



Information Item

January 14, 2014

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: FY 12/13 Annual Report Regarding Proposition I

Introduction

This Information Item serves as the Fiscal Year 2012-2013 (FY 12/13) 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 12/13, the City was authorized by Article XXI to financially participate in creating 1,031 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. For FY 13/14, the City is authorized to financially participate in creating 1,035 affordable residences.

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 FY12/13, the City was authorized to financially participate in the creation of 1,031 affordable apartments, although no new affordable housing was financed by the City.

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, 2013, the total number of existing residences in Santa Monica was 52,122, reflecting 51,716 existing residences as of June 30, 2012, plus 448 new residences built in FY 12/13, minus 42 units demolished in FY 12/13. This gives the City the authority to financially participate in the creation of 261 additional affordable apartments (1/2 of 1% of 52,122). Additionally, 257 units of carry-over authority from previous years were not utilized and expired, reducing the City’s overall authority. As a result, the City’s maximum FY 13/14 authorization for the development, construction, or acquisition of affordable residences is 1,035 (1,031 – 257 + 261). 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

427 affordable apartments that were counted toward Proposition I in previous reports and are now in various stages of development. Attachment 4 shows the details regarding the 157 affordable units completed during FY 12/13.

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Attachments

- Attachment 1: Calculations of Annual Authority - FY 12/13 and FY13/14
- Attachment 2: Summary Annual Authority Used and Development Status
- Attachment 3: Pipeline of City-Financed Affordable Housing
- Attachment 4: City-Financed Affordable Housing Completed FY 12/13

ATTACHMENT 1

Prop. I Annual Authority Calculation

[per Section 2120 of City Charter]

FY 2012-13

| | |
|--|-------|
| <i>FY12/13 Total Authority:</i> | 1,031 |
| <i>Authority Used During FY12/13:</i> | 0 |
| <i>Expired Unused Authority at June 2013:</i> | (257) |
| | <hr/> |
| <i>Carryover Authority FY09/10-11/12:</i> | 774 |
| | <hr/> |
| <i>Plus FY 13/14 New Authority</i> | 261 |
| | <hr/> |
| <i>Grand Total FY 13/14 Authority:</i> | 1,035 |

List of Developments Utilizing Prop. I Authority for FY 12/13

| Affordable Housing Address | Project Type | # of Units | Date of Commitment or Planning Approval * |
|---------------------------------------|-------------------------|-----------------------|--|
| <hr/> | | | |
| <hr/> | | | |
| <hr/> | | | |
| <i>Total # of Units:</i> | | | 0 |

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

ATTACHMENT 2

Summary Annual Authority Used and Development Status

From FY 01/02 through FY 12/13, the City of Santa Monica has utilized 1,055 units of Proposition I Authority. A total of 628 of those apartments are completed and 427 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 12/13 | | | |
|---------------------------------|---|--|---|
| <i>Year of Authority</i> | <i>Units Utilizing Authority</i> | <i>Units In Development as of June 2013</i> | <i>Units Completed as of June 2013</i> |
| FY 01/02 | 159 | 105 | 54 |
| FY 02/03 | 180 | 19 * | 161 |
| 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 | 66 | 176 |
| FY 09/10 | 13 | 0 | 13 |
| FY 10/11 | 38 | 38 | 0 |
| FY 11/12 | 64 | 30 ** | 34 |
| FY 12/13 | 0 | 0 | 0 |
| Totals | 1,055 | 427 | 628 |

Footnote:

*High Place East (44 total apartments) was originally counted as 14 of these 19 apartments.

**The remaining 30 units from High Place East are counted against the FY 11/12 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 | 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 | 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 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 | | 427 | | |

FOOTNOTE:

*High Place East was originally counted as 14 apartments.

ATTACHMENT 4

The following table lists the City-financed affordable housing properties completed during FY 12/13.

| City-Financed Affordable Housing Completed FY 12/13 | | | | |
|--|------------------------------|--------------------------|-----------------------------|---|
| <i>Year of Prop. / Authority</i> | <i>Development</i> | <i># of Units</i> | <i>Date Complete</i> | <i>City Funding Source</i> |
| FY 02/03 | 1942 High Place (West) | 47* | November 2012 | <ul style="list-style-type: none"> • Federal Block Grant • TORCA • Redevelopment |
| FY 08/09 | 430 Pico Blvd. | 32 | June 2013 | <ul style="list-style-type: none"> • Redevelopment • Citywide Housing Trust Fund |
| FY 08/09 | 2802 Pico Blvd. | 33 | June 2013 | <ul style="list-style-type: none"> • Redevelopment |
| FY 08/09 | 2602 Broadway | 33 | November 2012 | <ul style="list-style-type: none"> • Redevelopment |
| FY 08/09 | 1438 25 th Street | 12 | August 2012 | <ul style="list-style-type: none"> • Redevelopment |
| Total Units Completed | | 157 | | |

FOOTNOTE:

*High Place West was originally counted as 13 apartments.