



MEMO

TO: Matthew Gerken, AECOM

FROM: Doug Svensson, AICP
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SUBJECT: Suisun City Affordable Housing Evaluation – Housing Element

This memorandum summarizes the City of Suisun City 2015-2023 Housing Element affordable housing policies and implementation goals as they relate to the Downtown Waterfront Specific Plan (DWSP). Combined with further analysis as to the feasibility of affordable housing products in the PDA, this information will help inform the affordable housing strategy for the Downtown Waterfront Specific Plan.

Summary of Findings

Overall, City policies and programs support additional affordable housing in the PDA and the City. The potential for new affordable housing units in the PDA will accommodate much of the housing unit shortfalls stated in the Housing Element. These housing units may be medium- and higher-density residential development or part of a mixed-use development that uses the City's density bonus ordinance, in addition to grants, tax credits, and/or other subsidies.

Given the parcelization and infrastructure conditions in the Downtown area, there is some concern that development costs may constrain the development of certain types of affordable housing products. We recommend the City add an analysis of potential barriers to affordable housing Downtown as part of the overall feasibility analysis in the implementation plan for the DWSP.

Suisun City Housing Policies

The policies in the Housing Element summarize the City's quantified objectives (Table 1) and supporting programs to encourage affordable housing development. The City's plan to construct new housing according to ABAG's Regional Housing Needs Allocation (RHNA) between 2015 and 2023, projects an additional 505 dwelling units. The total units include 147 (29%) very low income units, 57 (11%) low income units, 60 (12%) moderate income units, and 241 (48%) above moderate income

units. In addition to the 505 units, 132 units of affordable housing units will be conserved (p.41). To encourage development of affordable housing units, the City will consider deferring fees and expediting project application reviews to developers who provide affordable housing as part of a proposed development. In addition, the City also provides additional regulatory and financial incentives, as indicated in the 2015-2023 Housing Element, to encourage additional affordable housing development in the City. The following policies and current action items indicate the City's interests in affordable housing development:

- Policy 1.C/Program 1.C.1 – In support of a balanced housing inventory in the City to fulfill a variety of housing needs, the City will contact affordable housing developers annually to provide them with a list of vacant and underutilized sites for the development of affordable housing.
- Policy 1.C/Program 1.C.2 – The City will continue to provide regulatory and financial incentives to increase the probability that residential development will be constructed in commercial zones, either as single-use or mixed-use projects, particularly within the Downtown/Waterfront Specific Plan area. Although redevelopment set-aside funds are no longer available to develop extremely low-, very low-, low, and moderate-income projects and assist developers with securing additional funding, the City will seek other sources in partnership with non-profit housing agencies.
- Policy 1.C/Program 1.A.3 – To ensure adequate sites are available to meet the City's Regional Housing Needs Allocation (RHNA), the City will evaluate the availability of sites appropriate for lower-income housing and will rezone sufficient sites to accommodate the RHNA if necessary.
- Policy 1.D/Program 1.D.1 – To establish affordable housing goals for new development that include extremely low-, very low-, moderate-, and above moderate-income housing in the City, the program requires developers of residential development to a) provide a percentage of units at a below-market rent price; b) pay a fee; or c) proposed alternative measure to meet affordable housing requirement. Due to market constraints, the City has not pursued the development of an inclusionary housing ordinance, but will continue to review in the future.
- Policy 1.D/Program 1.D.2 – The City has adopted this program (Ordinance 728) on 11/16/2014 to establish a density bonus ordinance. This ordinance intends to promote the financial feasibility of producing affordable housing units.
- Policy 1.E/Program 1.E.1 – The City provides financial incentives to make construction of affordable housing economically feasible by applying for state and federal subsidies. The City will assist nonprofit housing corporations and for-profit developers in applying for funding for eligible projects, such as the HOME Program and Community Development Block Grants.

- Policy 1.E/Program 1.E.2 – The City will continue to seek nonprofit housing sponsors/developers interested in developing affordable housing in the City, and contact nonprofit housing sponsors as funding for sites and projects is available.
- Policy 1.E/Program 1.E.3 – The City continues to meet with representatives from the County and adjacent Cities to discuss the feasibility of a mortgage revenue bond or mortgage credit certificate allocation. The City will promote the availability of bond financing within local development community to generate interests in developing affordable housing units.
- Policy 2.A/Program 2.B.1 – The City's Housing Authority will continue to seek additional Section 8 vouchers for very low-income residents to reduce households paying more than 30 percent of income for housing expenses.
- Policy 3.A/Program 3.A.3 – The City will assist in the funding of affordable housing for older adults, including application for funds and bonds to provide low-cost financing. The City will assist older, low-income homeowners to rehabilitate their homes.
- Policy 3.A/Program 3.A.4 – The City will cooperate with Travis Air Force Base to identify unmet needs among military personnel for affordable housing in the City.
- Policy 3.A/Program 3.A.5 – The City will encourage affordable rental housing development for low- and moderate-income households to contain appropriate percentages of 3 and 4 bedroom units.

While the majority of the City's new housing units needs are assumed to be above moderate-income (241 units) and very low-income (110 units), low-income units are assumed to occupy 100 percent of existing housing units that will be conserved. Rehabilitation units and second units represent only a small portion of the projected inventory but would be predominantly occupied by low-income and very low-income households. Table 1 shows the City's quantified objectives over an eight year time period, between 2015 to 2023 (p.41):

Table 1
City of Suisun City Affordable Housing Goals, 2015-2023

	Extremely Low-Income	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	TOTAL
Designated Sites to Meet the RHNA New Construction Need at a Minimum (Average Yearly Need of 64	37 (7.3%)	110 (21.8%)	57 (11.3%)	60 (11.8%)	241 (47.7%)	505

Units/Year)						
Second Units	1	2	2	1	1	7
Rehabilitation	0	3	8	5	2	18
Affordable Housing Units to be Conserved	0	0	132	0	0	132
TOTAL	38	115	199	66	244	662

Source: City of Suisun City Housing Element 2015-2023

According to the City's Housing Element Program 1.A.1, the City anticipates having a 108-unit shortfall from the 4th cycle Housing Element. In the Downtown Waterfront area, the City will rezone one site to Mixed Use (APNs 0032-081-310, -050, -060, -070, and -320 and 0032-082-140) and one site to High Density Residential (APNs 0032-411-070,-080,-090, -100, and -110) to accommodate the shortfall by January 31, 2016. In addition, to accommodate a 204 unit shortfall for this cycle as part of the Downtown Waterfront Specific Plan update process currently, the City will rezone two sites, one to Mixed Use (APNs 0032-042-120, -130, and -640) and one to High Density Residential (APNs 0032-281-060, -130, and -110) will be completed by May 31, 2016. Please see Exhibit 1, which illustrates the locations to be made available for higher-density residential development.

As noted in ADE's residential market analysis, citywide population is projected to continue to grow at a steady pace, between 2.8% to 3.4% during the five-year increments between 2010 and 2040 (ABAG). This would increase the City population from 28,111 to 33,700 residents, and add approximately 1,500 households. ADE projects growth of about 1,040 new households in the PDA. Based on current General Plan land use designations, a little more than 500 units could be built outside the PDA area. Therefore, while approximately 10% of the population resides in the PDA area currently, the PDA is expected to absorb two-thirds of future residential growth.

Based on the RHNA's housing unit needs and the residential demand analysis, ADE expects two-thirds of new households will be in the PDA area, and a portion of the total 505 units of new construction affordable housing between 2015 and 2023 will be in the City's PDA area. Proportionally, approximately 40.4 percent of the new units in the PDA area during this time frame will need to accommodate extremely low-income, very low-income, and low-income residential households. The remaining housing units will accommodate moderate and above moderate-income households.

As reported in the housing element, the County median income was approximately \$79,200 in 2010, and has increased to \$82,600 in 2014. In 2010, the city had 1,410 (16.3 percent) very low-income households, with an annual income of less than \$41,200. The total number of low-income households earning between \$41,201 and \$65,000 was 1,440 (16.6 percent) and there were 2,215 (25.6 percent) households earning moderate income. Approximately 41.5 percent of households were above the moderate income.

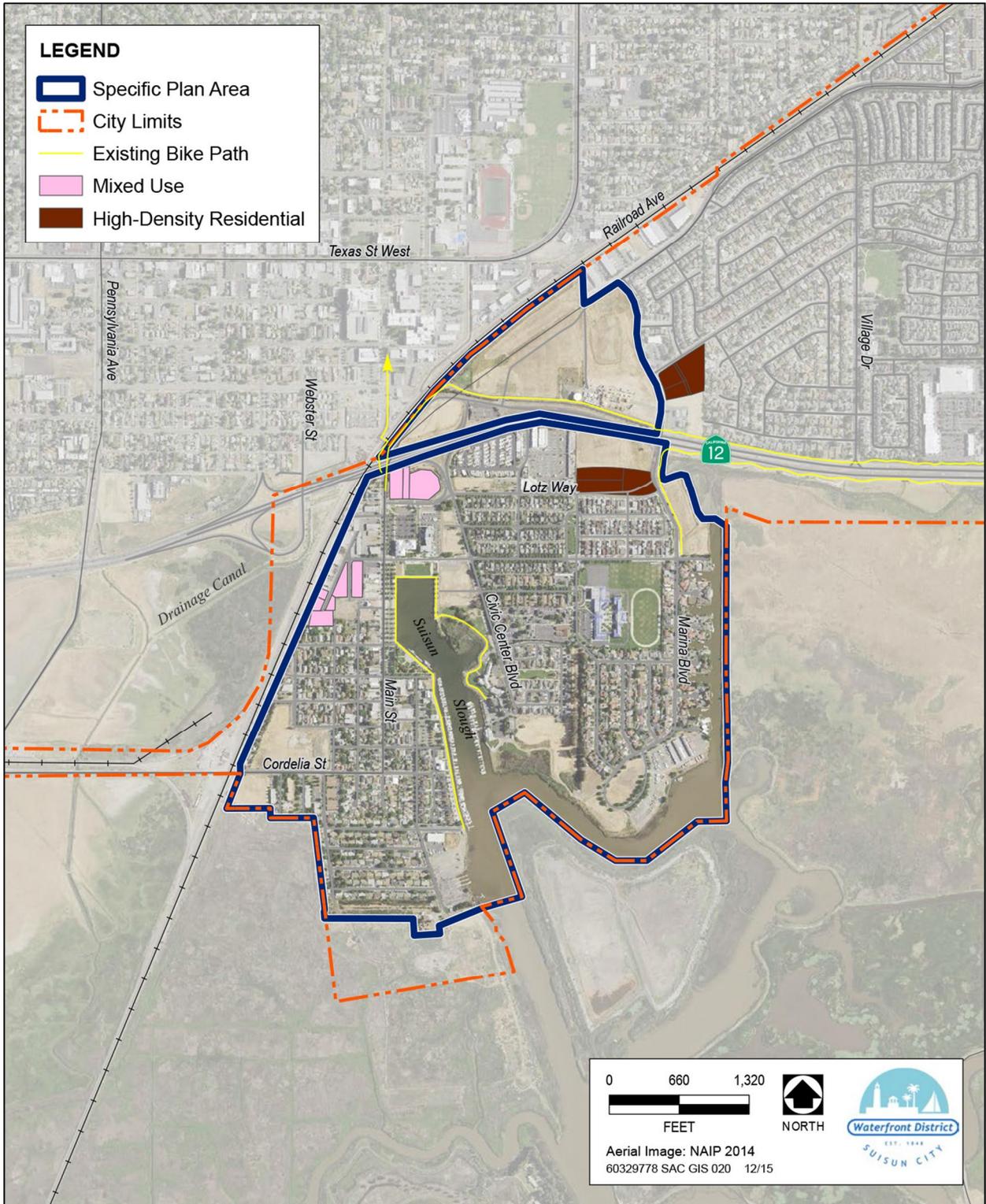


Exhibit 1

Re-Zoning

Using the household income data for the PDA in 2012 (ADE Market Study, Table 9) approximately 41.7 percent of PDA's households are in the very low income category (less than 50 percent of median, or \$41,200). Low income households (51 to 80 percent of median income, or less than \$65,000) account for approximately 14.5 percent of the total PDA's households. Alternatively, low-income units may also be priced at 80 percent of median income – the top of the permitted range, when including tax credit equity and tax-exempt bond financing, depending on financing availability. ADE estimates that this includes less than 10 percent of the PDA households in the \$50,000-\$74,999 household income category.

Given typical housing development costs, a rental product is most appropriate for households with income of 50 percent of median or below. Therefore, low-income, very low-income and extremely low-income households are assumed to be rental residential units. Moderate and above moderate income units are assumed to be for-sale units. Thus, these new units can be medium density rental apartments, or part of higher density mixed-use development.