

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 should amend 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 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 multifamily 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 multifamily 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. On March 28, 2000, the City Council adopted Resolution 9498 increasing the affordable housing fee for new market rate condominium development from \$7.13 per square foot of floor area to the current fee of \$11.01.

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 99/00, 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 which received Planning Approvals;
- C Housing projects and units which received Certificates of Occupancy.

Staff has chosen to report 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

Exhibit 1 shows all multifamily development projects granted planning approvals during Fiscal Year 1999-00. The exhibit also shows the amount of affordable housing fees associated with each project and the total affordable housing fees assessed for multifamily projects approved subject to Chapter 9.56 (during FY99-00), which is \$1,527,182.

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 99/00 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, Exhibit 1 shows that 23 multifamily development projects containing 391 units were approved during Fiscal Year 99/00. Fifty of these units (13%) will be affordable to low income (and very low income) households. Nine of these units (2%) will be affordable to moderate income households.

Of the 23 multifamily developments mentioned above, 22 represent market-rate developments and one represents a very low income project financed with City funds and owned/operated by a non-profit developer (see "City Loan" notation). In 19 of the 22 market-rate developments, the for-profit developers opted to pay the Affordable Housing Fee rather than provide any affordable units on site. However, the three other market-rate developments will satisfy their affordable housing obligation by providing very low, low, or moderate income units either on site or off site. Whether provided on site or off site, a project must dedicate either 10% of the units to very low income households, 20% of the

units to low income households, or 100% of the units to moderate income households to satisfy their affordable housing obligation.

Certificates of Occupancy Issued During Fiscal Year 99/00

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. Housing is considered newly constructed at the point in time that a Certificate of Occupancy is issued.

Exhibit 2 shows that certificates of occupancy were issued for eight (8) projects totaling 166 units in the City during Fiscal Year 99/00. Of these, 123 units are affordable as follows: 112 very low-income units (67% of all new units); eight low-income units (5%); and three moderate-income units (2%). Five (5) of these eight (8) projects containing 119 units were subsidized with City housing funds (see “City Loan” notation). 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.

Conclusion

Seventy-four percent (74%) of the multifamily units issued certificates of occupancy during Fiscal Year 99/00 were affordable, and of the affordable units, seventy-two percent (72%) are very low- and low-income units (2 % are affordable to moderate-income). Therefore,

the requirements of Proposition R have been satisfied during Fiscal Year 99/00.

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Attachments: **Exhibit 1** - Multifamily Projects with Planning Approvals During FY 99/00
Exhibit 2 - Multifamily Projects with Certificates of Occupancy Issued During FY 99/00

EXHIBIT 1

Multifamily Projects w/Planning Approvals During FY99-00

Exhibit 1

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		
1234 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$141,831									48	16-Feb-00	
1519 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$171,027									48	26-May-00	
1535 06th St.	<input type="checkbox"/>	48	<input checked="" type="checkbox"/>	\$140,203									48	29-Aug-99	
1530 07th St.	<input type="checkbox"/>	48	<input type="checkbox"/>			5							48	31-Mar-00	
1513 09th St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$39,144									6	01-Dec-99	
931 10th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$46,316									4	03-May-00	
811 11th St.	<input type="checkbox"/>	7	<input type="checkbox"/>				1						6	22-Nov-99	
1544 12th St.	<input checked="" type="checkbox"/>	12	<input checked="" type="checkbox"/>	\$123,948									12	18-Aug-99	
849 14th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$116,305									8	15-Mar-00	
1437 16th St.	<input type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$55,806									6	23-Jul-99	
1534 17th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$96,177									10	18-Aug-99	
1117 18th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$56,785									5	06-Oct-99	
1226 23rd St.	<input type="checkbox"/>	9	<input type="checkbox"/>							9				30-Nov-99	
1243 23rd St.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$41,554									4	20-Aug-99	
1513 Berkeley St.	<input checked="" type="checkbox"/>	11	<input checked="" type="checkbox"/>	\$123,706									11	17-May-00	

Exhibit 1 [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	Planning Approval Date
					On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site	On-Site	Off-Site	NonProfit On-Site		
1927 Cloverfield Bl	<input type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$24,526									5	10-Apr-00	
502 Colorado Ave	<input type="checkbox"/>	44	<input type="checkbox"/>				44							04-Nov-99	
812 Euclid St	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$43,512									4	15-Sep-99	
938 Lincoln Blvd.	<input checked="" type="checkbox"/>	9	<input checked="" type="checkbox"/>	\$107,820									9	15-Dec-99	
2216 Main St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$13,775									2	20-Sep-99	
1230 Montana Ave.	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$13,072									4	29-Jul-99	
639 Pacific St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$43,058									3	17-Nov-99	
620 Santa Monica	<input type="checkbox"/>	46	<input checked="" type="checkbox"/>	\$128,618									46	12-Aug-99	
TOTALS:		391			0	5	44	1	0	0	9	0	337		

No. of Projects:	<input type="text" value="23"/>
Total Units:	<input type="text" value="391"/>
Total Affordable Units:	<input type="text" value="59"/> <input type="text" value="1"/> <input type="text" value="9"/>
% Affordable Units:	<input type="text" value="15%"/> <input type="text" value="0%"/> <input type="text" value="2%"/>

* 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.

EXHIBIT 2

Multifamily Projects w/Certificate of Occupancy Issued During FY99-00

Exhibit 2

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		
1018 04th St.	<input checked="" type="checkbox"/>	14	<input checked="" type="checkbox"/>	\$114,930						1				13	14-Jun-00
1011 11th St.	<input type="checkbox"/>	70	<input type="checkbox"/>				70								23-May-00
1438 16th St.	<input type="checkbox"/>	17	<input type="checkbox"/>				17							0	29-Jul-99
1943 19th St.	<input type="checkbox"/>	3	<input type="checkbox"/>					1						2	07-Dec-99
2307 32nd St.	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$154,387										6	05-Aug-99
1637 Appian Way	<input type="checkbox"/>	25	<input type="checkbox"/>				25								05-Aug-99
1005 Pico Blvd.	<input type="checkbox"/>	22	<input type="checkbox"/>					6		1				15	07-Jan-00
1148 Stanford St.	<input type="checkbox"/>	9	<input type="checkbox"/>					1		1				7	04-Feb-00
TOTALS:		166		\$289,317	0	0	112	8	0	3	0	0	0	43	

No. of Projects:	8				
Total Units:	166				
Total Affordable Units:	123				
% Affordable Units:	74%				
V.Low	112	Low	8	Mod.	3
	67%		5%		2%

