



Information Item

June 26, 2014

TO: Mayor and City Council

FROM: Andy Agle, Director of Housing and Economic Development

SUBJECT: Fiscal Year 12/13 Annual Report Concerning the Affordable Housing Production Program

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, 2012 through June 30, 2013 (FY 12/13), as required by Santa Monica Municipal Code Section 9.56.150. This report illustrates that the City met and exceeded the Proposition R requirement that 30 percent of all multifamily housing completed in FY 12/13 be affordable at all levels. Fifty-one percent of the multifamily residences that were completed in FY 12/13 were affordable (246 of 478 residences completed). Proposition R also requires that at least 15 percent of newly constructed residences be targeted to low-income households; 31 percent of the residences built during FY 12/13 were low-income and very low-income residences (149 of 478 residences completed). The information detailed in this report indicates that a majority of the multifamily housing in the development pipeline is targeted to low-income households, which exceeds the Proposition R mandate.

Background

Proposition R was adopted by the voters of the City of Santa Monica on November 6, 1990, and was added as Section 6.30 to the City Charter. It was then 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 the City shall be affordable to, and occupied by, low- and moderate-income households. Moreover, Proposition R requires that at least one half of the newly constructed affordable residences be restricted to low-income households. Low-income is defined as "a household with an income not exceeding 60 percent of the

Los Angeles County median income,” and moderate-income is defined as “a household with an income not exceeding one hundred percent (100%) of the Los Angeles County median income.”

FY 12/13 Income Levels by Household Size		
Household Size	Low Income	Moderate Income
One Person	\$35,900	\$59,800
Two Person	\$41,000	\$68,400
Three Person	\$46,100	\$76,900
Four Person	\$51,200	\$85,400

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 residences onsite in the new development allocating 10 percent of the residences to very low-income households, 20 percent of the residences to low-income households, or, in non-residential zones, 100 percent of the residences to moderate-income households.
- Construct affordable residences offsite 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 \$27.79 per square foot for apartments and \$32.46 per square foot for condominiums.
- Dedicate or sell land to the City or nonprofit housing provider for affordable housing.

Discussion

Implementation of the City’s AHPP for the FY 12/13 reporting period is summarized below. The following chart indicates the number of multifamily residences completed

during the fiscal year, the number in construction, the number that have been given planning approval but have not begun construction, and the number of those residences that are designated as affordable.

FY 12/13 Affordable Housing Production Program Summary			
Development Stage	Total Residences	Affordable Residences	Percent Affordable
Completed	478	246	51%
In Construction	874	324	37%
Planning Approvals	510	99	19%
TOTAL	1,862	669	35%

Completed Developments

Attachment #1 of this report indicates that 14 developments totaling 478 residences were completed during FY 12/13. Six developments provided 246 affordable housing residences onsite. Three developments fulfilled their affordable housing requirements by providing affordable apartments offsite. Five developments paid a total of \$442,246 in affordable housing fees rather than providing affordable residences onsite or offsite. 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 newly constructed 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/market-rate 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.

Summary of Developments in the Pipeline

To assess the AHPP's progress, in addition to the developments completed in FY 12/13, staff tracks those multifamily housing developments that are in the pipeline (in construction or received planning approvals) during the FY 12/13 reporting period. The residences 'in construction' typically anticipate an 18-month construction period and are at varying stages in the process, ranging from breaking ground to nearing construction completion. Therefore, it is anticipated that only a portion of these residences in construction will be completed during FY 13/14. Developments that receive planning approvals are generally two to three years away from completion.

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 12/13 reporting period. Building permits remained active for 874 residences in 31 new multifamily developments. If all of these developments are completed during a single reporting period, then 37 percent (324 residences) will be affordable: 304 very low- and low-income residences, and 20 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 13/14.

Planning Approvals

Attachment #3 indicates that 8 multifamily developments, containing 510 residences, received planning approvals during FY 12/13. Ninety-nine of these 510 residences (19 percent) will be affordable at the following affordability levels: 44 very low-income and 55 moderate-income.

The Future of Proposition R

The data that the City collects regarding housing construction in Santa Monica may also warn of difficulties for the future of Proposition R. Attachment #1 shows that a large portion, 30 percent, of the affordable housing that was completed during FY 12/13 was built by nonprofit, publicly subsidized developers. Likewise, Attachment #2 shows that

47 percent of affordable apartments in construction are being built by nonprofit organizations.

Historically, the funding for subsidizing nonprofit developments came from the Housing Trust Fund that was created in part by the Redevelopment Program. With the dissolution of the Redevelopment Agency in February 2012, and the subsequent loss of funding for the Housing Trust Fund, staff anticipates significantly fewer affordable apartments being built in the future. This may make it more difficult to meet the requirements of Proposition R.

Historical Data

Although the Proposition R mandate is measured on an annual basis, the information in Attachment #4 provides a historical perspective and average for the affordable housing accomplishments since the passage of Proposition R. Cumulatively, the City is exceeding Proposition R's 30 percent affordable housing mandate. From FY 94/95 through FY 12/13, the aggregate percentage of affordable residences among all new multifamily residences that were built totals 38 percent.

Prepared by: Jonathan Carr, Administrative Analyst

Attachments

Attachment #1 - Multifamily Developments Completed During FY 12/13

Attachment #2 - Multifamily Developments in Construction as of June 30, 2013

Attachment #3 - Multifamily Developments Approved During FY 12/13

Attachment #4 - Cumulative Proposition R Achievements – FY 94/95 through FY 12/13

ATTACHMENT #1

Multifamily Developments Completed During FY2012-13

[July 2012-June 2013]

Address	Condos?	Total Units	Fee or Off-site Option?	Fee Amount or Off-site Address	Nonprofit	Onsite Affordable Units			Market	Off-site	Completed Date
						Very Low Income 50% AMI	Low Income 60% AMI	Moderate Income 100% AMI			
1814 12th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$64,409	<input type="checkbox"/>				4		08/13/2012
2602 Broadway [City Loan]	<input type="checkbox"/>	33	<input type="checkbox"/>		<input checked="" type="checkbox"/>	27	6				10/22/2012
1942 High Place [City Loan]	<input type="checkbox"/>	47	<input type="checkbox"/>		<input checked="" type="checkbox"/>	22	25				11/27/2012
519 Santa Monica	<input type="checkbox"/>	40	<input type="checkbox"/>		<input type="checkbox"/>	4			36		01/17/2013
1420 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St.	<input type="checkbox"/>				50	5	01/22/2013
1430 05th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1514 7th St.	<input type="checkbox"/>				50	5	01/22/2013
1447 Lincoln Blvd.	<input type="checkbox"/>	97	<input type="checkbox"/>		<input type="checkbox"/>			97			02/05/2013
1827 16th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$183,144	<input type="checkbox"/>				5		02/25/2013
1511 15th St.	<input type="checkbox"/>	29	<input checked="" type="checkbox"/>	\$34,593	<input type="checkbox"/>				29		02/28/2013
1242 Chelsea	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$76,744	<input type="checkbox"/>				3		03/26/2013
1427 07th St.	<input type="checkbox"/>	50	<input type="checkbox"/>	1650 Lincoln	<input type="checkbox"/>				50	5	04/15/2013
811 19th St.	<input checked="" type="checkbox"/>	5	<input checked="" type="checkbox"/>	\$83,357	<input type="checkbox"/>				5		05/15/2013
430 Pico Blvd. [City Loan]	<input type="checkbox"/>	32	<input type="checkbox"/>		<input checked="" type="checkbox"/>	25	7				06/04/2013
2802 Pico Blvd. [City Loan]	<input type="checkbox"/>	33	<input type="checkbox"/>		<input checked="" type="checkbox"/>	27	6				06/25/2013
TOTALS		478		\$442,246		105	44	97	232	15	

Number of Developments: 14

Total Units: 478

Total Affordable Units: 246

Proposition R Summary

Overall Affordability: Requirement 30% Actual 51%

Low Income: Requirement 15% Actual 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 project will satisfy its affordable housing obligation. Such offsite units are not included (or double-counted) in the figures to the left.

ATTACHMENT #2

Multifamily Developments In Construction as of June 30, 2013

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			
1321 05th St.	<input type="checkbox"/>	16	<input checked="" type="checkbox"/>	\$40,178	<input type="checkbox"/>				16		06/09/2005
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
2510 07th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$422,499	<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
1253 17th St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$202,586	<input type="checkbox"/>				4		11/04/2009
829 Broadway II	<input type="checkbox"/>	19	<input type="checkbox"/>		<input type="checkbox"/>			19			04/28/2010
2301 10th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$179,523	<input type="checkbox"/>				3		07/07/2010
1127 Princeton St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$200,019	<input type="checkbox"/>				3		07/12/2010
1837 12th St.	<input checked="" type="checkbox"/>	8	<input checked="" type="checkbox"/>	\$452,877	<input type="checkbox"/>				8		12/07/2010
1959 High Place	<input type="checkbox"/>	45	<input type="checkbox"/>		<input checked="" type="checkbox"/>	45					03/06/2011
1171 Franklin St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>		<input type="checkbox"/>			1	5		04/04/2011
1319 Yale St.	<input checked="" type="checkbox"/>	6	<input type="checkbox"/>		<input type="checkbox"/>	1			5		05/28/2011
603 Arizona Ave.	<input type="checkbox"/>	39	<input type="checkbox"/>		<input type="checkbox"/>		7		32		06/07/2011
1012 02nd St.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$212,678	<input type="checkbox"/>				4		12/07/2011
908 05th St.	<input checked="" type="checkbox"/>	3	<input type="checkbox"/>		<input type="checkbox"/>				3		01/20/2012
1754 19th St.	<input type="checkbox"/>	49	<input type="checkbox"/>		<input checked="" type="checkbox"/>	49					01/30/2012
1827 09th St.	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$69,090	<input type="checkbox"/>				2		05/31/2012
612 Lincoln Blvd.	<input checked="" type="checkbox"/>	4	<input checked="" type="checkbox"/>	\$180,413	<input type="checkbox"/>				4		09/14/2012

Multifamily Developments In Construction as of June 30, 2013

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			
702 Arizona Ave.	<input type="checkbox"/>	49	<input type="checkbox"/>		<input type="checkbox"/>	5		44		10/18/2012	
1317 07th St.	<input type="checkbox"/>	57	<input type="checkbox"/>		<input type="checkbox"/>	6		51		10/18/2012	
1919 04th St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$228,161	<input type="checkbox"/>			3		10/22/2012	
525 Broadway	<input checked="" type="checkbox"/>	125	<input type="checkbox"/>	1650 Lincoln	<input type="checkbox"/>			125	10	11/30/2012	
2438 Ocean Park Blvd	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$91,269	<input type="checkbox"/>			2		12/17/2012	
1725 Ocean Ave.	<input type="checkbox"/>	324	<input type="checkbox"/>		<input checked="" type="checkbox"/>	105	55	164		01/28/2013	
TOTALS:		874		\$2,907,264		193	111	550	10		

Number of Developments: 31	Proposition R Summary Requirement: 30%
Total Units: 874	Overall Affordability: 37%
Total Affordable Units: 324	Low Income: 35%

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 project will satisfy its affordable housing obligation. Such offsite units are not included (or double-counted) in the figures to the left.

ATTACHMENT #3

Multifamily Developments w/Planning Approvals During FY12-13

Address	Condos?	Total Units	In-Lieu Fee Option?	Fee 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			
1834 Euclid St.	<input type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$59,744	<input type="checkbox"/>				2		09/06/2012
1548 06th St.	<input type="checkbox"/>	4	<input type="checkbox"/>	1522 6th Street	<input type="checkbox"/>	1			3		10/23/2012
1433 14th St.	<input checked="" type="checkbox"/>	19	<input checked="" type="checkbox"/>	\$891,676	<input type="checkbox"/>				19		01/24/2013
2901 Santa Monica Blv	<input type="checkbox"/>	50	<input type="checkbox"/>		<input type="checkbox"/>		50				03/04/2013
2316 03rd St.	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	\$217,831	<input type="checkbox"/>				3		03/20/2013
2930 Colorado Ave.	<input type="checkbox"/>	377	<input type="checkbox"/>		<input type="checkbox"/>	38 *			339		04/09/2013
2913 10th St.	<input checked="" type="checkbox"/>	2	<input checked="" type="checkbox"/>	\$142,272	<input type="checkbox"/>				3		06/17/2013
1318 02nd St.	<input type="checkbox"/>	53	<input type="checkbox"/>		<input type="checkbox"/>	5			43		06/25/2013
TOTALS:		510		\$1,311,523		44		0	412	0	

Number of Developments:	8
Total Units:	510
Total Affordable Units:	99

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

Proposition R Summary		
Overall Affordability	Requirement	Actual
Low Income	30%	19%
	15%	9%

* 2930 Colorado Ave. - The breakdown of affordable units for this development was 35 Very-Low Income (50%) and 3 Extremely-Low Income (30%). As of FY12-13, the City did not have an AHPP category for Extremely-Low Income, so for the purposes of this report all 38 units are presented in the "Very-Low Income" category.

ATTACHMENT #4

Cumulative Proposition R Achievements: Affordable New Multifamily Residences Completed Annually FY 94/95 through FY 12/13				
Reporting Period	Total Residences	Affordable Residences	Percent Affordable	Percent Very-Low and Low-Income Residences
FY94/95	11	2	18%	18%
FY95/96	0	0	0%	0%
FY96/97	108	98	91%	36%
FY97/98	111	68	61%	40%
FY98/99	168	146	87%	33%
FY99/00	166	123	74%	72%
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	254	92	36%	18%
FY08/09	537	248	46%	15%
FY09/10	189	20	11%	7%
FY10/11	134	8	6%	6%
FY11/12	156	101	65%	2%
FY12/13	478	246	51%	31%
TOTAL:	4,247	1,627	38%	21%