



Information Item

June 17, 2013

TO: Mayor and City Council
FROM: Andy Agle, Director of Housing and Economic Development
SUBJECT: FY 2011/12 Affordable Housing Production Program Annual Report

Introduction

This Annual Report transmits information concerning the implementation of the City's Affordable Housing Production Program (AHPP) for the reporting period of July 1, 2011 through June 30, 2012 (FY 2011/12), as required by Santa Monica Municipal Code Section 9.56.150. This report illustrates that the City met only one of two Proposition R provisions.

The overarching Proposition R provision that at least 30 percent of the multifamily housing completed in each year be affordable to low- and moderate-income households was met. In fact, 101 of the 156 multifamily residences (65 percent) that were completed in FY 2011/12 are affordable. However, Proposition R also provides that at least 15 percent (i.e., ½ of 30 percent) of the multifamily housing completed each year be affordable specifically to low-income households.

Only 3 of the 101 affordable residences completed in FY 2011/12 are affordable to low-income households with the other 98 residences affordable to moderate-income households. Nevertheless, 35 percent of multifamily housing that was in construction or that received entitlement approvals during FY 2011/12 is targeted to low- and moderate-income households. Furthermore, the vast majority of that affordable housing in the pipeline is targeted to low-income households and therefore consistent with Proposition R.

Background

Proposition R was adopted by the voters of the City of Santa Monica on November 6, 1990, added as Section 6.30 to the City Charter, and implemented as the

AHPP under Section 9.56 of the Municipal Code. This charter amendment specifies that, on an annual basis, not less than 30 percent of all newly constructed multifamily residential housing in Santa Monica be affordable to and occupied by low- and moderate-income households. Moreover, Proposition R also requires that at least one-half of the newly constructed affordable units be restricted to low-income households. Low-income is defined as “at or below 60 percent of area median income,” and moderate income is defined as “at or below 100 percent of area median income.”

The AHPP implements Proposition R and provides various options for developers to satisfy the affordable housing requirement associated with multifamily housing development. The options are:

- Construct affordable units on site in the new development, allocating 10 percent of the units to very low-income households or 20 percent of the units to low-income households, or, in non-residential zones, 100 percent of the units to moderate-income households, except that proposed condominium projects in residential zones must provide 20 percent – 25 percent of the units, depending on the scope of the project, for moderate-income households.
- Construct affordable residences off site in another development, subject to the same minimum percentages of affordable residences detailed above, except that proposed condominium projects in residential zones must provide 25 percent more affordable residences than otherwise required if constructed offsite. The construction of the market rate development and the development fulfilling the off-site requirements must be concurrent.
- Pay an affordable housing fee that is used by the City to subsidize affordable housing produced by nonprofit housing developers. This option is not allowed for condominium developments of four or more residences located in residential zones. Current fees are \$27.57 per square foot for apartments and \$32.30 per square foot for condominiums.
- Dedicate or sell land to the City or nonprofit housing provider for affordable housing. This option is not allowed for condominium developments of four or more residences located in residential zones

Discussion

Implementation of the City's AHPP for the FY 2011/12 reporting period is summarized below. The following chart indicates the number of multifamily residences completed

and in the pipeline and identifies the number of residences that are designated as affordable.

FY 11/12 Affordable Housing Production Program Summary					
Development Stage	Total Units	Affordable Units	% Affordable	Low Income Units	% Low Income
Completed	156	101	65%	3	2%
In Construction	723	380	53%	282	39%
Planning Approvals	297	102	34%	91	31%
TOTAL	1,176	583	50%	376	39%

Completed Developments

Attachment 1 of this report indicates that seven developments totaling 156 residences were completed during FY 2011/12. Three developments elected to provide 101 affordable housing units onsite. The remaining four developments paid a total of \$717,184 in affordable housing fees rather than providing affordable residences on-site or off-site. Affordable housing fees must be paid by developers prior to final completion of the development and are deposited into the Citywide Housing Trust Fund. These funds are used to subsidize the production of affordable housing by nonprofit developers.

The success of the AHPP is reliant on two factors: the market forces of for-profit residential development and the publicly subsidized affordable housing developments usually provided by nonprofit housing developers. For-profit developers tend to satisfy their affordable housing obligation by paying the Affordable Housing Fee when they have that option (resulting in no immediately constructed residences) or electing to construct very low-income residences (resulting in 10 percent of their constructed residences being affordable). Alternatively, nonprofit housing developers produce multifamily housing where all of the residences are affordable, and these developments must be publicly subsidized for financial feasibility. In recent years, there have been some exceptions where for-profit developers produce housing where 100 percent of the housing is affordable, generally to moderate-income housings. Reductions in state and

federal funding, the most significant on which is the elimination of Santa Monica Redevelopment Agency and redevelopment funding, will make financing 100 percent affordable developments by nonprofit developers much more difficult, as such developments usually require a local contribution.

Summary of Developments in the Pipeline

To assess the AHPP's progress, staff tracks not only the developments completed in FY 2011/12 but also those that were in the pipeline (in construction or received planning approvals) during the FY 2011/12 reporting period. The residences 'in construction' typically anticipate an 18-month construction period and were at varying stages in the process during this reporting period, ranging from breaking ground to nearing completion. Developments that received planning approvals are generally two to three years away from completion. Therefore, it is anticipated that only a portion of these residences in construction will be completed during FY 2012/13.

Developments in Construction

Attachment 2 utilizes information from active building permits to determine the number of multifamily residences in construction at the end of the FY 2011/12 reporting period. Building permits remained active for 723 residences in 37 new multifamily developments. If all of these developments are completed during a single reporting period, then 53 percent (380 residences) will be affordable with 282 very low- and low-income residences and 98 moderate-income residences. However, due to varying construction periods, it is not possible to predict how many of these developments will actually be completed in FY 2012/13.

Planning Approvals

Attachment 3 indicates that 10 multifamily developments containing 297 residences received planning approvals during FY 2011/12. Of these, 102 (34 percent) will be affordable with 91 affordable to very low- and low-income households and 11 affordable to moderate-income households.

Historical Data

Although the Proposition R mandate is measured on an annual basis, the following figures provide a historical perspective and average for the affordable housing accomplishments since the passage of Proposition R.

Cumulative Proposition R Achievements: Affordable New Multifamily Residences Completed Annually FY 94/95 to FY 11/12				
Reporting Period	Total Residences	Affordable Residences	% Affordable	% Very-Low- and Low-Income Residences
FY94/95	11	2	18%	18%
FY95/96	0	0	0%	0%
FY96/97	108	86	80%	36%
FY97/98	111	68	61%	40%
FY98/99	172	146	85%	33%
FY99/00	177	123	74%	68%
FY00/01	420	109	26%	14%
FY01/02	702	211	30%	22%
FY02/03	212	1	0%	0%
FY03/04	235	40	17%	12%
FY04/05	55	26	47%	27%
FY05/06	39	2	5%	0%
FY06/07	272	86	32%	32%
FY07/08	264	92	32%	18%
FY08/09	537	248	46%	15%
FY 09/10	189	20	11%	7%
FY 10/11	134	8	6%	6%
FY11/12	156	101	65%	2%
TOTAL:	3,794	1,369	36%	20%

Cumulatively, the City is exceeding Proposition R's 30 percent affordable housing mandate. From FY 1994/95 to FY 2011/12, the aggregate percentage of affordable residences among all new multifamily residences totals 36 percent.

Prepared by: Jennifer Huang, Senior Development Analyst

Attachments

- Attachment 1 - Multifamily Developments Completed During FY 11/12
- Attachment 2 - Multifamily Developments in Construction as of June 30, 2012
- Attachment 3 - Multifamily Developments Approved During FY 11/12

ATTACHMENT 1

Multifamily Developments Completed During FY2011-12

[July 2011-June 2012]

Address	Condos?	Total Units	Fee Option?	Fee Amount or Offsite Address	Nonprofit	Onsite Affordable Units			Market	Off-site	Completed Date
						Very Low Income 50% AMI	Low Income 60% AMI	Moderate Income 100% AMI			
1048 10th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$222,813	<input type="checkbox"/>			4		11/14/2011	
829 Broadway	<input type="checkbox"/>	97	<input type="checkbox"/>		<input type="checkbox"/>		97			01/12/2012	
853 21st St	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>		<input type="checkbox"/>		1	5		02/22/2012	
1007 06th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$82,300	<input type="checkbox"/>			4		03/15/2012	
1502 Broadway	<input checked="" type="checkbox"/>	32	<input type="checkbox"/>		<input type="checkbox"/>	3		29		04/24/2012	
125 Pacific St.	<input checked="" type="checkbox"/>	9	<input checked="" type="checkbox"/>	\$182,997	<input type="checkbox"/>			9		06/15/2012	
941 11th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$229,074	<input type="checkbox"/>			4		06/19/2012	
TOTALS:		156		\$717,184		3	98	55	0		

# of Developments:	<input type="text" value="7"/>
Total Units:	<input type="text" value="156"/>
Total Affordable Units:	<input type="text" value="101"/>

Proposition R Summary	
Requirement	Actual
Overall Afford.	30%
Low Income	15%
	<input type="text" value="65%"/>
	<input type="text" value="2%"/>

AMI = area median income, the income level that divides the income distribution into two equal groups

ATTACHMENT 2

Multifamily Developments In Construction as of June 30, 2012

Address	Condos?	Total Units	Fee Option?	Fee Amount or Offsite	Nonprofit?	Onsite Affordable Units			Market	Off-site	Building Permit Issued
						Very Low Income 50% AMI	Low Income 60% AMI	Moderate Income 100% AMI			
1430 05th St	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St	<input type="checkbox"/>				50	5	05/26/2005
1321 05th St	<input type="checkbox"/>	16	<input checked="" type="checkbox"/>	\$40,178	<input type="checkbox"/>				16		06/09/2005
1420 05th St	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St	<input type="checkbox"/>				50	5	06/29/2005
1750 10th St	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$68,218	<input type="checkbox"/>				8		01/23/2006
914 05th St	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$85,305	<input type="checkbox"/>				4		06/05/2006
947 04th St	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$104,991	<input type="checkbox"/>				5		12/26/2006
1511 15th St	<input type="checkbox"/>	29	<input checked="" type="checkbox"/>	\$34,593	<input type="checkbox"/>				29		05/08/2007
2510 07th St	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>		<input type="checkbox"/>				8		07/12/2007
1327 Euclid St	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$98,376	<input type="checkbox"/>				5		12/14/2007
1437 05th St	<input type="checkbox"/>	27	<input type="checkbox"/>		<input type="checkbox"/>	27					03/21/2008
2640 Lincoln Blvd.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$21,459	<input type="checkbox"/>				2		08/26/2008
1236 25th St	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$64,648	<input type="checkbox"/>				3		09/05/2008
954 05th St	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$184,974	<input type="checkbox"/>				3		09/24/2008
214 Santa Monica Blvd.	<input type="checkbox"/>	38	<input type="checkbox"/>		<input type="checkbox"/>	4			34		01/22/2009
1337 23rd St	<input type="checkbox"/>	4	<input checked="" type="checkbox"/>		<input type="checkbox"/>				4		01/30/2009
811 19th St	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$83,357	<input type="checkbox"/>				5		02/08/2009
1253 17th St	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$162,295	<input type="checkbox"/>				4		11/04/2009
2301 10th St	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$34,390	<input type="checkbox"/>				3		07/07/2010
1127 Princeton St	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>		<input type="checkbox"/>				3		07/12/2010
519 Santa Monica Blvd.	<input type="checkbox"/>	40	<input type="checkbox"/>		<input type="checkbox"/>	4			36		11/12/2010
1447 Lincoln Blvd.	<input type="checkbox"/>	97	<input type="checkbox"/>		<input type="checkbox"/>			97			11/23/2010
1837 12th St	<input checked="" type="checkbox"/>	6	<input checked="" type="checkbox"/>	\$452,877	<input type="checkbox"/>				8		12/07/2010
2602 Broadway	<input type="checkbox"/>	33	<input type="checkbox"/>		<input checked="" type="checkbox"/>	27					01/27/2011
1942 High Place	<input type="checkbox"/>	47	<input type="checkbox"/>		<input checked="" type="checkbox"/>	22	25				03/04/2011
1959 High Place	<input type="checkbox"/>	45	<input type="checkbox"/>		<input checked="" type="checkbox"/>	45					03/06/2011

ATTACHMENT 3

Multifamily Developments w/Planning Approvals During FY11-12

Address	Condos?	Total Units	In-Lieu Fee Option?	Fec or Offsite Address	Nonprofit	Onsite Affordable Units			Market	Off-site	Planning Approval Date
						Very Low Income 50%AMI	Low Income 60% AMI	Moderate Income 100% AMI			
1514 07th St.	<input type="checkbox"/>	26	<input type="checkbox"/>		<input type="checkbox"/>	20		6			08/17/2011
711 Colorado Ave.	<input type="checkbox"/>	26	<input type="checkbox"/>		<input type="checkbox"/>	23	3				11/05/2011
702 Arizona Ave.	<input type="checkbox"/>	49	<input type="checkbox"/>		<input type="checkbox"/>	5			44		11/08/2011
1317 07th St.	<input type="checkbox"/>	57	<input type="checkbox"/>		<input type="checkbox"/>			3	54	6	11/08/2011
401 Broadway	<input type="checkbox"/>	56	<input type="checkbox"/>		<input type="checkbox"/>	6			50		12/13/2011
1533 11th St.	<input checked="" type="checkbox"/>	5	<input type="checkbox"/>		<input type="checkbox"/>			1	4		03/21/2012
1548 06th St. (Add'l)	<input checked="" type="checkbox"/>	4	<input type="checkbox"/>		<input type="checkbox"/>	1			3		03/21/2012
1803 16th St.	<input checked="" type="checkbox"/>	10	<input checked="" type="checkbox"/>	\$164,434	<input type="checkbox"/>				10		03/21/2012
2300 Wilshire Blvd.	<input checked="" type="checkbox"/>	30	<input checked="" type="checkbox"/>		<input type="checkbox"/>				30		04/18/2012
520 Colorado Ave. (City Loan)	<input type="checkbox"/>	34	<input type="checkbox"/>		<input checked="" type="checkbox"/>	33		1			05/22/2012
TOTALS:		297		\$164,434		88	3	11	195	6	

of Developments:
 Total Units:
 Total Affordable Units:

Y.L. Low: Low: Mod.:

Proposition R Summary

Requirement	Actual
Overall Affordability	30%
Low Income	15%
	34%
	31%

AMI = area median income, the income level that divides the income distribution into two equal groups

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.