



Information Item

April 24, 2013

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: FY 11/12 Annual Report Regarding Proposition I

Introduction

This Information Item serves as the Fiscal Year 2011-2012 (FY11/12) annual report required by Article XXI of the City Charter (Section 2120), regarding affordable housing developments that were directly financed in whole or in part by the City's Housing Trust Funds. In FY 11/12, the City was authorized by Article XXI to financially participate in creating 1,026 affordable apartments. However, due to the loss of revenue caused by the State-mandated dissolution of the Santa Monica Redevelopment Agency, no new affordable housing was financed with City Housing Trust Funds during this period. As a result, emphasis was placed on ensuring that affordable housing already in development would be completed successfully in light of funding uncertainties.

Background

On November 3, 1998, the voters approved Proposition I, which added Article XXI to the City Charter. Article XXI allows the City to provide financial assistance for the acquisition, development, and construction of affordable housing (Section 2110). The formula for the annual authority is equal to one-half of one percent (1/2 of 1%) of the total number of existing residences in Santa Monica at the end of the prior fiscal year. The City may "carry over" any unused authority for three years. Details of the Article XXI calculation are provided in Attachment 1.

Discussion

Pursuant to Section 2110 of Article XXI, during FY11/12, the City was authorized to financially participate in the creation of 1,026 affordable apartments. Although no new affordable housing was financed by the City during FY11/12, 64 affordable apartments are counted in the FY11/12 report as a result of an increased number of apartments relative to what was previously reported for the High Place East and West developments. These two affordable housing developments were originally counted as 27 apartments in the FY02/03 report when rehabilitation of existing apartments was anticipated. However, the sites were ultimately planned for new construction totaling 91 affordable apartments. The FY 11/12 report accounts for the difference between the anticipated number and the actual number of residences ($91 - 27 = 64$). Additionally, 193 units of carry-over authority from previous years were not utilized and expired, reducing the City's overall authority by 257 units ($64 + 193$).

The total number of residences in Santa Monica at the end of June each year is the base number for calculating authority for the following year. As of June 30, 2012, the total number of existing residences in Santa Monica was 51,716, reflecting 51,583 existing residences as of June 30, 2011, plus 180 new residences built in FY 11/12, minus 47 units demolished in FY 11/12. This gives the City the authority to financially participate in the creation of 259 additional affordable apartments ($1/2$ of 1% of 51,716). As a result, the City's maximum FY 12/13 authorization for the development, construction, or acquisition of affordable residences is 1,028 ($1,026 - 64 - 193 + 259$). Attachment 1 outlines the annual authority calculations.

Continued utilization of the voter-approved authority to increase affordable housing using City financial subsidies will be difficult without new, dedicated revenue sources. During the past few years, revenue from the former Redevelopment Agency accounted for approximately 90 percent of the Housing Trust Fund monies available to create new affordable housing or rehabilitate existing housing for low-income families.

The formal requirement of this report involves only those new affordable housing developments in which the City's direct financial participation was initiated during the previous fiscal year. However, affordable housing finance and development is a multi-year process, and a one-year snapshot does not reflect the full scope of the City's pipeline of subsidized affordable housing. Attachments 2 and 3 show the status of the 584 affordable apartments that were counted toward Proposition I in previous reports and are now in various stages of development.

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Attachments

- Attachment 1: Calculations of Annual Authority - FY 11/12 and FY12/13
- Attachment 2: Summary Annual Authority Used and Development Status
- Attachment 3: Pipeline of City-Financed Affordable Housing

ATTACHMENT 1

Prop. I Annual Authority Calculation

[per Section 2120 of City Charter]

<u>FY 2011-12</u>	
<i>FY11/12 Total Authority:</i>	1,026
<i>Authority Used During FY11/12:</i>	(64)
<i>Expired Unused Authority at June 2011:</i>	(193)
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<i>Carryover Authority FY09/10-11/12:</i>	769
	+
<u>FY 2012-13</u>	
<i>Plus FY 12/13 New Authority:</i>	259
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<i>Grand Total FY 12/13 Authority:</i>	1,028

List of Developments Utilizing Prop. I Authority for FY 11/12

Affordable Housing Address	Project Type	# of Units	Date of Commitment or Planning Approval *
1942 High Place	New	34	see footnote
1943 High Place (East)	New	30	see footnote

Total # of Units: 64

* Which ever occurred first, per Section 2110 of the City Charter.

Footnote: High Place East and West were originally counted as 27 units in the FY02/03 annual report but evolved into a total of 91 units. Shown above is the difference between the original 27 units and the actual 91 units. High Place West is 47 newly constructed units but was originally counted as 13 existing units. High Place East will be 44 newly constructed units but was originally counted as 14 existing units. Therefore, the unit count shown above for each of these developments reflects the difference between the originally counted units and the actual number of units in each development.

ATTACHMENT 2

Summary Annual Authority Used and Development Status

From FY 01/02 through FY 11/12, the City of Santa Monica has utilized 1,055 units of Proposition I Authority. A total of 471 of those apartments are completed and 584 are currently in various stages of development. The following table shows the annual authority utilized each year and the current status of those affordable housing developments.

FY 01/02 to FY 11/12			
<i>Year of Authority</i>	<i>Units Utilizing Authority</i>	<i>Units In Development as of June 2012</i>	<i>Units Completed as of June 2012</i>
FY 01/02	159	105	54
FY 02/03	180	32 *	148
FY 03/04	56	9	47
FY 04/05	46	0	46
FY 05/06	28	0	28
FY 06/07	41	0	41
FY 07/08	188	160	28
FY 08/09	242	176	66
FY 09/10	13	0	13
FY 10/11	38	38	0
FY 11/12	64	64 *	0
Totals	1,055	584	471

Footnote:

*High Place East and West were originally counted as 27 of these 32 apartments. As described in the footnote in Attachment 1 (page 4), these two developments actually total 91 apartments and the 64 additional apartments are counted against the FY11/12 authority.

ATTACHMENT 3

The following table lists the City-financed affordable housing properties in progress.

Pipeline of City-Financed Affordable Housing				
<i>Year of Prop. / Authority</i>	<i>Development</i>	<i># of Units</i>	<i>Status</i>	<i>City Funding Source</i>
FY 01/02	1930 Stewart – Mountain View Mobile Home Park	105	Under Construction	<ul style="list-style-type: none"> • Redevelopment • TORCA
FY 02/03	1942 High Place (West)	47*	Completed – November 2012	<ul style="list-style-type: none"> • Federal Block Grant • TORCA • Redevelopment
FY 02/03	1959 High Place (East)	44**	Construction Started – December 2012	<ul style="list-style-type: none"> • Redevelopment • Citywide Housing Trust Fund
FY 02/03	2018 19 th Street	5	Predevelopment	<ul style="list-style-type: none"> • Redevelopment
FY 03/04	1342 Berkeley	9	Predevelopment	<ul style="list-style-type: none"> • TORCA
FY 07/08	1725 Ocean Avenue (a.k.a. Civic Center Village)	160	Under Construction	<ul style="list-style-type: none"> • Redevelopment
FY 08/09	430 Pico Blvd.	32	Under Construction	<ul style="list-style-type: none"> • Redevelopment • Citywide Housing Trust Fund
FY 08/09	2802 Pico Blvd.	33	Under Construction	<ul style="list-style-type: none"> • Redevelopment
FY 08/09	2602 Broadway	33	Completed – November 2012	<ul style="list-style-type: none"> • Redevelopment
FY 08/09	FAME (multiple addresses)	49	Under Construction	<ul style="list-style-type: none"> • Redevelopment
FY 08/09	1616 Ocean Avenue	17	Predevelopment	<ul style="list-style-type: none"> • TORCA
FY 08/09	1438 25 th Street	12	Rehabilitation Started – August 2012	<ul style="list-style-type: none"> • Redevelopment
FY 10/11	520 Colorado	26	Predevelopment	<ul style="list-style-type: none"> • Redevelopment
FY 10/11	2309-15 Oak Street	12	Rehabilitation Started – July 2012	<ul style="list-style-type: none"> • TORCA
Total Units in Pipeline		584		

FOOTNOTE:

*High Place West was originally counted as 13 apartments.

**High Place East was originally counted as 14 apartments.