

AFFORDABLE HOUSING TRUST FUND  
PRIORITY PLAN

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CITY OF SANTA MONICA  
HOUSING DIVISION

INTRODUCTION: AFFORDABLE HOUSING DEVELOPMENT

There are two principal affordable housing development programs; both differ in terms of who has been served and who has not. In the discussion of Affordable Housing Trust Fund spending, these numbers and the City's Strategic Goal of "inclusivity and diversity" can be factored in, along with the loss of affordable housing and who has been/is at risk.

- AFFORDABLE HOUSING PRODUCTION PROGRAM (AHPP), applies to private developments. The AHPP is incentive-based (e.g., "bonus density"), and requires a smaller percentage of affordable residences in each new development. For about 25 years, 73-75% of the AHPP onsite affordable housing has served the 80%-120% of Area Median Income (AMI) households.
- AFFORDABLE HOUSING TRUST FUND (HTF), is a depository of local funds, with revenue collected from:  
1) Commercial Linkage Fee; 2) GS/GSH Retail Sales Tax; 3) Developer In-Lieu (or opt-out) Fee; and 4) Redevelopment Agency "boomerang" funds.

Affordable Housing Trust Fund allocations are for: New Construction, and Acquisition/Rehabilitation. A housing document, "Housing Trust Fund Guidelines," assists City staff in determining funding priorities, such as underserved populations and the most efficient per-unit, per-project cost.

Our Affordable Housing Trust Fund provides more permanent and deeper affordability, and prioritizes the 30%-80% of AMI families, seniors, and Special Needs (PWDs).

HOUSING PRODUCTION OVERVIEW

- The state HOUSING ELEMENT/REGIONAL HOUSING NEEDS ASSESSMENT (HE/RHNA), imposes a 7-year benchmark for local development of residential housing. The housing

HOUSING PRODUCTION OVERVIEW  
(Continued)

is new construction. The HOUSING ELEMENT/REGIONAL HOUSING NEEDS ASSESSMENT (HE/RHNA) specifies the number of new residential units for each income level. The HE/ RHNA Quantified Objective is the local determination by our City Council, and from public input, on new development and what is feasible, such as specific household incomes/ production numbers during the 7-year period.

- PROPOSITION R (1990), is a local Ordinance which establishes annual, minimum affordability goals, with at least 30% or more of all new residential development affordable each year to low- and moderate-income households.
- AFFORDABLE HOUSING TRUST FUND (HTF), our depository for local taxes/fees, supports 100% affordable housing (new, acquisition/rehabilitation). The local revenue targets specific populations, provides deeper affordability, and serves the lower-income households most in need.

DISCUSSION

TRUST FUND PRIORITY PLAN

Local financing, and its success, relies on two factors: The leveraging of other sources of funding (such as for new construction), and the availability of land sites, or property. There are uncertainties regarding federal Tax Credit Financing. As for land availability/costs, it would be helpful to identify City-owned land, evaluate its current use, and the potentials for affordable housing development.

QUESTIONS

TRUST FUND BUDGET (#3):

- 1) What is the year-to-year, and total, Trust Fund revenue for the Housing Element/RHNA period remaining through 2021?

TRUST FUND BUDGET (#3):  
(Continued)

**Staff estimates annual Measure GS revenue allocated to the Housing Trust Fund (HTF) to be in the \$8-\$9 million range. Additionally, one-time redevelopment loan repayment funds allocated to affordable housing are estimated to be as follows:**

<b>FY2017-18</b>	<b>\$9,960,405 [estimated]</b>
<b>FY2018-19</b>	<b>\$15,668,648 [estimated]</b>
<b>FY2019-20</b>	<b>\$10,652,725 [estimated]</b>
<b>FY2020-21</b>	<b>\$14,275,782 [estimated]</b>
<b>FY2021-22</b>	<b>\$8,664,940 [estimated]</b>

**Additionally, other revenue allocated to the HTF includes inclusionary housing in-lieu fees, affordable housing commercial linkage fees, and ‘residual receipts’ loan payments from City-funded affordable housing developments. It is difficult to estimate the amount of annual revenue from these three sources, as in-lieu fees and linkage fees are tied to real estate development cycles, and residual receipts loan payments vary depending on rental property operating/maintenance costs.**

2) What is the availability of various leveraging sources, such as the status of Tax Credit Financing; L.A. County Measure H; and L.A. City Measure HHH?

**Tax credit financing is still available to qualifying developers/developments and represents the most significant non-City of Santa Monica source of financing for newly-constructed affordable housing. Funding from Los Angeles County Measure H is for services for persons experiencing homelessness and not for affordable housing construction. Funding from the City of Los Angeles Measure HHH is for housing development within the City of Los Angeles.**

3) Regarding funding/housing for the homeless (Measures H; HHH), what City departments/staff would coordinate, apply, and what amounts are available?

**Housing staff, with support from Human Services staff, are currently working on a Memorandum of Understanding with the County that would allow for Measure H funds to help fund supportive services for new, permanent supportive housing for persons experiencing homelessness.**

TRUST FUND LAND SITES (#2):

1) What City-owned parcels are available for affordable housing, such as location and lot size?

**Staff is working to gather this information and make it available as soon as possible. In general, City-owned property — other than parks, City Hall, Police and Fire Stations, City Yards, Big Blue Bus facility, Civic Center Auditorium, the Pier, properties for which public-private partnerships are underway or contemplated (4th and Arizona, Bergamot station, and 4th and Colorado), and properties with long-term leases (Civic Center Village, Viceroy Hotel, etc.) — would mostly be comprised of public parking lots/structures.**

2) In the Santa Monica Downtown, the BBB Transit Yard (Colorado Ave./5th St.), is a large, underutilized City parcel adjacent to the OPCC/The People Concern homeless service center on Olympic Blvd. What is the potential to adapt the Transit Yard into a shared-use site, and what is the number of supportive housing residences the property could sustain?

**The feasibility of using a portion of the Big Blue Bus Yard for supportive housing would involve a significant amount of research and analysis. Staff has not been directed by Council to undertake such a study.**

**Several years ago, staff took a preliminary look at the feasibility of using some of the Big Blue Bus Yard for more intensive uses. The feasibility was impacted by a variety of considerations, including the fact that most of the bus yard is used intensively at some point during the day. For example, while the area where the buses park is not full during the day, the area fills up at night when the buses are no longer in service. Similarly, the areas for parking passenger cars (primarily the personal vehicles of BBB employees) fills during the day and has availability at night. While one might contemplate parking passenger vehicles in the bus parking area while buses are in service, it presents safety challenges when pedestrians, passenger vehicles, 40- and 60-foot buses, and fueling for 180 buses with highly combustible fuel and fueling systems are interacting in the same area.**

**An alternative consideration could be to place bus or car parking into above- or below-grade structured parking. Given the lengths and turning radii of buses, such a structure would likely be very expensive. Parking for passenger cars would likely be less expensive, though it does raise the issue of costs and revenues. As you know, the BBB provides essential travel service for many of the lowest-income members of the community. To reduce pressure on bus fares, Council has directed staff to evaluate opportunities to capitalize on the BBB's real estate holdings. Structuring parking to create either an income-producing use or affordable housing would create policy trade-offs between keeping costs down for low-income bus riders and providing housing for low-income households.**

**One final consideration is that transit could change significantly once shared, autonomous vehicles become a transportation staple. As the transportation field evolves, opportunities may arise at the BBB Yard.**

#### TRUST FUND OPTIONS

Three Options are discussed to help achieve our Affordable Housing Trust Fund goals, and for the Housing Element/RHNA period remaining through 2021:

OPTION 1 sets a minimum goal of 181 new residential units, and OPTION 2 sets a minimum goal of 231 residential units. OPTIONS 1/2 include housing funding for the first time for Moderate Income (81%-120% of AMI) households, with 24 residential units. OPTION 3 sets a minimum goal of 227 residential units, and satisfies the typical use of Trust Funds, by limiting funding to lower incomes and deeper affordability.

## QUESTIONS

### TRUST FUND OPTIONS (#2):

1) Do our current Trust Fund Guidelines prioritize housing loans for households earning 60% of AMI or less?, and do they establish income maximums?

**Yes, the Guidelines prioritize housing that benefits a high percentage of very low- and low-income households. Yes, the Guidelines establish income maximums.**

2) OPTIONS 1/2 would allocate Trust Funds for higher-income affordable housing. Would adding higher incomes (81%-120% of AMI) impede on the work of our nonprofits and the availability of Tax Credit Financing?

**Historically, tax credit financing required income targeting at/below 60% of area median income (AMI), so the pro-rata share of development costs for apartments targeted above 60% AMI would not be eligible for the financing. Currently there are proposed regulations which would allow some apartments within a tax credit development to target households at/below 80% of area median income.**

## OTHER

### PRESERVING OUR DIVERSITY (POD)

The current Affordable Housing Trust Fund Guidelines do not include the Preserving Our Diversity (POD) program as an eligible use of funds. The POD program was initiated in 2016-17 by the Housing Commission, and provides a monthly payment to seniors who are severely housing burdened. The program is cost-efficient, low-impact, and addresses the City's Strategic Goal of inclusivity and diversity: The housing already exists, there is no need to construct or acquire land, and our residents most at-risk for displacement stay housed.

QUESTIONS

PRESERVING OUR DIVERSITY (#2):

1) What is the POD budget for rental subsidies/administration for the 22 pilot program participants?

**The Council-approved budget for the POD pilot program is \$300,000; \$200,000 is allocated for subsidies and \$100,000 for program administration.**

2) What is the expected yearly cost for rental subsidies/administration for participant retention/replacement, and for any expanded POD program?

**That is difficult to answer without having more specific information about the scope, and target population, of an expanded POD program. The average POD subsidy for the pilot program participants is \$455/month for 1-person households and \$597/month for 2-person households. Information about the POD program implementation was presented at the Housing Commission's February 15, 2018 meeting, Agenda Item 4-B; click [here](#) to view the staff report.**