



REPORT TO DEVELOPMENT OVERSIGHT COMMISSION City of Sacramento

5

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
April 7, 2008

Honorable Members of the Development Oversight Commission:

Subject: 2008-2013 Housing Element Update

Location/Council District: Citywide

Recommendation: Review and provide comment on: 1) constraints to housing development; 2) proposed programs that could alleviate or aggravate these constraints; and 3) the Regional Housing Needs Allocation and the draft residential land inventory.

Contact: Greg Sandlund, Assistant Planner, (916) 808-8931; Desmond Parrington, Infill Coordinator, (916) 808-5044.

Presenters: Greg Sandlund, Assistant Planner, (916) 808-8931

Department: Planning Department

Division: Long Range Division

Organization Number: 4912

Description/ Analysis

Issue: The Housing Element is one of seven required elements of the General Plan, and the only one that requires certification by the State. The State requires that jurisdictions make sufficient efforts in planning for housing needs by ensuring that an adequate vacant residential land and appropriate housing programs and policies are in place. There are five required sections in the Housing Element: a housing needs assessment/community profile, an analysis of constraints to housing development, resources for market rate and affordable housing development, an evaluation of past performance, and the goals, policies and programs. Findings from the community profile are included in Attachment 1.

The Housing Element is the overall housing strategy for the City and creates programs for the implementation of housing policy. The new Housing Element, which will cover the years 2008-2013 must be adopted and certified by the State Department of Housing and Community Development (HCD) by June 30, 2008.

Staff is seeking the DOC's input on existing constraints to residential development and on proposed programs to overcome these constraints. As mentioned above, the Housing Element must analyze the nongovernmental and governmental factors ("constraints"), some of which are unique to Sacramento, that inhibit the development, maintenance, or improvement of housing. Governmental constraints generally entail fees, policies and regulations that are obstacles to housing production. Nongovernmental constraints include environmental factors as well as land and construction costs that restrict housing development. Findings from our initial constraints analysis include:

- High development costs that challenge the ability of homebuilders to provide housing affordable to low- or moderate income households.
- The lack of a reasonable accommodations ordinance that provides clear and consistent permit procedures and development standards for housing that meets the needs of persons with disabilities.
- New FEMA flood zone mapping that will severely restrict new development in North and South Natomas until Sacramento can meet certain benchmarks for the completion of flood control improvements.
- Density bonus requirements in the City's Zoning Code that do not reflect current state law, which allow for more generous bonuses than the City's current code.
- The Artist Live/Work Ordinance is restricted to arts activities which limits other potential live/work housing developments.
- Required parking for multifamily housing outside the central city (1.5 spaces per unit), which could be a constraint for senior housing and/or housing for one-person households.
- The requirement of one parking space per bedroom for second residential units could constrain the construction of larger second units suitable for small families.

Some of the proposed programs in the 2008-2013 Housing Element that would alleviate constraints to development would be:

- Adopting a reasonable accommodation ordinance that streamlines and formalizes City procedures related to accessibility and adaptability accommodations for development.
- Updating the Density Bonus Ordinance to reflect current State law.
- Amending the Artist's Live/Work Space Ordinance to allow a broader definition of live work units in all multifamily and most residential zones subject to compliance with developmental standards.
- Amending the Zoning Code to reduce the parking requirement for senior and efficiency units in the general city area from 1.5 parking spaces per unit to 1 parking space per unit.
- Amending the Zoning Code to change the parking requirement for second residential units from one space per bedroom to one space per unit.

Many of the governmental constraints identified in the current 2002-2007 Housing Element have been reduced or eliminated by the MATRIX's successful implementation. This has addressed the need for preliminary review of proposed projects, interdepartmental coordination and fostered improved coordination, and streamlined the development review process.

A second aspect of the Housing Element that has a direct impact on residential development is the requirement for an inventory of vacant land to meet projected growth. Every five years, the State requires councils of government, such as SACOG, to develop a plan to accommodate population growth within their region. This is referred to as the Regional Housing Needs Assessment (RHNA) and it is broken down by income category (very low, low, moderate, and above moderate).

With input from all jurisdictions in their region, SACOG has developed and adopted a share of the RHNA for each city and county. The City of Sacramento's share is 17,649 units, of which 5,054 must be affordable to low and very low income households. HCD generally equates affordability with higher densities. As a result, the City must demonstrate that it has sufficient vacant land that is appropriately zoned to accommodate those 17,649 housing units, including higher density land for the 5,054 units of housing affordable to lower-income households.

Staff has determined that despite not being able to count land in North and South Natomas in our land inventory (because of inadequate flood protection), the City should have enough appropriately zoned land to satisfy RHNA requirements. The methodology for our land inventory is described in Attachment 2.


After input from the DOC and other City commissions, staff and its consultant will prepare a public review draft of the 2008-2013 Housing Element which will be available in early May and available on the Housing Element Update's website which is located at <http://www.sacgp.org/GeneralPlanHousingElement.html>. Staff will be taking the draft 2008-2013 Housing Element for Council's approval on May 27th. Following HCD's 60 day review, it is anticipated that Council will adopt the 2008-2013 Housing Element in August of this year.

Policy Considerations: The 2008-2013 Housing Element is closely tied to policy development for the 2030 General Plan and will set the citywide housing policies and programs for the next five years.

Rationale for Recommendation: Given the DOC's efforts to improve the development review process, input on the Housing Element, especially as it relates to alleviating constraints to residential development, is critical to the development of an effective Housing Element. Staff would like this input prior to taking the draft 2008-2013 Housing Element to the Council for approval on May 27th, 2008.

Financial Considerations: There are no financial impacts associated with the update on the Housing Element preparation. Funds have previously been committed for the Housing Element consultant contract.

DOC Goals and Recommendations: N/A

Respectfully submitted by: 
Greg Sandlund
Assistant Planner

Recommendation Approved:


for 
Carol Shearly
Director of the Planning Department

Table of Contents:

Report Pg 1

Attachments:

1 Findings from the Community Profile Pg 5

2 Land Inventory Methodology Pg 8

Findings from the Community Profile

Per State law, the Housing Element must include a profile of housing needs for the City. The Community Profile section sets the context for the Housing Element with demographic trends, housing characteristics and growth indicators that speak to current and projected housing needs. The final draft of the Community Profile will be included in the draft 2008-2013 Housing Element, which is anticipated to go before Council on May 27th.

Population and Household Characteristics

- Sacramento's population increased by nearly 100,000 between 1990 and 2007, largely due to development in North Natomas and the South Area.
- The fastest growing age group was persons between 50 and 59, followed by persons in their 20s and 40s.
- The number of persons 65 years of age or more has not increased as rapidly at other age groups, although the total number of older adults continues to increase.
- The Hispanic population has the fastest rate of population growth rate among all racial and ethnic groups
- The city's population is growing faster than the number of households, yet surprisingly household size has declined slightly since 2000.

Income and Employment

- 50 percent of all households have lower incomes.
- The elderly and large families are more likely than others to have lower incomes.
- The city resembles a "barbell" with large numbers of relatively poor and affluent residents and relatively fewer middle income residents.
- Job growth and opportunities are mostly in lower wage employment sectors.

Housing Characteristics

- Nearly 26,000 housing units were built between 2000 and 2007 (including almost 18,000 single-family homes), the largest amount of homebuilding since the 1950s.
- About $\frac{2}{3}$ of the city's housing is single-family homes, of which 18% are renter-occupied (compared to 14% countywide and statewide).
- Sacramento has a relatively low homeownership rate—52% compared to 57% statewide.
- The vacancy rate in 2006 was 3.3% for owner-occupied housing and 7% for rental housing, slightly above the "normal" vacancy rates for a housing market in balance.
- About 57% of the city's housing units are more than 30 years old, making them susceptible to repair or maintenance concerns.
- Between 15% and 19% of the city's housing (15,000 to 28,000 units) may need rehabilitation and another 1,300 to 2,000 units may need replacement.

Housing Cost and Affordability

- The median home price increased in the city from \$151, 027 in 2002 to \$300,000 in 2007. The median price peaked in 2006 at \$339, 500.
- Area rents increased 5.5 percent per year on average between 2002 and 2007. Rent increases were higher in the early 2000s but leveled off after 2003.
- In 1997 about 65 percent of Sacramento area households could afford the median priced home. This dropped to 15 percent by the first quarter of 2007.
- Market rents in Sacramento are not affordable to extremely low income households or most very low income households.
- Many low income households can afford market rents in older buildings, but few newly constructed apartment units have market rents affordable to low income households.
- In 2006, the Census Bureau estimated that 42 percent of homeowners and over 56 percent renters paid more than 30 percent of their incomes for housing.
- Over 58 percent of lower income households paid more than 30 percent of their incomes for housing in 2000.
- Overcrowding increased from 8.5 percent of all households in 1990 to 11 percent in 2000. Overcrowding may have decreased to five percent of all households in 2006, but insufficient data is available to determine whether this is a short-term trend.

New Housing Needs, Special Housing Needs, and At-Risk

- The city needs to accommodate 17,649 housing units between 2006 and 2013, of which 29 percent should be affordable to extremely low or very low income households.
- There are over 9,000 subsidized rental housing units in the city, of which 394 are at highest risk of converting to market rate housing.
- Over 17 percent of city households have extremely low incomes. Large families, Black households, and persons with disabilities are most likely to have extremely low incomes.
- Nearly 9,000 city residents live in group quarters, mostly in nursing homes and other residential care facilities.
- Female-headed households with children account for about ten percent of all households. Nearly 40 percent have poverty level incomes.
- Seniors account for about 11 percent of city residents. Over 20 percent have extremely low incomes. Among seniors, single women have the lowest median income.
- Large families (households with five or more related persons) account for 11 percent of city households. Nearly half of large family renters have extremely low incomes.
- As many as 23 percent of city residents have one or more disabilities. Over 25 percent had extremely low incomes.
- A January 2007 countywide homeless count found 2,452 such individuals. Over 1,400 homeless individuals were counted in various shelters and transitional housing, while about 1,000 were counted in unsheltered locations.

Land Inventory Methodology

The sites selected in the Housing Element's land inventory are based off the City's vacant land and a small list of reuse sites. The City's existing land use inventory was first developed in 2004 for the technical background report of its 2030 General Plan. The starting point was the County Assessor's land use designation, which is issued when new building permits are pulled or change of ownership has occurred. Other land uses were identified using City GIS data (i.e., parks, schools, fire, police, etc.). Staff also reviewed permits, aerial photography and conducted field surveys of parcels.

The methodology for determining parcels that had strong potential for reuse or redevelopment was structured in two parts. First, parcels were selected that were within designated neighborhood commercial corridors, a ¼ mile radius of all light rail stations, 2030 General Plan opportunity areas, and the City's identified redevelopment areas. The parcels were then analyzed to see whether the land value was worth more than the structural value, or where the structural value and land value were equal to zero.

In July of 2007, City staff updated the vacant parcel list by reviewing the most recent parcel/assessor land use codes, querying permit data, flagging new development/vacant parcels, and reviewing updated aerial photography to determine validity of vacant parcels. All of the reuse sites selected allowed multifamily development by right and can accommodate densities of 29 dwelling units an acre or greater.