



CHAPTER 5 – AFFORDABLE HOUSING PLAN

5.1 Overview

State law (California Government Code Section 655584) requires each city and county plan to accommodate a fair share of the region's housing needs through zoning and land use. In urban areas, state law provides for councils of governments to prepare regional housing need allocation plans that assign a share of the region's housing need to each city and county. In the six-county greater Sacramento region, the Sacramento Area Council of Governments (SACOG) is the entity authorized to determine the future housing needs for the region. SACOG adopted the most recent Regional Housing Need Allocation (RHNA) Plan in 2012, for the planning period 2013 through the year 2021. Each city receives a total number of housing units it must plan for within this time frame. Each allocation includes a distribution for housing affordable to very low, low and moderate income households. The City of Roseville's General Plan Housing Element, which is consistent with state law, establishes a citywide goal to provide decent, safe, adequate and affordable housing in sufficient quantities for all economic segments of the community.

The City's Housing Element currently specifies an affordable housing goal of ten percent of all new housing units in the City be affordable to middle-, low- and very-low income households. The ARSP proposes a mix of housing types to provide the greatest opportunity to create affordable housing. The ARSP affordable housing program has been structured to be consistent with and implement the General Plan affordable housing goal.

Housing in the ARSP is planned to have a mix of housing types in low, medium and high density residential neighborhoods. Similar to existing low-density residential (LDR) areas of Roseville, it is anticipated that the LDR units provided in the ARSP area will provide market-rate housing affordable to moderate and above-moderate income households. The medium-density (MDR) and high-density (HDR) residential areas will provide greater opportunities for creating affordable housing for all income ranges. As outlined later in this chapter, the ARSP affordable housing plan focuses on HDR parcels and is structured to be consistent with the City's General Plan affordable housing goals.

5.2 Definition of Housing Affordability

Housing affordability is based on household income categories as defined by the U.S. Department of Housing and Urban Development (HUD). The standard measure of affordability is the median household income calculated for the Sacramento – Arden-Arcade – Roseville, CA Metropolitan Statistical Area. All jurisdictions within this Metropolitan Statistical Area, which includes all of Placer County, utilize the same basic income calculations irrespective of actual income level distribution in the community. Income categories are summarized in Table 5.1.

<i>Income Category</i>	<i>Percent of Median Income</i>
Very-Low Income	Less than 50% of Median
Low-Income	51% to 80% of Median
Middle-Income	81% to 100% of Median
Moderate Income	101% to 120% of Median
Above Moderate Income	121% and Above of Median

Based on sales and rental qualifications and the definition of affordability, the City's Housing Element includes the following housing assistance needs identified for each income group:

- Very Low Income Households not currently owning their own home will not be able to qualify for home ownership without substantial subsidies, unless their incomes rise significantly. Rental subsidies for very-low income households are needed to maintain affordability.
- Low-Income Households not currently owning their own home will require loan subsidies to afford and qualify for homeownership. Rental subsidies for low-income households are needed to maintain affordability.
- Middle- and Moderate-Income Households may require some assistance in purchasing a home since the price range of new homes in Roseville may exceed their ability to pay. This group is likely to afford rental units without financial assistance.
- Above Moderate Income Households are considered financially able to find affordable units, both for purchase and rent, within Roseville's housing market.

Numerous assumptions are required to translate household income to affordable rental rates and purchase prices. Lenders ultimately determine the actual purchasing power of household income at a given point in time. A household can qualify to purchase a home based on annual income, down payment, level of other long-term financial obligation and interest rates.

For planning purposes, the City of Roseville assumes for rental units, low- and very-low income households should not spend more than thirty percent (30%) of their monthly gross income on housing costs, including utilities. For middle-income households, thirty-five (35%) of monthly gross income is used to determine housing affordability. Purchase housing costs include payment of principal, interest, taxes, insurance, and any homeowner's association dues.

It is recognized that various factors which determine affordability continually change, and project specific affordability standards need to be established and adjusted as development occurs. To that end, the 10 percent affordable housing goal is calculated for each Specific Plan Area based on the total residential units mapped.

5.3 Affordable Housing Program

Consistent with the City of Roseville’s General Plan Housing Element, at least ten percent of the units in the ARSP have been designated for lower income households, specifically low- and very-low income households. This includes rental housing affordable to low- and very-low income households. To provide housing affordable to the income level households with the greatest needs, the ARSP provides a total of 283 rental units affordable to the low- and very-low income households, consistent with the City’s ten percent affordable housing goal in the City’s General Plan Housing Element. Sixty percent of affordable units in the ARSP will be affordable to low-income residents and forty percent to very-low income residents. The ARSP affordable housing goal is summarized below in Table 5.2.

Table 5.2 ARSP Affordable Housing Program		
<i>Dwelling Type</i>	<i>Number of Units</i>	<i>Percentage</i>
Low-Income (Rental)	170 Units	60%
Very Low-Income (Rental)	113 Units	40%
Total Affordable Units	283 Units	100%
<i>GP Affordable Housing Requirement</i>	<i>283 Units</i>	

Table 5.3 lists the parcels in the Plan Area that have been identified for low and very low income units. Certain funding sources available for low and very low units are awarded based upon location and adjacency to services, and require the units to be located on one piece of property. This greatly affects non-profit developers in their ability to successfully bring these units to the market. The locations of the parcels for low and very low rental units are identified in Figure 5.1 below.

Table 5.3 Affordable Housing Allocation – Rental					
<i>Parcel</i>	<i>Land Use</i>	<i>Total Units in Parcel</i>	<i>Total Affordable Allocation</i>	<i>Very-Low Income Rental</i>	<i>Low-Income Rental</i>
AR-19	HDR	230	170	68	102
AR-44	HDR	150	113	45	68
Total			283 Units	113	170

5.4 Administration and Implementation

Residential builders are encouraged to explore creative approaches in providing a range of housing opportunities to meet the needs of low- and very-low-income households. Over time, housing markets, income categories, funding programs, and other factors change, and it is important to retain some level of flexibility to ensure that affordable housing goals are achieved.

The options outlined below may be considered to assist in achieving the ARSP affordable housing goal. It should be noted that the City reserves the right to consider alternatives to achieving affordable housing within the ARSP (such as allowing carriage units or granny flats in LDR or MDR areas), should the cost of producing the affordable housing preclude the City from accessing federal and state financing programs, or if legislation mandates the City to alter its approach to affordable housing.

Transfers/Credits

Subject to administrative approval by the Director of the City’s Housing Division or designee, the affordable housing allocations of 283 affordable rental units identified on Table 5.3 may be transferred among parcels within the ARSP. In addition, to the extent that the number of affordable units produced on a parcel exceeds the number of affordable units allocated to that parcel, the excess units may be credited

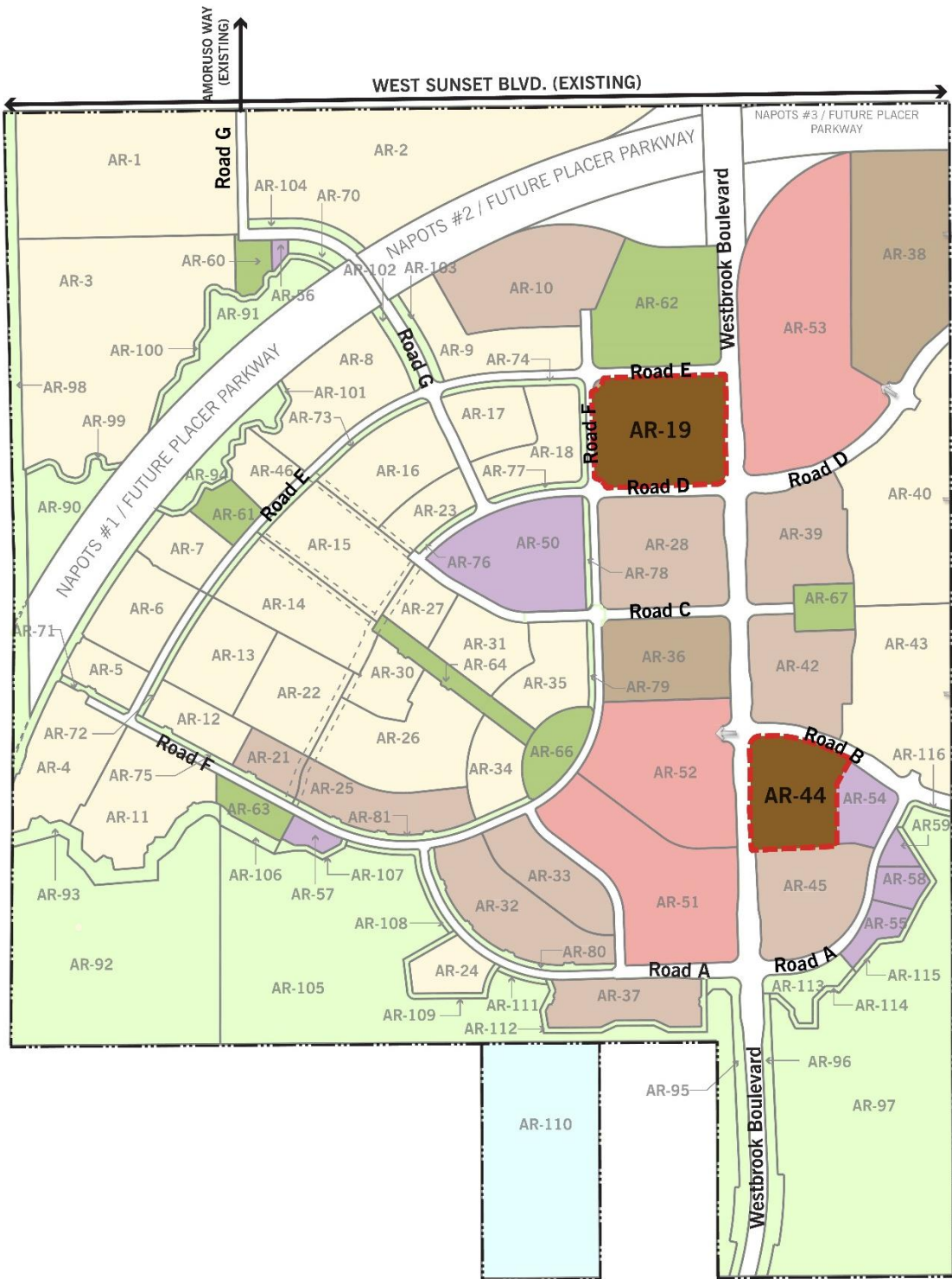


Figure 5.1: Low and Very Low Affordable Housing Distribution

towards meeting the ARSP affordable housing goal assigned to the other parcel. Transfer and/or credits may be approved by the Director of the City's Housing Division or designee, without the need for amendments to the ARSP or to the ARSP Development Agreements, if it is determined that the transfers/credits maintain the ability to produce affordable units and achieve the ARSP affordable housing goal and:

- The transfers/credits are applied to parcels within the ARSP and are covered by the same Development Agreement;
- The transfers/credits improve the ability to produce affordable units and achieve the affordable housing goal of the ARSP.

Requests for transfers and/or credits shall include information as deemed necessary by the City to ensure consistency with the ARSP's affordable housing program. In addition, a revised affordable housing allocation (Table 5.3) shall be provided reflecting adjusted affordable unit allocations. The City's housing division shall maintain all revisions to Table 5.3 as the official ARSP affordable housing allocation record. The affordable housing unit transfer shall be memorialized by way of a recorded Memorandum of Understanding (or substitute form as specified by the City).

Density Bonus

The City may, in accordance with its Density Bonus Ordinance (Zoning Ordinance, Chapter 19.28) and the General Plan Housing Element, assign additional residential units to projects for the purpose of achieving the affordable housing goal. The increase in units provided by the density bonus is intended to reduce average per unit development costs. In the ARSP, a density bonus is assigned by City approval of an Affordable Housing Agreement to individual projects on a case-by-case basis, and may constitute a portion of the subsidy (if required) for the provision of affordable units.

In-Lieu Fee

To the extent an in-lieu affordable housing fee is adopted on a citywide basis, a portion of the affordable very low housing allocation identified in Table 5.2 may be satisfied by paying an in-lieu fee, subject to approval by the Director of the City's Housing Division.

5.5 Affordable Rental Housing Agreement

An Affordable Rental Housing Agreement (or substitute form as specified by the City) is required to detail and secure the specific requirements and obligations. Among other provisions, the Affordable Rental Housing Agreement will:

- Specify the number of affordable units to be reserved at each income level;
- Specify the term of the affordability obligation;
- Set initial rent for the designated affordable units;
- Establish criteria and a basis for annual rent increases;
- Provide the City with a mechanism to monitor actual rents; and,
- Identify any City or other subsidies required to assist in meeting the affordability requirement and, if applicable, the basis and terms for refunding such subsidies.

Affordable Rental Housing Agreements require City approval prior to the issuance of building permits, or recordation of a final small lot map where a subdivision map is required, for any large-lot parcel with an affordable housing allocation. The total number of affordable units required is to be calculated based on the number of final units mapped.

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