamily projects approved subject to Chapter 9.56 (during FY98-99), which is \$1,337,448.

Under Chapter 9.56.070, affordable housing fees are required to be paid in full when the project is completed and prior to issuance of a Certificate of Occupancy. Due to a typical lag time of two to three years from planning approval to project completion, no projects which were approved during FY 98/99 and subject to Chapter 9.56 have been completed. Therefore, no fees have actually been collected for any of these projects.

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, Attachment 1 shows that 25 multi-family development projects containing 220 units were approved subject to Chapter 9.56 during Fiscal Year 98/99. Sixty-seven(67) of these units, or thirty percent (30%), will be affordable to low income households. No moderate income units are included in any of these projects.

Of the 25 multifamily developments mentioned above, 24 represent market-rate developments and one represents a low income senior project financed with federal and City funds and owned/operated by a non-profit developer. In 23 of the 24 market-rate developments, the for-profit developers opted to pay the Affordable Housing Fee rather than provide any affordable units on site. However, one for-profit developer did elect to comply with the affordable housing obligation by providing one low income unit on site, thereby taking advantage of the allowable State density bonus.

Chapter 9.56 was adopted by the City Council in July, 1998, and provides that multifamily housing developments deemed complete as of March 1, 1998 are subject to the provisions of that Chapter. Therefore, Attachment 2 provides data on multifamily housing development approvals from March 1, 1998 through June 30, 1998. The data in Attachment 2 show that 3 developments containing 130 units were approved during this period. In all three projects, the developers opted to pay the fees (totaling \$206,427) rather than provide affordable units on-site.

Certificates of Occupancy Issued During Fiscal Year 98/99

Chapter 9.56 additionally 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. In staff’s judgment, housing should be considered newly constructed at the point in time that a certificate of occupancy is issued.

Attachment 3 shows that certificates of occupancy were issued for 10 projects totaling 168 units in the City during Fiscal Year 98/99. Of these, 146 units or eighty-seven percent (87%) are affordable to low- and or moderate-income households and thirty-three percent (33%) are affordable to low-income households. Four (4) of these 10 projects containing 96 units were subsidized with City housing funds. All of these projects were approved pursuant to the previous inclusionary housing program, Ordinance 1615, which required new multifamily projects to include on-site affordable units except under limited circumstances.

Building Permits Issued During Fiscal Year 98/99

To provide a more comprehensive assessment of housing development, Attachment 4 shows that building permits were issued for 10 new multifamily developments containing 448 units during Fiscal Year 98/99. Of these, 147 units or thirty-three percent (33%) will be affordable to low- and moderate-income households and seventy-two units or sixteen percent (16%) will be affordable to low income households. Three (3) of these 10 projects

containing 45 units are subsidized with City housing funds. All of these projects were approved pursuant to the previous inclusionary housing program, Ordinance 1615.

Attachment 4 further reveals that 350 of the 448 new units issued building permits during Fiscal Year 98/99 are part of a single development, the Arboretum, located at 2200 Colorado Avenue. This development was approved subject to the previous Inclusionary Housing Program (Ordinance 1615). Of the 350 units in the Arboretum development, 45 will be low income units and 52 will be moderate income units.

Conclusion

Staff has made substantial progress in implementing Chapter 9.56 and anticipates that the Administrative Guidelines will be in place shortly. Thirty percent (30%) of the multifamily developments (25 projects containing 220 units) issued planning approvals during Fiscal Year 98/99 and subject to Chapter 9.56 will be affordable to low income households. No moderate income units are included in any of these 25 projects. Moreover, eighty-seven percent (87%) of the multifamily projects issued certificates of occupancy during Fiscal Year 98/99 were affordable, and of the affordable units, thirty-three percent (33%) are low income units. Therefore, the requirements of Proposition R have been satisfied during Fiscal Year 98/99.

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Attachments:

Attachment 1 - Multifamily Projects with Planning Approvals During FY 98/99 and Subject to Chapter 9.56

Attachment 2 - Multifamily Projects with Planning Approvals From 3-1-98 thru 6-30-98 and Subject to Chapter 9.56

Attachment 3 - Multifamily Projects with Certificates of Occupancy Issued During FY 98/99

Attachment 4 - Multifamily Projects with Building Permits Issued During FY 98/99

ATTACHMENT 1

Multifamily Projects w/Planning Approvals During FY98-99 and Subject to Chapter 9.56

Address	Condos	Ord. # Permit'd Under	In-Lieu Fee Option?	In-Lieu Fee Amount*	LOW INCOME UNITS			MOD. INCOME UNITS			Mkt- Rate Units	Planning Approval Date
					Total Units	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site		
844 03rd St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$75,107	5						5	16-Dec-98
1048 03rd St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$74,066	5						5	19-May-99
1116 04th St.	<input type="checkbox"/>	#1918	<input type="checkbox"/>		66		66				0	19-May-99
1445 06th St.	<input type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$210,613	48						48	04-Feb-99
2618 06th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$30,818	2						2	02-Sep-98
911 07th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$63,564	5						5	07-Oct-98
1838 09th St.	<input type="checkbox"/>	#1918	<input type="checkbox"/>		7	1					6	03-Mar-99
838 10th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$52,406	4						4	04-Nov-98
1022 10th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$51,765	5						5	03-Mar-99
1111 10th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$55,732	5						5	16-Dec-98
954 14th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$38,288	5						5	20-Jan-99
933 15th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$64,982	5						5	04-Nov-98
1457 16th St.	<input type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$40,106	4						4	19-Jan-99
838 19th St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$96,102	5						5	16-Jun-99
750 21st St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$65,767	6						6	19-May-99
846 21st St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$37,554	5						5	17-Feb-99
1238 22nd St.	<input checked="" type="checkbox"/>	#1918	<input checked="" type="checkbox"/>	\$47,443	4						4	15-Jul-98

Address	Condos	Ord. # Permit'd Under	Total Units	In-Lieu Fee Option?	In-Lieu Fee Amount*	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		
2030 California Ave.	<input checked="" type="checkbox"/>	#1918	4	<input checked="" type="checkbox"/>	\$56,655							4	20-Jan-99
1252 Euclid St.	<input checked="" type="checkbox"/>	#1918	5	<input checked="" type="checkbox"/>	\$57,603							5	20-Jan-99
702 Hill St.	<input checked="" type="checkbox"/>	#1918	2	<input checked="" type="checkbox"/>	\$38,830							2	05-May-99
2002 Idaho Ave.	<input checked="" type="checkbox"/>	#1918	4	<input checked="" type="checkbox"/>	\$59,122							4	16-Dec-98
2425 Michigan Ave.	<input type="checkbox"/>	#1918	4	<input checked="" type="checkbox"/>	\$16,149							4	15-Jul-98
2726 Montana Ave.	<input checked="" type="checkbox"/>	#1918	5	<input checked="" type="checkbox"/>	\$53,354							5	03-Feb-99
2922 Montana Ave.	<input checked="" type="checkbox"/>	#1918	5	<input checked="" type="checkbox"/>	\$63,022							5	02-Dec-98
1107 Princeton St.	<input checked="" type="checkbox"/>	#1918	5	<input checked="" type="checkbox"/>	\$58,487							5	03-Mar-99
TOTALS:					\$1,377,554	1	0	0	0	0	0	153	

No. of Projects:	25
Total Units:	220
Total Affordable Units:	67
% Affordable Units:	30%
Low	67
Mod.	0
	30%
	0%

* 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. However, in most cases, this fee has not yet been collected.

ATTACHMENT 2

Multifamily Projects w/Planning Approvals from 3-1-98 thru 6-30-98 and Subject to Chapter 9.56

Address	Condos	Ord. # Permit'd Under	Total Units	In-Lieu Fee Option?	In-Lieu Fee Amount*	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		
1447 04th St.	<input type="checkbox"/>	#1918	24	<input checked="" type="checkbox"/>	\$36,392							24	31-Mar-98
1507 10th St.	<input type="checkbox"/>	#1918	5	<input checked="" type="checkbox"/>								5	23-Jun-98
425 Broadway	<input type="checkbox"/>	#1918	101	<input checked="" type="checkbox"/>	\$170,035							101	29-Apr-98
TOTALS:						0	0	0	0	0	0	130	

No. of Projects:	3
Total Units:	130
	Low Mod.
Total Affordable Units:	0 0 0
% Affordable Units:	0% 0% 0%

* 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. However, in most cases, this fee has not yet been collected.

ATTACHMENT 3

Multifamily Projects w/Certificate of Occupancy During FY98-99

Address	Condos	EQ Rebuild	City Loan	Ord. # Permitted Under	Total Units	In-Lieu Fee	LOW INCOME UNITS			MOD. INCOME UNITS			Mkt-Rate Units	Certificate of Occupancy
							On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
1335 04th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	6	<input type="checkbox"/>	1		1			4	12-Apr-99	
1231 05th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	28	<input type="checkbox"/>			28			0	30-Apr-99	
1423 06th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	#1615	24	<input type="checkbox"/>	6		18			0	28-Dec-98	
1425 06th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	#1615	24	<input type="checkbox"/>	6		18			0	28-Dec-98	
1428 06th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	24	<input type="checkbox"/>			24			0	21-Sep-98	
1544 09th St.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	#1615	8	<input type="checkbox"/>	2		1			5	28-Jun-99	
843 15th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	3	<input checked="" type="checkbox"/>						3	15-Jan-99	
1457 Centinela Ave.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	7	<input type="checkbox"/>	1					6	09-Mar-99	
2807 Lincoln Blvd.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	#1615	40	<input type="checkbox"/>		40				0	13-Jan-99	
631 Wilshire Blvd.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	4	<input checked="" type="checkbox"/>						4	11-Jan-99	
					168		16	0	40	90	0	22		

No. of Projects:	10
Total Units:	168
Total Affordable Units:	146
% Affordable Units:	87%
Low	56
Mod.	90
	33%
	54%

ATTACHMENT 4

Multifamily Projects w/Building Permit Issued During FY98-99

Address	EQ Condos	City Rebuild	Loan	Ord. # Permitted	Total Units	In- Lieu	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		
1018 04th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	14	<input checked="" type="checkbox"/>				1			13	20-Jan-99
1318 16th St.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	18	<input type="checkbox"/>				18			0	04-Sep-98
838 17th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	5	<input checked="" type="checkbox"/>							5	21-Oct-98
844 17th St.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	5	<input checked="" type="checkbox"/>							5	08-Dec-98
1943 19th St.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	#1615	3	<input type="checkbox"/>	1						2	04-Aug-98
2200 Colorado Ave.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	350	<input checked="" type="checkbox"/>	45			52			253	04-Aug-98
729 Montana Ave.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	2	<input checked="" type="checkbox"/>	1						1	17-Aug-98
708 Pico Blvd.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	#1615	20	<input type="checkbox"/>								17-Aug-98
1005 Pico Blvd.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	#1615	22	<input type="checkbox"/>	4			3			15	16-Jul-98
1148 Stanford St.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	#1615	9	<input type="checkbox"/>	1			1			7	13-Aug-98
					448		52	0	20	75	0	0	301	

No. of Projects:	10
Total Units:	448
Total Affordable Units:	147
% Affordable Units:	33%
	72
	16%
	75
	17%