



Information Item

November 17, 2014

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: FY 13/14 Annual Report Regarding Proposition I

Introduction

This Information Item serves as the Fiscal Year 2013-2014 (FY 13/14) 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 13/14, the City was authorized by Article XXI to financially participate in creating 1,035 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 14/15, the City is authorized to financially participate in creating 1,040 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 FY13/14, the City was authorized to financially participate in the creation of 1,035 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, 2014, the total number of existing residences in Santa Monica was 52,449, reflecting 52,122 existing residences as of June 30, 2013, plus 375 new residences built in FY 13/14, minus 48 units demolished in FY 13/14. This gives the City the authority to financially participate in the creation of 262 additional affordable apartments (1/2 of 1% of 52,449). 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 14/15 authorization for the development, construction, or acquisition of affordable residences is 1,040 (1,035 – 257 + 262). 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 provided the primary source of Housing Trust Fund monies available to create new affordable housing or rehabilitate existing housing for low-income households.

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 170 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 265 affordable units completed during FY 13/14.

Prepared by: Jonathan Carr, Administrative Analyst

Attachments

- Attachment 1: Calculations of Annual Authority - FY 13/14 and FY 14/15
- 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 13/14

ATTACHMENT 1

Prop. I Annual Authority Calculation

[per Section 2120 of City Charter]

FY 2013-14

<i>FY13/14 Total Authority:</i>	1,035
<i>Authority Used During FY13/14:</i>	
<i>Expired Unused Authority at June 2014:</i>	(257)
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<i>Carryover Authority FY11/12-13/14:</i>	778
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<i>Plus FY 14/15 New Authority:</i>	262
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<i>Grand Total FY 14/15 Authority:</i>	1,040

List of Developments Utilizing Prop. I Authority for FY 13/14

Affordable Housing Address	Project Type	# of Units	Date of Commitment or Planning Approval *
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Total # of Units:			0

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

ATTACHMENT 2

Summary Annual Authority Used and Development Status

From FY 01/02 through FY 13/14, the City of Santa Monica has utilized 1,063 units of Proposition I Authority. A total of 893 of those apartments are completed and 170 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 13/14			
<i>Year of Authority</i>	<i>Units Utilizing Authority</i>	<i>Units In Development as of June 2014</i>	<i>Units Completed as of June 2014</i>
FY 01/02	159	105	54
FY 02/03	180	5	175 *
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	0	188
FY 08/09	242	17	225
FY 09/10	13	0	13
FY 10/11	46	34 **	12
FY 11/12	64	0	64 ***
FY 12/13	0	0	0
FY 13/14	0	0	0
Totals	1,063	170	893

Footnotes:

- * 2401 Virginia Ave (44 total apartments) was originally counted as 14 of these 175 apartments.
- ** 520 Colorado, originally estimated as 26 apartments, is being constructed with 34 affordable apartments.
- *** The remaining 30 units from 2401 Virginia Ave 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	2018 19 th Street	5	On Hold – RDA Dissolution	<ul style="list-style-type: none"> • Redevelopment
FY 03/04	1342 Berkeley	9	Predevelopment	<ul style="list-style-type: none"> • TORCA
FY 08/09	1616 Ocean Avenue	17	Predevelopment	<ul style="list-style-type: none"> • TORCA
FY 10/11	520 Colorado	34 *	Under Construction	<ul style="list-style-type: none"> • Redevelopment
Total Units in Pipeline		170		

* 520 Colorado, originally estimated as 26 apartments, is being constructed with 34 affordable apartments.

ATTACHMENT 4

The following table lists the City-financed affordable housing properties completed during FY 13/14.

City-Financed Affordable Housing Completed FY 13/14				
<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	2401 Virginia Ave (a.k.a. 1959 High Place East)	44 *	4/22/2014	<ul style="list-style-type: none"> • Redevelopment • Citywide Housing Trust Fund
FY 07/08	1725 Ocean Avenue (a.k.a. Civic Center Village)	160	1/31/2014	<ul style="list-style-type: none"> • Redevelopment
FY 08/09	FAME (multiple addresses)	49	4/30/2014	<ul style="list-style-type: none"> • Redevelopment
FY 10/11	2309-15 Oak Street	12	6/10/2014	<ul style="list-style-type: none"> • TORCA
Total Units Completed		265		

FOOTNOTE:

* 2401 Virginia Ave (formerly High Place East) was originally counted as 14 apartments.