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Elk Grove, California A Study of Political Will and Affordable Housing Production

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Elk Grove, California
A Study of Political Will and Affordable Housing Production

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Debra Carlton

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Abstract

If a city has a state approved housing element as part of its general plan and has provided dollars to aid in the construction of affordable housing, will that housing be constructed? This study will demonstrate that the answer to this question is "No." It will go on to demonstrate that "political will" – or lack thereof – plays the deciding factor in whether affordable housing is constructed in a city. This study focuses on a five-year old city – Elk Grove – located 15 miles south of Sacramento. This study will also provide assumptions about the factors that inhibit the political will in this city.

II

Introduction

A Study of Political Will and Affordable Housing Production

"Political will is an important component of any successful major infrastructure effort. The task of connecting people across generations and regions into a sense of common destiny requires leaders willing to provide a vision." (*California 2025, Taking on the Future*, pg 224) When it comes to affordable housing construction, political will can be hard to muster.

This study examines the City of Elk Grove, located just 15 miles south of California's state capital – Sacramento. Elk Grove is among the fastest growing cities in California. Incorporated in July of 2000, it has gone from a population of just more than 72,000 to nearly 121,000 in five years. It is nestled within the fastest growing school district in the nation, (counted as the 8th largest district in California.) It is growing at such a significant pace that children are being uprooted from one school and moved to another in order to balance classroom sizes. At the same time, it is not possible to move from one area of Elk Grove to another without experiencing significant traffic congestion and road construction.

This study will demonstrate that *while* Elk Grove is effectively meeting a demand for above-moderate income housing for its citizens, it, like other cities in the region, is falling far short of its state obligation for the production of affordable housing. At the same time, this study will attempt to shed some light on the factors that interfere with the political will or desire of the citizens to see affordable housing constructed in a community.

The City of Elk Grove had its start in agriculture, and it is still a big part of the Sacramento area's economy today, with vineyards, dairy farms, and row crops. There is

now also high technology, professional service, commercial, and retail enterprises. If you use Jonathan Robbin's¹ definitions of clustered neighborhoods, you might categorize Elk Grove today as "Soccer Teams and SUV's" meet "Agri-Business."²

Without political will to ensure affordable housing is constructed, market forces will tend towards that which is most profitable – market rate housing and commercial infrastructure. With all forces remaining constant, the lack of political will of city leaders and the citizens themselves hamper the production of affordable housing units for those residents who need it.

For this paper, "political will" is measured with the use of a resident survey. Candidate platforms were also reviewed to understand the importance that affordable housing played during the most recent city elections. And Planning Commission actions were reviewed for their role in zoning decisions that impact the construction of affordable housing. This study reviews and analyzes housing production since the city's incorporation in July of 2000 and compares it with other cities in the Sacramento region.

¹" In 1974, a computer scientist turned entrepreneur named Jonathan Robbin devised a popular target-marketing system by matching zip codes with census data and consumer surveys. Labeling his creation PRIZM (Potential Rating Index for Zip Markets), he programmed computers to sort the nation's 36,000 zip codes into forty "lifestyle clusters," and he claimed to have the ability to predict what residents within these clusters would buy, read, eat, and how they would vote. (Weiss, 1988, p. xii)

² Robbin's term was actually "Furs and Station Wagons," which was used to define new money in metropolitan bedroom suburbs. Furs may no longer be the apparel of choice for upwardly mobile young families, and SUV's have replaced Station Wagons – at least in Elk Grove.

III

Literature Review

A. The Overall Problem of Affordable Housing – A National Perspective

By most all accounts, our nation is experiencing a crisis in its affordable housing inventory. As presented in a report by the Millennial Housing Commission³, housing affordability is the single greatest problem facing the nation today. "In 1999, one in nine households reported spending more than half of their income on housing, while hundreds of thousands went homeless on any given night." (Millennial Housing Commission, 2002, p. 21)

The people with the greatest housing needs are very low-income households that cannot afford to pay for "decent" quality units. "Most of these households are renters, but U.S. government housing policies are mainly designed to encourage ownership. So there is very little housing affordable to the poor who need housing assistance most." (Downs, 2003)

And housing affordability is no longer a problem limited to just low- or very low-income families. "One in four families spent more than 30 percent of their annual income on housing. We are becoming a nation of the functional poor when it comes to housing." (Farmer, 2004)

³ The Millennial Housing Commission was created by Federal law and given the responsibility to examine, (1) the importance of housing, particularly affordable housing, including housing for the elderly; (2) the various possible methods for increasing the role of the private sector in providing affordable housing in the United States, including the effectiveness and efficiency of such methods; and (3) whether the existing programs of the Department of Housing and Urban Development work in conjunction with one another to provide better housing opportunities for families, neighborhoods, and communities.
<http://govinfo.library.unt.edu/mhc/mandate.html>

Paradoxically, home ownership has hit record highs in the 21st Century and the employment rate nationally as well as in California is at its lowest rate in almost 30 years.

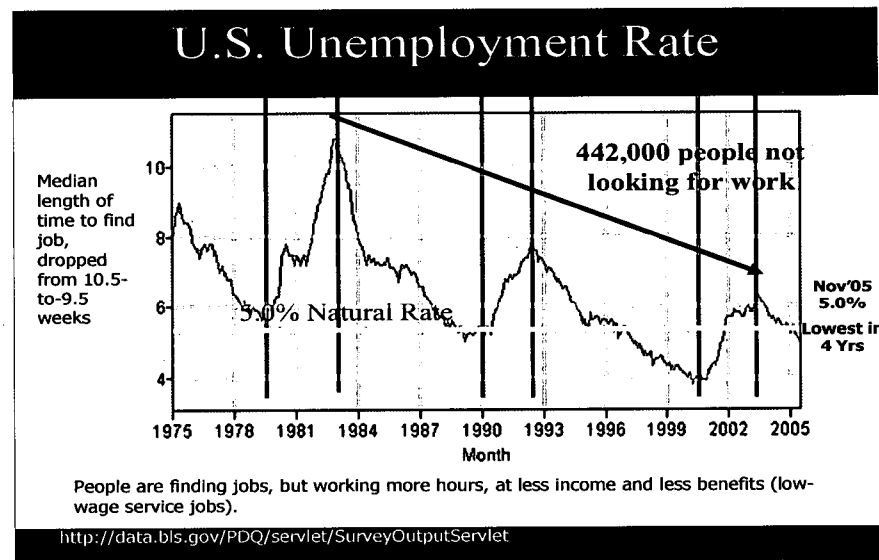


Figure 1

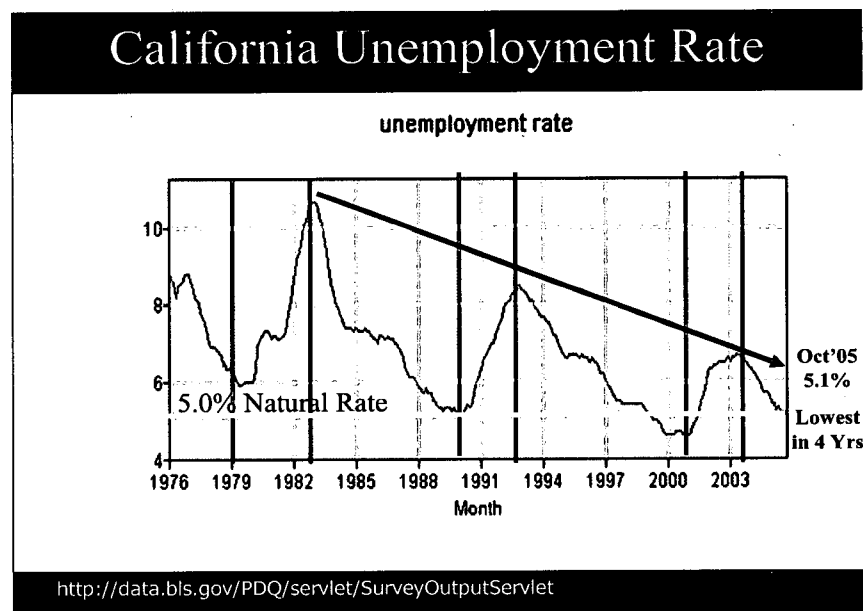


Figure 2

Rapid technological innovation has increased productivity and created longer, sustainable economic growth. By all accounts, however, many American's are being left

behind. They are spending a large percentage of their discretionary income on housing, placing it in competition with other essentials, like food. (Bodaken and Heitlinger 2002).

At the source of the affordability problem is the difference between the number of low-wage jobs and the high costs of housing production. The nation's housing challenges will not diminish without the involvement of all levels of government, as well as the collaboration of businesses and nonprofit housing and service providers.

Unfortunately, however, with the growing federal deficit, the administration is proposing deep cuts in community development and housing programs. (The Joint Center for Housing Studies of Harvard University, 2005, p.1)

B. California's Affordability Challenges - In California, the crisis is even more acute. Few issues in California are as important as its ability to meet future housing needs. California is the least affordable state in the nation, particularly for individuals and families who rent their homes. As demonstrated in the chart below, only 15 percent of the population in California earns the median income, giving them the ability to afford the median price homes. At the same time, the gap between owning and renting is significantly higher than other states.

Housing Affordability Index			
Affordability	Sept '04	Sept '05	% Ch.
United States	55%	49%	-12.3%
California	19%	15%	-15.0%
SF Bay Area	15%	12%	-29.4%
Los Angeles	17%	13%	-20.0%
Santa Clara	23%	19%	-25.0%
Sacramento	25%	20%	-36.4%
Riv.-San Co.	22%	19%	-28.6%
Orange Co	13%	11%	-15.4%
San Diego	11%	9%	-28.6%

Source: California Association of Realtors and Johnson/Souza Group, Inc.

Figure 3

The Gap between Owning and Renting in California – Comparison with Other States				
(Sorted by % Gap)	2Q2005	Monthly Housing		%
Metro Area	Average Rent	Costs	\$ Gap	Gap
Bay Area	\$ 1,365	\$ 3,822	\$ 2,457.27	280.0%
Orange County	\$ 1,315	\$ 3,606	\$ 2,291.23	274.2%
San Diego	\$ 1,377	\$ 3,138	\$ 1,760.87	227.9%
Los Angeles	\$ 1,372	\$ 2,569	\$ 1,196.55	187.2%
Sacramento	\$ 1,047	\$ 1,955	\$ 907.61	186.7%
Riverside-San Bernardino	\$ 1,054	\$ 1,918	\$ 863.72	181.9%
Seattle	\$ 999	\$ 1,697	\$ 698.39	169.9%
Portland	\$ 701	\$ 1,183	\$ 481.52	168.7%
Denver	\$ 797	\$ 1,248	\$ 450.54	156.5%
Phoenix	\$ 816	\$ 1,024	\$ 208.46	125.5%
Salt Lake City	\$ 760	\$ 830	\$ 69.93	109.2%

Sources: California and National Association of Realtors; Updated: 06/30/2005
Economy.com; RealFacts, Inc.; and Johnson/Souza Group, Inc.

Figure 4

Median Home Prices

Home Prices	Oct'04	Oct'05	Y-O-Y % Ch.
United States	\$188,1200	\$215,900	14.7%
West	\$271,000	\$322,000	18.8%
California	\$459,530	\$538,770	17.2%
Bay Area	\$650,920	\$719,660	10.6%
Los Angeles	\$458,210	\$557,730	21.7%
Santa Clara	\$636,000	\$741,000	16.5%
Sacramento	\$337,780	\$383,280	13.5%
Riv.-San. Co.	\$317,990	\$394,840	24.2%
Orange Co	\$662,090	\$701,520	12.8%
San Diego	\$566,740	\$601,850	6.2%

Source: California and National Associations of Realtors and Johnson/Souza Group, Inc.

Figure 5

California is not adequately providing housing for the very people who have helped make it rich. It has the greatest share of households that are severely burdened when it comes to their housing costs. More specifically, Californians too are increasingly spending more than 30 percent of their income on housing, a figure often quoted as an unreasonable percent for a family to spend. (Pelletiere, Treskon, and Crowley August 2005, p.6)

By some estimates, "between 1997 and 2020, California will likely add more than 12.5 million new residents and should form approximately 5 million new households." (Landis, 2004, p.8) But California seems unwilling or unable to meet this demand for housing. California is expected to build less than 60 percent of the new housing units it needs to accommodate estimated population and household growth that is projected between 1997 and 2020.

From 2000 through 2005, the accumulated gap between housing production and housing demand is projected to total 370,000 units, averaging 50,000 to 60,000 housing units per year.

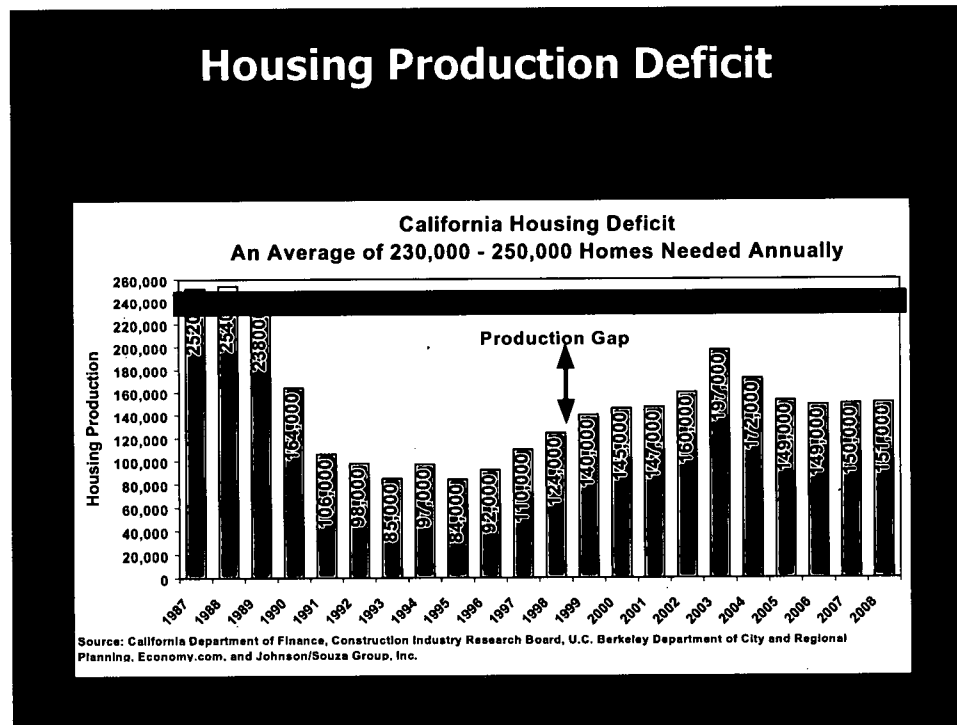


Figure 6

If California builders and apartment developers are to meet projected homeownership and rental housing demands, they will need an adequate supply of appropriately zoned land as well as capital. They will also need to operate within a regulatory environment that makes it possible to build housing when and where it is needed and at prices that Californians can afford. (Landis, 2004, p. 8).

The number of low-income households needing some form of housing assistance could increase to 1.3 million by 2020. If there is no comparable increase in housing assistance levels, total unmet affordable housing needs in California will rise to about 3.7 million units in 2020. Because affordable housing needs track with rents, a slowdown in rental housing production will cause rents and, therefore, affordable housing needs to climb. (Landis, 2004, p. 11)

Languishing household incomes have worsened the state's affordable housing problems. While the incomes of median households have increased, low-income household incomes have dropped significantly. In addition, the household income of the median renter has failed to keep pace with inflation; "the incomes of low-income renters, in particular, registered the largest decline between 1989 and 2002, after adjusting for inflation." (California Budget Project, 2004, p. 2)

California's business owners, however, continue to oppose any increase in the state's minimum wage laws. This year's legislative attempt to increase the state's minimum wage from \$6.75 to \$7.25 per hour was vetoed by Governor Schwarzenegger. Supporters of the legislation (Assembly Bill 48, 2005-06 Regular Session) argued that California's current minimum wage has lost significant value since it was last raised. According to a 2005 publication of the California Budget Project, "more than half the jobs in the California economy provide full-time, year-round wages that are below twice the federal poverty level."

Alternatively, opponents argued that most of today's minimum wage earners are teenagers, young adults and adult women who are relatively unskilled, have limited work experience or work part time. Once these entry-level employees get a foot on the employment ladder, they'll find hard work and new abilities are quickly rewarded. The minimum wage should not be perceived or expected to provide a long-term wage solution for any employee. (Senate Rules Committee, 2005).

While so many people in California struggle each day to find affordable housing, California leaders pride themselves on the fact that the State is the sixth largest economy in the world. According to California's Legislative Analyst, California falls in line just behind, the United States itself, Japan, Germany, the United Kingdom, and France, respectively in gross product. California's gross state product is nearly \$1.5

trillion, it accounts for over 13 percent of the nation's output. The United States' next largest state economy--New York--is about 60 percent the size of California's.

According to the Public Policy Institute, California is growing at an incredible pace. The State's unprecedented growth-related challenges could seriously erode their quality of life and its economic well-being over the next two decades. It is by no means clear that the state is prepared, or its citizens willing, to finance and deliver the basic infrastructure required by this growth. "Any outcomes, of course, will depend on the public's willingness to pressure the state's leadership to take actions and to support policies that improve the state's prospects." (Public Policy Institute of California; 2005, p. 225)

Peter Schrag, in his book *Paradise Lost*, captures the essence of the State's struggle to meet the needs of its poorest citizens as well as the important infrastructure needs of all citizens. He surmises that those individuals who disproportionately depend on public services and who suffer the consequences when they are reduced are those new California immigrants and their children. Meanwhile, those individuals who dominate the voter rolls are still whites and middle class. (Schrag, 1998, p.11)

C. California's Attempts to Encourage Affordable Housing Construction

A key provision of California's Housing Law (a law first enacted by state lawmakers in 1969) is a requirement that each local city and county produce a General Plan that includes a Housing Element, which identifies how the city or county will provide affordable housing to all income groups. The intent of this law is to ensure that all communities provide their fair share of affordable housing - not unfairly overburdening some cities while excluding low-income families from other cities. The Department of Housing and Community Development determines a regional share of the statewide housing need, and each local council of governments is responsible for allocating the region's share of housing amongst the various jurisdictions in the region. (Local council

of governments are made up of, literally, local governments. For example, the Sacramento Area Council of Governments (SACOG) is an association of local governments in the six-county Sacramento Region. Its members include the counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba as well as 22 other cities.) Where there is no Council of Governments, the duty to allocate the region's share of affordable housing is carried out by the State Department of Housing and Community Development, which Department also determines affordable income categories, calculated using Census data. Very low-income is determined to be households with an income up to 50 percent of the median income, adjusted by household size. Low-income is determined to be households with an income between 50 percent and 80 percent of the median income. Moderate income is determined to be households with an income between 80 percent and 120 percent of the median household income.

Local governments' housing elements must be updated every five years. Housing elements must identify the infrastructure and zoning to support new affordable housing development. Specifically, among other things, a housing element must:

- Establish housing programs and policies that encourage affordable housing for people of all incomes and those individuals with special needs.
- Demonstrate that they have enough land zoned for multifamily housing to build all of the homes needed for lower-income families.
- Reduce obstacles to housing development, such as density limits and excessive requirements for parking spaces.
- Describe how they will use available funding for affordable housing.
- Submit their housing element for review and certification by the Department of Housing and Community Development, which can require changes if the housing element does not comply with state mandates.

D. Other Valiant Efforts by State Law Makers

Each year, the California Legislature attempts to strengthen the Housing Element law as well as to establish other laws to encourage affordable housing development.

The state legislature has introduced hundreds of bills in an attempt to mitigate California's affordability problem. Each legislative session, a number of bills are signed by the Governor to affect affordable housing production.

Some of the most significant bills signed in the last five years by California Governors Gray Davis and his successor Arnold Schwarzenegger include:

AB 139 (Chaptered in 2005)– This bill redirects \$5 million of Preservation Opportunity Program funds to the Governor's Initiative on Chronic Homelessness; allows an additional \$5.2 million in Proposition 46 bond funds to be used for Office of Migrant Services (OMS) facility rehabilitation.

AB 1512 (Chaptered in 2005) – Allows the California Housing Finance Agency to use up to \$75 million from the California Housing Downpayment Assistance Program to make short-term loans for the acquisition of land and the development of for-sale housing.

SB 575 (Chaptered in 2005) – In cases where the community has not yet met its affordable housing needs or provided adequately zoned sites to accommodate the need, SB 575 limits the ability of local government to turn down affordable housing developments without legitimate health and safety justifications

AB 1233 (Chaptered in 2005) – Requires a city or county to rezone, within one year of the start of a new housing element planning period, sufficient land to make up for any shortage of adequate sites from the previous planning period.

AB 672 (Chaptered 2004) – Provides additional down payment assistance to qualifying borrowers under the California Homebuyer's Down-payment Assistance

Program who purchase a new home within an "infill opportunity zone," "transit village development districts," and "transit-oriented specific plan."

AB 2838 (Chaptered 2004) – Allows the California Housing Finance Agency (CalHFA) to continue to offer downpayment assistance of up to 6 percent to low-income first-time homebuyers who have received counseling and who are purchasing a residence in a community revitalization area. The bill also requires school districts to provide written notice of surplus properties to public entities and non-profit corporations, including non-profit housing developers, who request such notice in writing.

SB 1227 (Chaptered 2002) – This bill was the most significant housing legislation to be introduced and passed by lawmakers in years; it allowed for a statewide Proposition to go before the voters in November 2002 in order to provide a \$2.1 billion housing bond measure for 21 different housing programs, including multifamily developments, individual, and farmworker housing. Titled, the *Housing and Emergency Shelter Trust Fund Act of 2002*, it was signed by the Governor and was placed before the voters on the November 2002 ballot as Proposition 46. The voters passed the measure with a 57.6 percent approval. The bond funds were allocated as follows:

Proposition 46 Funding

Multifamily Housing Program	\$910 million
\$50 million for Preservation Opportunity Programs	
\$25 million for housing trust funds	
\$20 million for space for supportive services	
\$15 million for student housing	
Emergency Housing Assistance Program	\$195 million
Supportive Housing	\$195 million
Farmworker Housing	\$200 million
\$25 million for migrant farmworker housing	
\$20 million for projects with health services	
CalHome	\$205 million

\$75 million
\$10 million for self-help construction management
\$5 million for disability modifications

Code Enforcement

\$5 million

Down Payment Assistance

\$290 million

\$50 million for Homebuyer Down Payment Assistance Program
\$85 million for California Home Loan Insurance Fund
\$25 million for Extra Credit Teacher Home Purchase Program
\$12.5 million reserved for low-income families who have received homeownership counseling

Local Government Incentives

\$100 million

According to the State Department of Housing and Community Development, funds are no longer available for low-interest loans for development of affordable rental housing. Funds do remain under Proposition 46 for programs to assist the chronic homeless (\$70 million) as well as for the production of farmworker housing (\$10 million). An additional \$23 million is also available for grants as financial incentives to cities and counties that issue building permits for new housing units affordable to very low- or low-income households.

E. Additional Funding Sources for Affordable Housing

A number of additional funding sources are also available to assist in the development of affordable housing in local jurisdictions. Federal and state financing sources include: low income housing tax credits, California's Housing Bond Initiative, U.S. Department of Housing and Urban Development (HUD) grants and loans (e.g. Housing Opportunities for Persons with AIDS or "HOPWA"), HOME Investment Partnership funds, Affordable Housing Program (AHP) and Community Development Block Grant (CDBG) funds. In some cities, local programs provide additional funds, for example, redevelopment fund set-asides, in-lieu fees from developers of market rate projects, or local housing trust funds or bonds.

F. Local Government – Where the Rubber Meets the Road

While California's elected officials have provided laws, regulations, and guidance documents to promote the production of affordable housing, housing production is ultimately the responsibility of our local governments. U.S. Congressional House Member and Speaker Tip O'Neill's motto "All politics is local," best describes housing production in our communities and the political will to stop it or encourage it.

As discussed above, while California's housing element law requires local governments to plan for housing, it does not require that they actually create any new housing. It is possible for a city or county to be in full compliance with the state law and not produce anywhere near the number of units its housing element calls for. As Paul Lewis points out in *California's Housing Element Law: The Issue of Local Noncompliance*, "for all the potential merits and benefits of housing element compliance, one must look to other factors to explain why some cities experience rapid housing development and other cities experience little." His analysis suggests that a "city's demographic characteristics, its position in the urban hierarchy, and its physical capacity to accommodate new buildings are better predictors of housing growth." (Lewis, p.10) At the same time, cities that are further away from urban centers and those with long commutes experience slower rates of housing growth. (Lewis, p.64) In other words, a housing element and the goals established therein are not predictors of a city's ability or desire to produce affordable housing.

Zoning remains one of the leading manifestations of a community's influence over urban spaces. Basically, a zoning system is a process by which the "residents of a local community examine what people propose to do with their land, and decide whether or not they will permit it." (Cullingworth, 1993, pg.12)

Through the zoning laws, citizens can control the communities in which they live, excluding or including specific types of housing and commercial activities. Often

referred to as NIMBYs (a common acronym for "Not In My Back Yard, used to label residents of a community who oppose the construction of affordable housing near their own homes), many citizens often resist new residential development, especially affordable rental housing, out of concern that it will place even more demands on already tight local services and that it will negatively impact their own local property values. As a result, the political will to open up communities to affordable housing is often lacking. (Joint Center for Housing Studies of Harvard University, 2005)

Many factors play into a local community's desire or lack thereof to provide affordable housing. For example, a bias towards single-family housing construction may be a reflection of exclusionary tactics. "If landowners associate lower average tax revenues and higher average demands on public services with poorer residents (renters and multifamily housing consumers), fiscally minded landowners may pursue single-family construction through the political process as a means to exclude less desirable residents." (Malpezzi, 2001). At the same time, fiscal zoning is a way to push out affordable housing by making land use decisions that limit fiscal impacts, often by excluding residents who pay less taxes and who demand more public services, namely, the poor. (Malpezzi, 2001)

When examining local laws and reading local policy decisions, it's not uncommon today to see the term "smart growth" used when referencing how they envision the growth of their city. There is usually no definition linked to this term, however. Some experts have attempted to provide their perspective on its meaning. According to housing expert Anthony Downs, "smart growth refers to an overall set of broad goals designed to counteract sprawl. These usually include (1) limiting outward expansion, (2) encouraging higher density development, (3) encouraging mixed-use zoning, (4) reducing travel by private vehicles, (5) revitalizing older areas, and (6) preserving open space. Promoting more affordable housing can be a goal, *but usually is not*.

G. Getting to the Heart of the Matter – The City of Elk Grove

The City of Elk Grove was incorporated in 2000. At that time the population was 72,685. In 2003, the City annexed additional land and another 36,000 residents. Today, the total land area is 43 square miles. After the City of Sacramento, Elk Grove is projected to outpace every other City in the County in total population growth over the next 25 years.

Elk Grove at a Glance

- 121,000 Population
- 67 % White
- 80% Households Married
- 32 Median Age
- \$356,933 Average Home Price
- \$ 72,000 Median Income

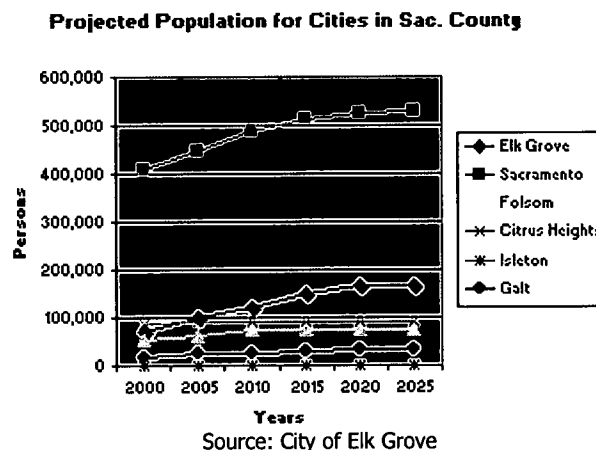


Figure 7

The City has paved the way for the production of affordable housing by providing dollars to assist in its production and by adopting a state required Housing Element.

1. Elk Grove's Affordable Housing Trust Funds – They Have Money

The City of Elk Grove has established a Very Low Income Housing Trust Fund that provides a linkage between the demand for very-low income housing and the development of commercial, office, industrial, and other non-residential uses that create lower-paying employment opportunities, which simultaneously generate a demand for

very-low income housing. Non-residential developments in Elk Grove are required to pay into this Trust Fund on a square footage basis. Funds are designated for housing that is affordable to very low-income households. To date, the fund has a balance of \$2 million.

The City has also created an Affordable Housing Trust Fund that is funded by fees collected on market-rate residential development. This fund is used to provide housing for very-low and low-income households. To date, the fund stands at \$45 million.

2. City's Approved Housing Element: They Have a Plan

As required by state law, the City has included a housing element within its General Plan. That housing element was adopted by the City on September 17, 2003, and it was approved as compliant with California law by the State Department of Housing and Community Developments on September 26, 2003. This Housing Element includes the City's goals, policies, and actions related to the provision of adequate sites for the development of affordable housing for the City's residents. As outlined in a Planning Commission Staff Report dated October 20, 2005, the City must maintain a minimum inventory of 283 acres to accommodate the City's Regional Housing Needs Allocation. Part of the City's assigned inventory is met with mixed use sites (Commercial/Office/Multi-Family, Office/Multi-Family). Because history has shown that mixed used developments tend towards the production of commercial and office buildings, the City must periodically revisit its zoning plan in order to identify potential new areas to accommodate affordable housing lost to commercial or office construction.

Throughout 2005, the City's planning staff identified additional sites within the City that had the potential to accommodate multifamily housing (apartments) if rezoned. Staff held community meetings to garner comments from those residents who lived within 500 feet of the potential sites. In total, ten community meetings were held, one for

each geographical location that was identified as a potentially viable multi-family (apartments) site. At each of the community meetings, significant opposition was raised by the neighboring homeowners about the proposed rezone of land. The concerns raised included:

- Traffic and congestion
- Crime
- Impacts to schools
- Public utility infrastructure impact
- Impacts on environmental resources
- Property value ramifications of high density housing in an established area

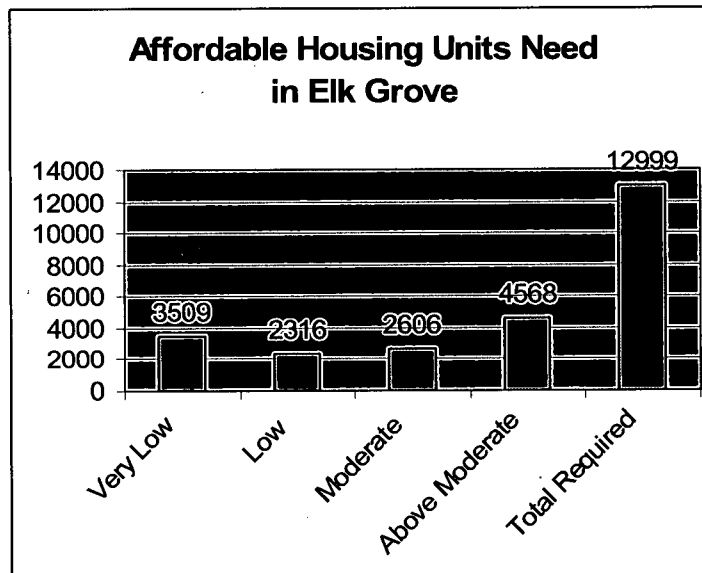
The rezoning process is ongoing.

3. Elk Grove's Affordable Housing Needs

The Sacramento Area Council of Governments has assigned to Elk Grove its regional share of affordable housing. The total number of housing units necessary to meet local needs is set at 12,999, which includes above-moderate units (in price). Income definitions are based upon state and federal law. The income categories are as follows:

- Very low-income - Up to 50 percent of the area median family income, with adjustments for unusually high or low area income and household size.
- Low-income - Between the very low-income limit and 80 percent of the area median family income, with adjustments for unusually high or low area income or housing costs and for household size.
- Moderate income - Between the lower income limit and 120 percent of the area median family income, with adjustments for unusually high or low area income or housing costs and for household size.

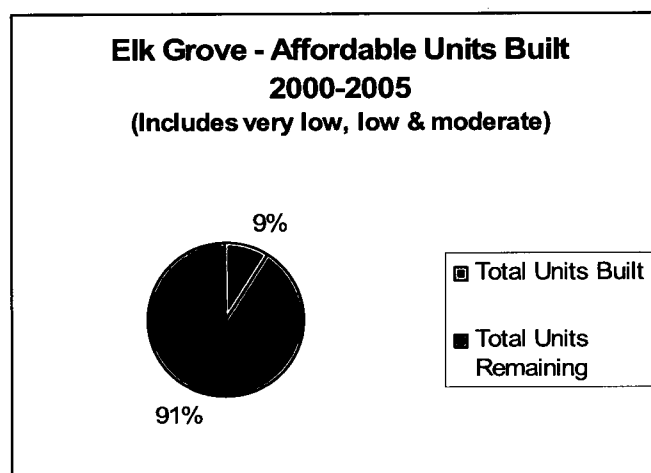
- Above moderate income - exceeding the moderate-income limit as adjusted for household size.



Source: Sacramento Area Council of Governments

Figure 8

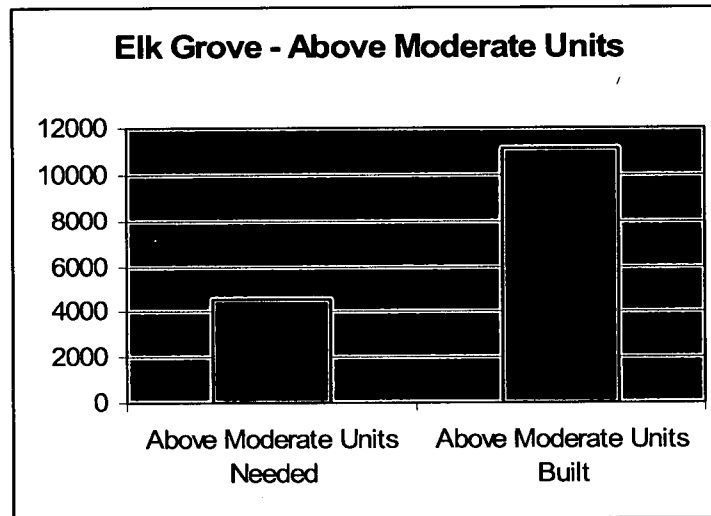
To date, the City of Elk Grove has produced a fraction of what it was allocated. Since its incorporation, the City has produced a total of **872** units at the very low-, low-, and moderate-income levels; 9 percent of its total need.



Source: California Tax Credit Allocation Committee; City of Elk Grove

Figure 9

The City has had no problem, however, producing above-moderate income units, far exceeding that which it was assigned. From 2001 to 2004, the city produced just over 11,000 above-moderate income level housing units, surpassing the 4,500 units it was assigned.

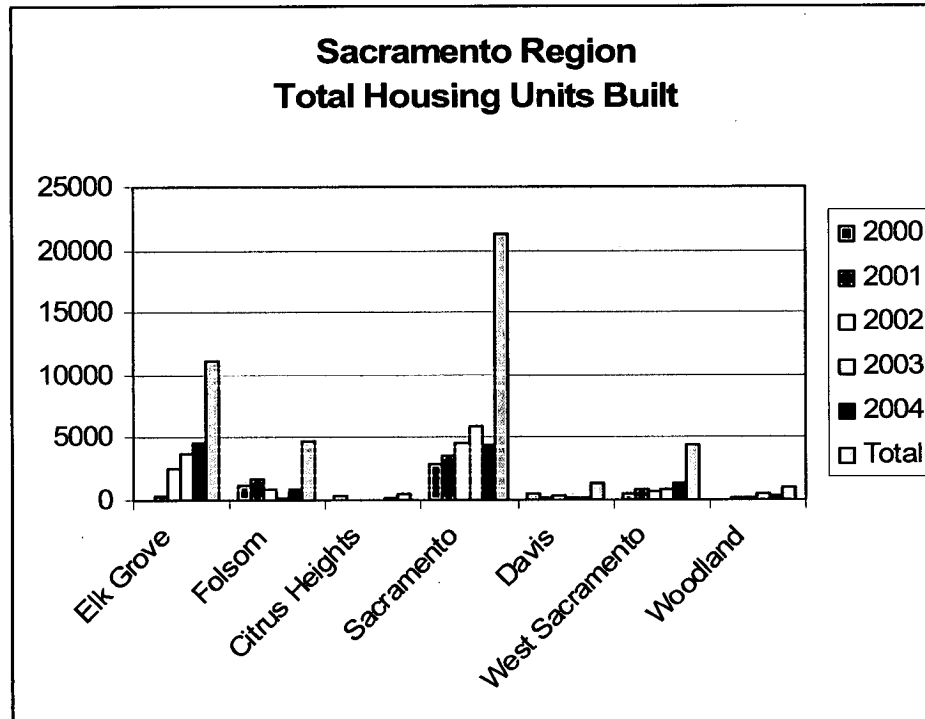


Source: California Construction Industry Research Board

Figure 10

4. Comparison of Elk Grove with Other Cities in the Region

Like Elk Grove, all other cities in the region have no problem producing above-moderate income housing.

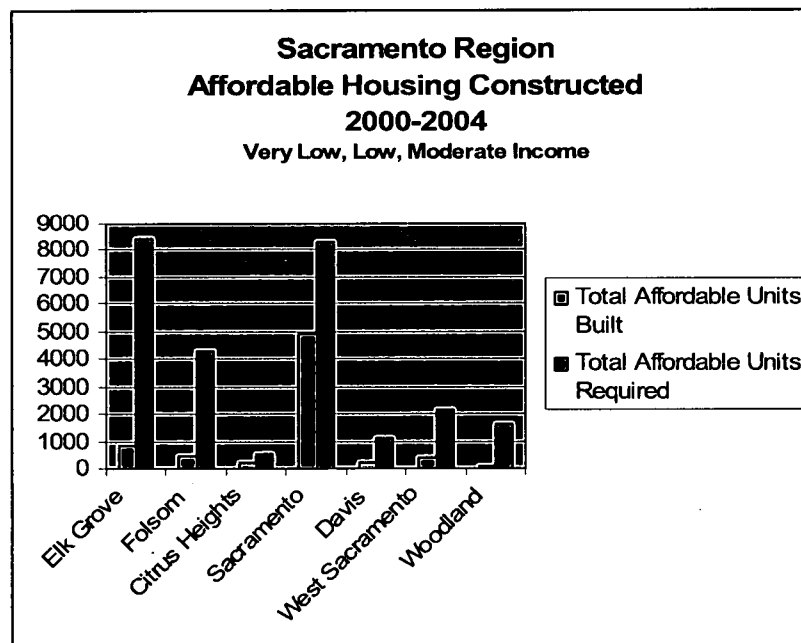


Source: California Construction Industry Research Board

Figure 11

But like Elk Grove, all cities in the region are also not meeting their percentage of regional share of housing provided by the Sacramento Area Council of Governments.

<u>City</u>	<u>% Affordable Units Built</u>
Woodland	6 %
Elk Grove	9 %
Folsom	10 %
West Sacramento	15 %
Davis	16 %
Citrus Heights	28 %
Sacramento	37 %



Source: California Tax Credit Allocation Committee

Figure 12

IV

Methodology

Measuring Elk Grove's Expressions of Political Will

A. Resident Survey - This study explores the causal relationship between political will and affordable housing production. The hypothesis assumes that political will as expressed by local residents is the deciding factor in the production of affordable housing. Appropriately zoned land and local housing trust funds alone do not equate to the production of affordable housing.

The primary independent variable for this study is the support or opposition that Elk Grove residents express towards affordable housing. Through a written survey, residents were asked to respond to a series of questions about affordable housing and were presented with a number of statements to which they were asked to agree or disagree.

The dependent variable for this study is the actual production of affordable housing.

From November 26, 2005, through December 10, 2005, the survey was administered. The survey was first tested on a focus group of individuals who do not reside in the City of Elk Grove. Recommended changes were suggested and incorporated. Paper surveys were distributed using volunteers who distributed surveys amongst neighbors and fellow employees as follows:

# of Surveys Distributed	Location
➤ 25	Kaiser Permanent Staff and Patients
➤ 6	Elk Grove District Education Office
➤ 6	Grace Unified Church
➤ 6	Laguna Neighborhood – Bruceville Road – North of Laguna Boulevard
➤ 5	Local Business – Beauty Chateau – Calvine Rd/Elk-Grove Florin Rd
➤ 8	Laguna Neighborhood – South of Laguna Boulevard – Near Elitha Donner Elementary School
➤ 4	East Elk Grove – East of Bradshaw Road
➤ 10	Elk Grove League Soccer Coaches
➤ 10	Bradshaw Road East – North of Laguna Boulevard
➤ 4	Elk Grove Boulevard – Old Elk Grove Vicinity
➤ 8	Elk Grove Neighborhood – South Calvine, North Elk-Grove Florin
➤ 8	Pleasant Grove School PTA and Facility Staff
➤ 100	Total Surveys Distributed

Eighty-two surveys were completed and returned. Volunteers asked respondents to fill out a survey, which took approximately 5 minutes to complete. (A copy of the survey is provided at Appendix 1). To ensure confidentiality, respondents were provided one envelope for the survey they completed. They were instructed to place the completed survey in the envelope, seal it, and return it to the designated volunteer. All completed surveys were then placed by each volunteer into a larger manila envelope and returned to the author of this report.

V

Results and Findings

A. About the Respondents

- Majority have 4 Year College Degree
- Majority are White
- Most earned between \$100,000 and \$149,000
- 28 Male Respondents
- 48 Female Respondents
- Majority of Respondents are between the ages of 31 and 50
- They always vote or nearly always vote
- They have never participated in any action to support affordable housing
- With a very limited exception, no respondents were a member of a community-based organization, neighborhood association, or political party that lobbies for affordable housing.
- They had not attended a town hall meeting in Elk Grove where affordable housing was discussed.
- Most respondents had not read any articles in the local newspaper concerning the lack of affordable housing in Elk Grove.
- Most have lived in the Elk Grove community (prior to its incorporation) for more than 5 years.
- The average household size is 4
- 93 percent own their home

B. Respondents' Point of View - Respondents overwhelmingly believed that affordable housing was important in our society. What they are willing to do about it is more undecided. Forty-seven percent of the voters are *unwilling* to vote for a local bond measure to support affordable housing. Only fourteen percent would vote yes. Thirty-nine percent, however, are undecided.



Figure 13

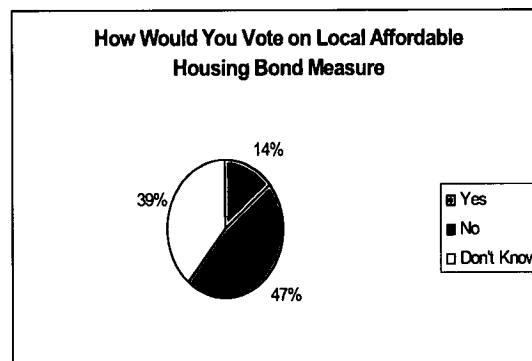


Figure 14

While only 14 percent of the Respondents would vote for a bond measure to support affordable housing, 56 % Disagree or Strongly Disagree with the statement that Affordable Housing Development is a Waste of Taxpayer Money; 26 % Agree or Strongly Agree that it is.

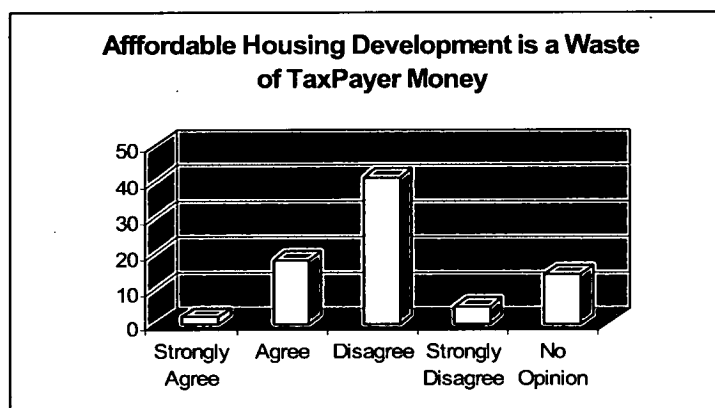


Figure 15

On the other hand, very few Respondents were concerned about the availability of affordable housing in Elk Grove. The highest level of response came from

those Respondents who were “not too concerned” about affordable housing in Elk Grove.

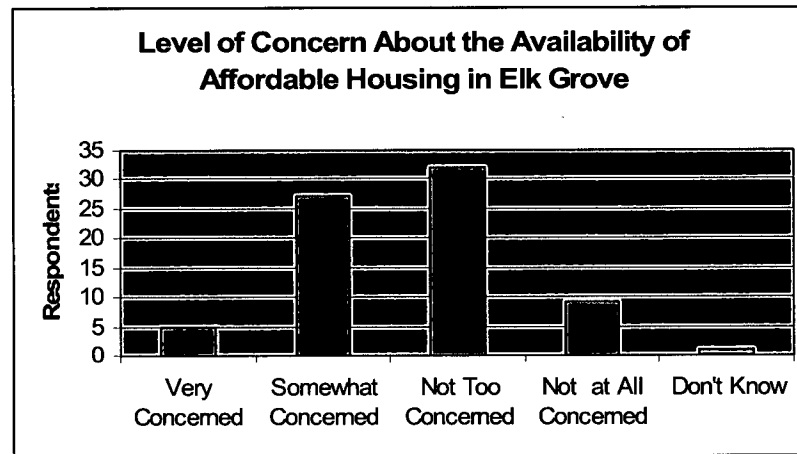


Figure 16 What is very clear is how they feel about the growth of development in Elk Grove. Seventy-four percent would like to see it slowed, even if it means higher housing costs.

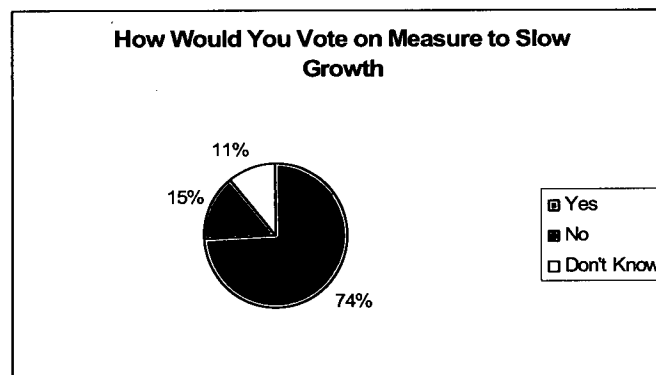


Figure 17

While Elk Grove has approved only 872 affordable housing units since 2001, the results were mixed from the Respondents in what they believed Elk Grove had done to encourage affordable housing. Thirty percent indicated that they didn't know what Elk Grove had done in the affordable housing arena.

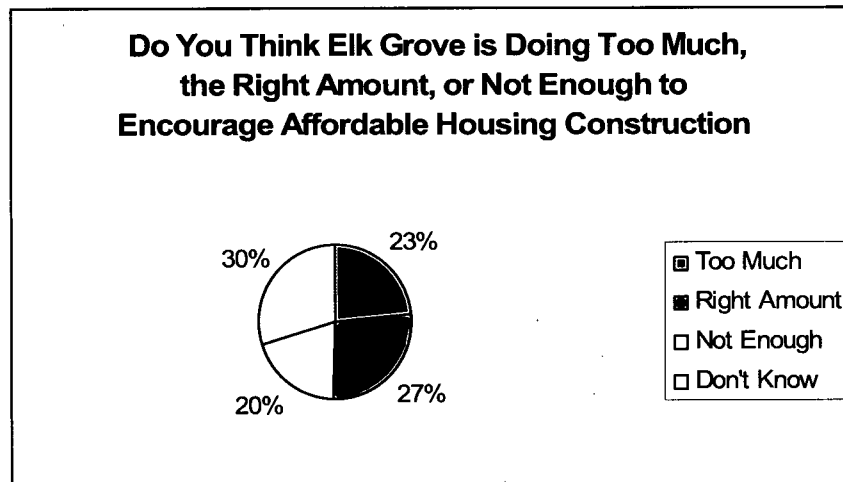


Figure 18

When asked to prioritize the issues of importance to them, residents ranked traffic and road construction as most important to them. A close second was public safety, with adequate school sites ranking third. Affordable housing came in fifth, after the desire to see recreation activities for the youth.

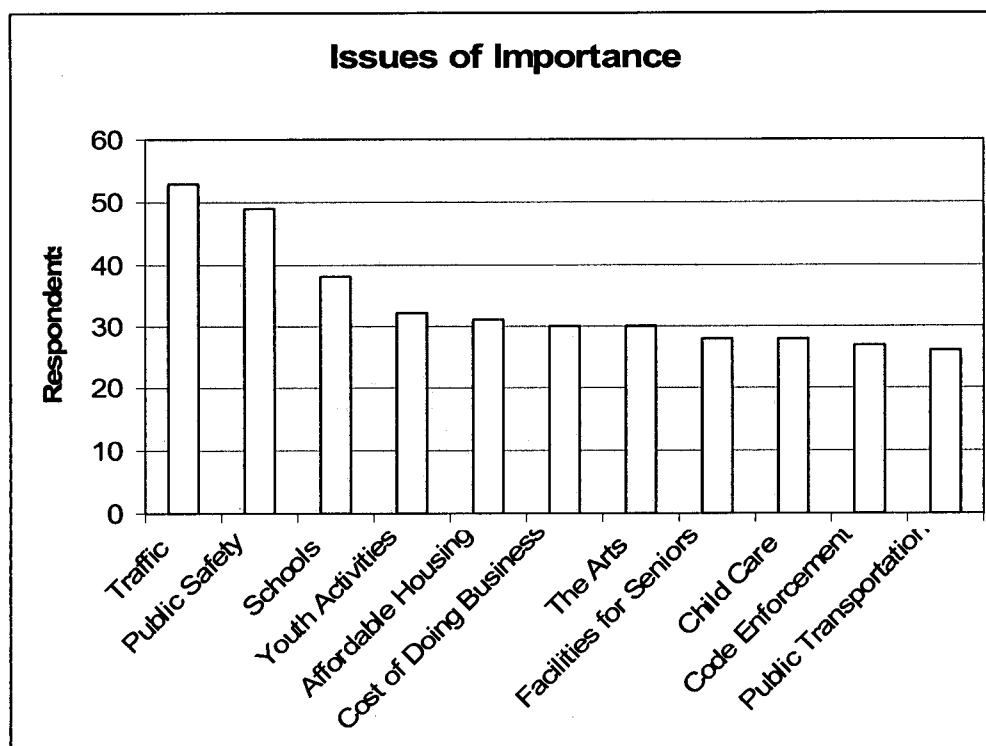


Figure 19

Of the responses that demonstrated somewhat of a split in opinion respondents' believe that "More Affordable Housing is needed in Elk Grove" (41 percent Agree or Strongly Agree while 43 percent Disagree or Strongly Disagree). They were also somewhat split when presented with the statement that "It is Important to Save Housing for Moderate and Low-Income People in Areas that are Becoming More Expensive." (37 percent Agree or Strongly Agree while 51 percent Disagree or Strongly Disagree).

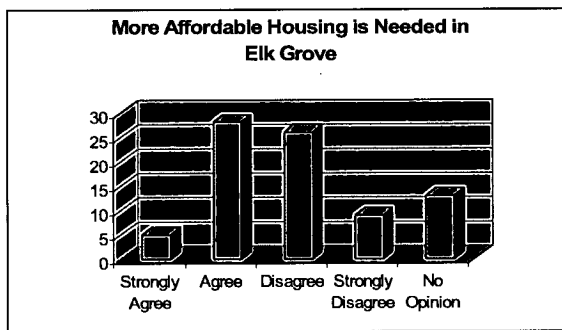


Figure 20

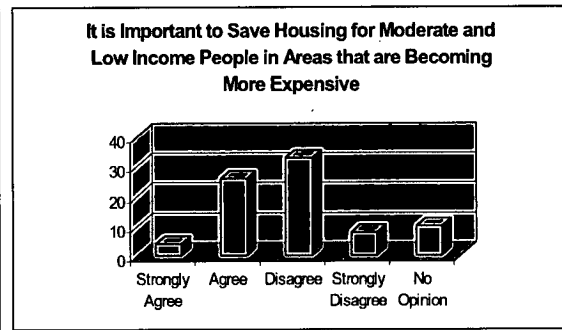


Figure 21

The most clear-cut answer came in the respondents' belief about the effect of affordable housing on property values. Eighty-six percent of the respondents "Agree or Strongly Agree" that affordable housing impacts their property values.

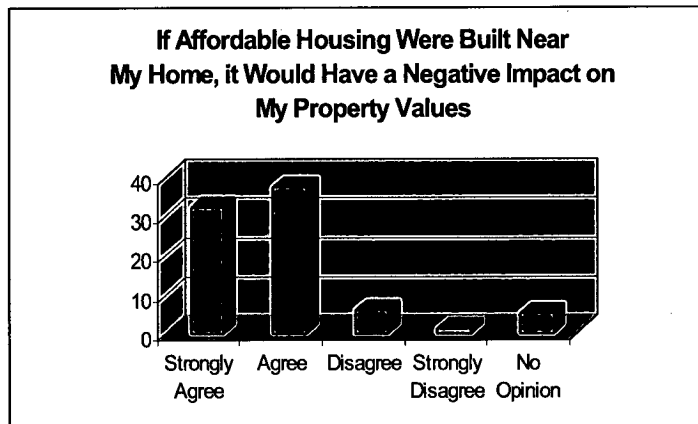


Figure 22

At the same time, they do believe that along with affordable housing comes crime. Sixty-three percent "Agree or Strongly Agree" that "Affordable Housing Developments Will Lead to an Increase in Crime in my Community." While slightly lower, 47 percent "Disagreed or Strongly Disagreed" that "When Individuals have an Affordable Home in Which to Live, Crime is Lower in Neighborhoods."

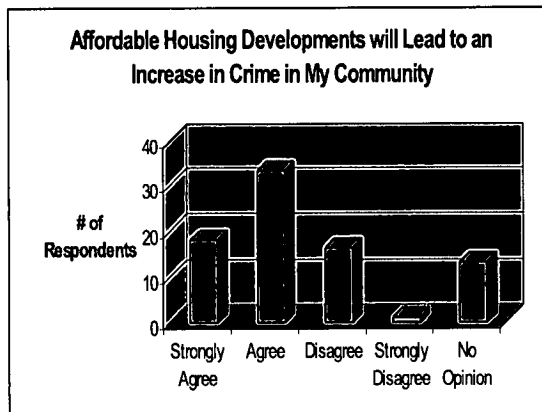


Figure 23

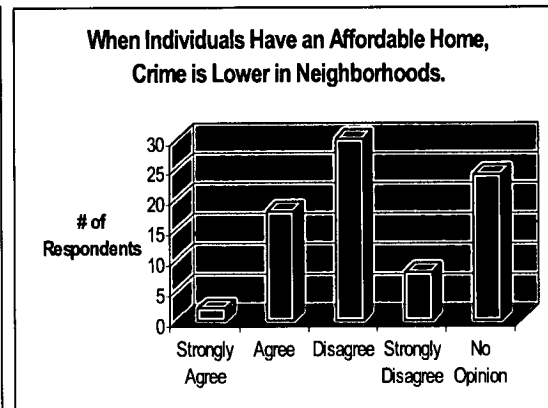


Figure 24

Alternatively, forty-five percent of the Respondents "Disagreed or Strongly Disagreed" with the statement that Low-income Housing Unfairly Burdens Local Schools.

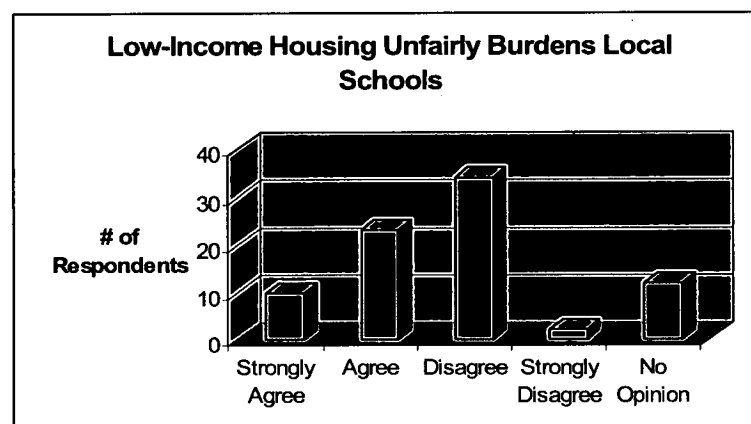


Figure 25

VI

Conclusion & Recommendations

The survey of residents demonstrated that they do not have a desire to see affordable housing constructed in Elk Grove. While you may argue that city council members have expressed a desire for affordable housing by creating laws that have set aside funds for affordable housing and have zoned land to provide space for that housing, these acts, in and of themselves, do not ensure housing will be constructed. Alternatively, you can argue that fees placed on for-profit developers is one way to increase the price of housing or slow its construction altogether. And this is certainly not an outcome that local citizens would find disagreeable. At the same time, it's highly likely that the overlay zones designed for both high-density housing and commercial development, will result in commercial development.

Elk Grove is a young city. It has much undeveloped land still available. A review of city staff reports does reveal that affordable housing has been a topic of concern and discussion. The housing element has been reviewed and attempts are currently being made to rezone additional land to make room for high-density housing and thus affordable housing. It remains to be seen, however, whether council members can elevate those discussions and events without incurring the wrath of local citizens.

Policy Recommendations

- Elk Grove should consider investment in land that is specifically designated for affordable housing (purchase the land with city trust funds and make available to nonprofit developers). They have done the same thing for the preservation of wet lands and protection of the Swainson Hawk.

- Elk Grove should develop a resident communication plan, dispelling any myths about affordable housing and explaining the need for affordable housing in the City.
- Elk Grove should work with local businesses to reach out to the community to ensure that affordable housing is constructed.
- The City can work with local Universities to develop an affordable housing plan.⁴
- Elk Grove may want to consider an increase in the fees collected from commercial construction in order to build upon the low-income housing fund.
- Elk Grove should reach out to nonprofit developers and publicize the availability of funds through the City's Affordable Housing Fund.

Recommendations for Further Study

- The fair share housing numbers seem inordinately high. Elk Grove may want to examine those numbers and ask for an adjustment from SACOG.
- Economic factors also play a large role in what gets built. Currently land prices and lumber make it extremely hard for affordable housing developers to make projects "pencil." An examination of creative partnerships between nonprofit and for profit developers is in order. For example, in response to a new inclusionary zoning law in Sacramento, for-profit developers have joined forces with non-profit developers to provide the above-moderate as well as the affordable housing called for by the local law. (Note: This new Sacramento ordinance, however, is currently facing litigation from the local building association.)

⁴Each year Bank of America holds a contest among UC Davis, UC Berkeley, Cal Poly and Stanford to develop a low-income housing proposal. This is typically an interdepartmental collaboration in which several schools at each university partner with community organizations to find a site and begin the preliminary stages of developing an affordable housing proposal. For the students it is an opportunity to learn about the many facets of housing development, such as finance, site analysis, design, and community participation as well as make contacts in the housing industry. For the community it is an opportunity to develop ideas and discover the potential of a site in their neighborhood.

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APPENDIX 1

Resident Survey

This survey seeks your interest in, and concerns about, affordable housing in the City of Elk Grove. For purposes of this survey, low-income housing is considered affordable if the cost is approximately \$400 per month and is made available to a household that earns \$1,200 per month. Your individual responses to this survey will be kept confidential and will not be made available to the public. Thank you for taking time to complete this survey. Your assistance is greatly appreciated.

Part 1

1. Do you believe that the availability of affordable housing is an important issue in our society?

Yes

No

2. Are you a member of a community-based organization, neighborhood association, or political party that lobbies for affordable housing?

Yes

No

3. Have you ever attended a town hall meeting in Elk Grove where affordable housing was discussed?

Yes

No

4. Have you read any articles in your local newspaper concerning the lack of affordable housing in Elk Grove?

Yes

No

5. If an election were held today, would you vote yes or no on a local bond measure to subsidize the cost of building affordable housing in Elk Grove?

Yes

No

Don't Know

6. If an election were held today, would you vote yes or no on a local measure to slow down the pace of development in Elk Grove, even if this meant having higher housing prices?

Yes

No

Don't Know

7. Have you participated in any action or protest against the construction of affordable housing?

Yes

No

8. Have you participated in any action in support of affordable housing?

Yes

No

9. Generally speaking, how much interest would you say you have in politics?

Great Deal

Fair Amount

Only a Little

None

10. How often would you say you vote?

Always

Nearly Always

Part of the Time

Seldom

Never

11. Overall, do you think that Elk Grove is doing too much, the right amount, or not enough to encourage affordable housing construction in the City?

Too Much
Right Amount
Not Enough
Don't Know

12. How concerned are you about the availability of affordable housing for low-income families in Elk Grove?

Very Concerned
Somewhat Concerned
Not Too Concerned
Not at All Concerned
Don't Know

13. Review the following list of issues. On a scale of 1 to 5, with 1 being the most important and 5 being the least important, rank the issues of importance to you as they relate to the City of Elk Grove.

1	2	3	4	5	Traffic & Road Construction
1	2	3	4	5	Adequate School Sites
1	2	3	4	5	Affordable Housing
1	2	3	4	5	Assisted Living Facilities for Seniors
1	2	3	4	5	Ensuring Adequate Public Safety
1	2	3	4	5	Ensuring Neighborhood Beauty Through Code Enforcement
1	2	3	4	5	Public Transportation
1	2	3	4	5	Recreation Activities for Youth
1	2	3	4	5	Day Care Facilities for Children of Working Families
1	2	3	4	5	The Cost of Doing Business
1	2	3	4	5	Incentives to Protect and Enhance the Arts
1	2	3	4	5	Other _____

Part 2

Please circle the response below (strongly agree, agree, disagree, strongly disagree, or no opinion) that most closely reflects your belief about each statement presented:

14. More affordable housing is needed in Elk Grove for moderate and low-income residents

Strongly Agree Agree Disagree Strongly Disagree No Opinion

15. It is important to save housing for moderate and low-income people in areas that are becoming more expensive

Strongly Agree Agree Disagree Strongly Disagree No Opinion

16. Affordable housing developments are a waste of taxpayer money.

Strongly Agree Agree Disagree Strongly Disagree No Opinion

17. Affordable housing developments will lead to an increase in crime in my community.

Strongly Agree Agree Disagree Strongly Disagree No Opinion

18. If affordable housing were built near my home, it would have a negative impact on my property values.

Strongly Agree Agree Disagree Strongly Disagree No Opinion

19. Low-Income Housing and apartments unfairly burden local schools.

Strongly Agree Agree Disagree Strongly Disagree No Opinion

20. When individuals have an affordable home in which to live, crime is lower in neighborhoods.

Strongly Agree

Agree

Disagree

Strongly Disagree

No Opinion

Part 3

21. How long have you lived in Elk Grove?

Less than 3 months

3 to 12 months

1 to 5 years

More than 5 years

Don't Know

22. Family Size

1

2

3

4

5

6 or more

Prefer not to Say

23. Do you own or rent your current residence

Own

Rent

24. What is the last grade or class you completed in school?

High school, incomplete

High school, complete

Technical, trade, or business school beyond high school

Some College

2 Year College Complete

4 Year College Complete

Graduate Degree

Prefer Not to Say

25. Of which race or ethnic group do you consider yourself?

Black

Hispanic

Non-Hispanic/White

Asian

Other

Prefer Not to Say

26. Please mark the response that comes closest to your total household income last year.

Under \$10,000

\$10,000 - \$29,999

\$30,000 - \$69,999

\$70,000 - \$99,999

\$100,000 - 149,999

\$150,000 - \$199,999

\$200,000 and over

Don't Know

Prefer Not to Say

27. What is your gender?

Male

Female

28. What is your age?

18-30

31-40

41-50

51-60

61+

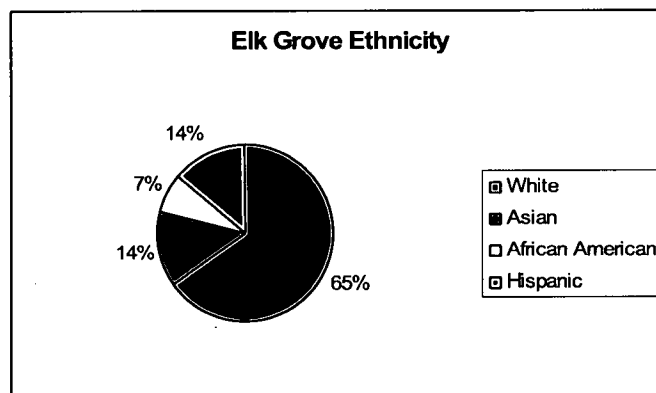
Thank you very much for your insight. This survey is conducted as part of a final thesis for Golden Gate University's Masters in Public Administration Program. For a copy of the final survey results, please contact student, Debra Carlton at carlton4@citlink.net.

Appendix 2

About Elk Grove

Demographics – Elk Grove has a younger overall population than Sacramento County as a whole. The median age is 32 years of age. Forty-six percent of the city's population is 20 to 49 years old, and thirty-five percent are less than 19 years of age. The 55 and older citizens make up only 12.9 percent of the total City's population.

The City's largest ethnic group is White, making up 67 percent of the population. The City of Elk Grove has a higher proportion of Asians (Chinese, Filipino, Japanese, Korean, Vietnamese, and other Asian groups) than the City and County of Sacramento: approximately 14.1 percent of the total population for Elk Grove compared with 11 percent of the total population of Sacramento County. African Americans represent 10 percent of Sacramento County's population, compared to Elk Grove's percentage of 7 percent.



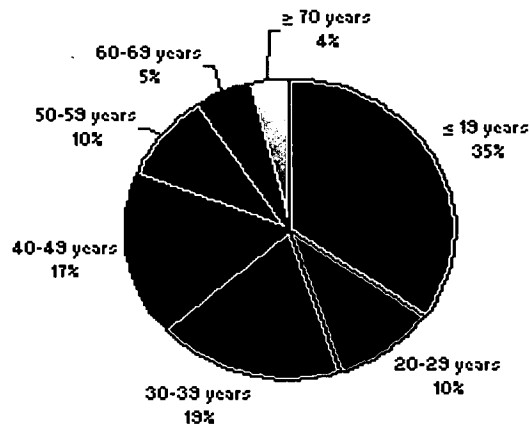
Source: 2000 U.S. Census

Figure 26

The average household size in Elk Grove is larger than that of Sacramento County. It stands at 3.07 persons per household versus 2.64 persons per household in the County. The 2000 Census reports that 80 percent of the households in Elk Grove are married couple households; 14 percent are female households, with no husband

present; and 5.6 percent are male households, with no wife present. Non-family households (single residents) make up 18 percent of the households.

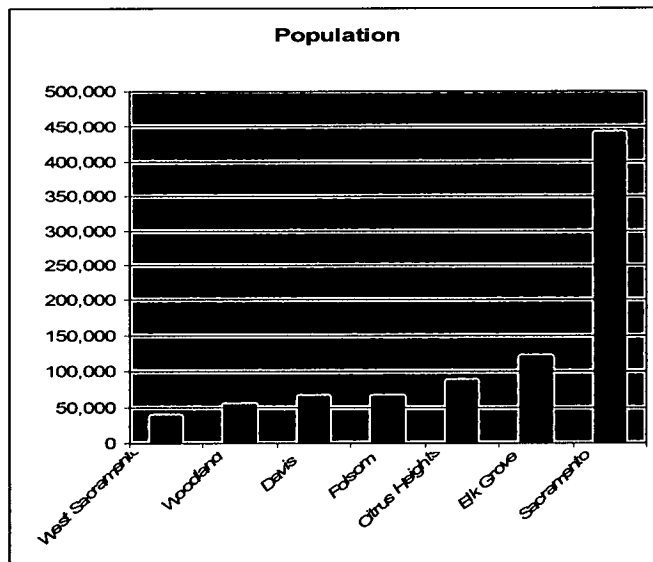
Population by Age Group



Source: City of Elk Grove

Figure 27

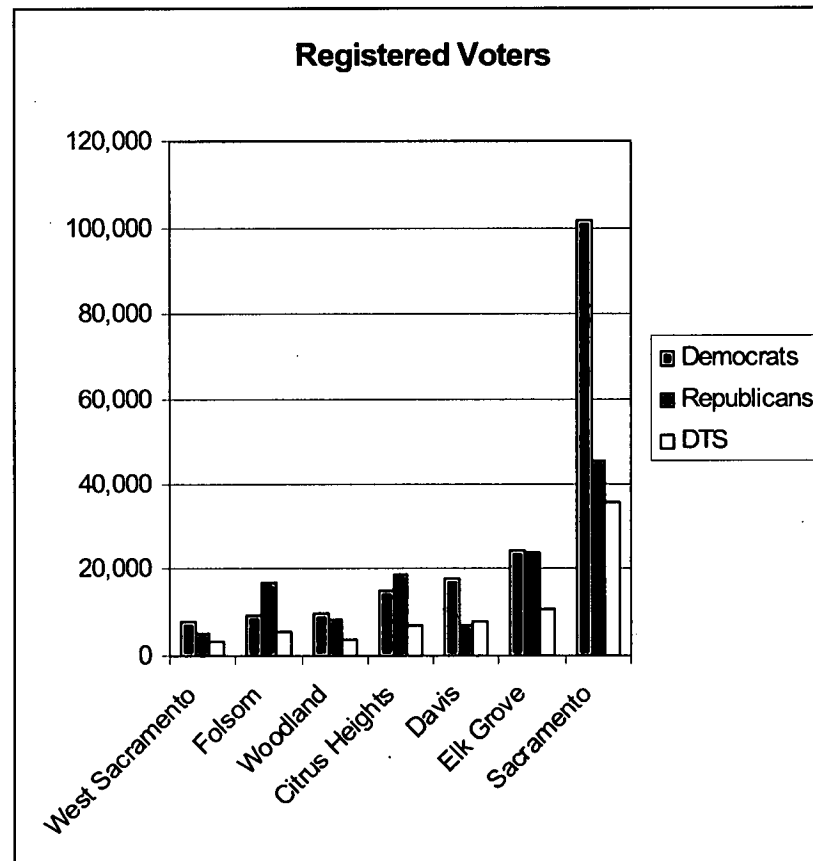
Population – Next to Sacramento, Elk Grove is the largest city in the region. At the same time, it has been the fastest growing city in Sacramento and Yolo Counties. Due to an annexation of the community of Laguna, Elk Grove has added, over 36,000 residents in the last five years.



Source: California Department of Finance

Figure 28

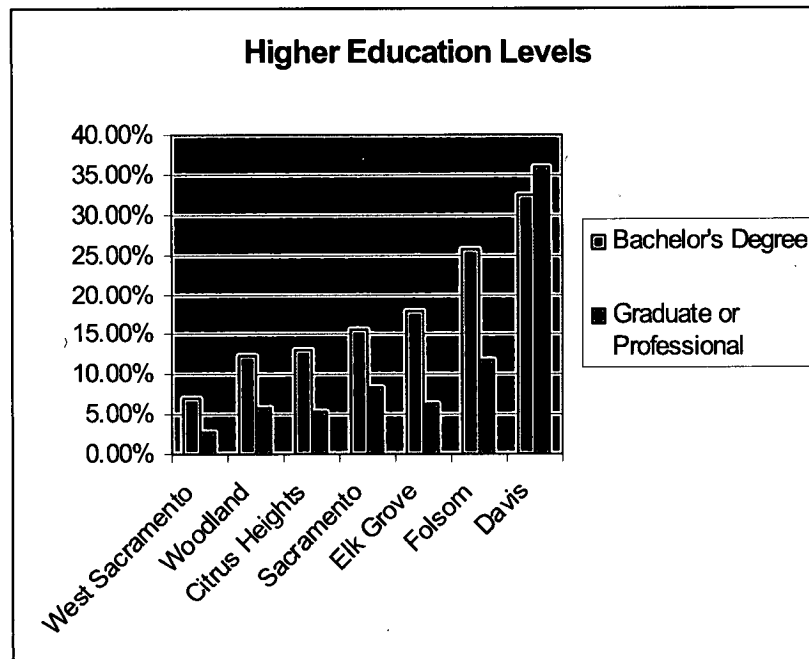
Registered Voters – Elk Grove is the only city in the region that is split nearly evenly between registrations of Democrats and Republicans. The City of Sacramento, which has approved the most number of affordable housing units, has the most number of voters who are registered as Democrats. (There is a belief amongst some policy makers, that the higher the percentage of registered Democrats in a city, the more affordable housing will be available. While this point was not the focus for this study, a preliminary look at the Sacramento region does not prove this out. More study is needed.)



Source: Sacramento and Yolo Registrar of Voters

Figure 29

Education Level – With the exception of Folsom and the City of Davis (home to UC Davis), the population of Elk Grove has a higher percentage of 4-year college degrees than other cities in the region.



Source: 2000 U.S. Census

Figure 30

Housing in Elk Grove - The bulk of the City's housing inventory is in single-family residential units. In the next 25 years, Elk Grove is projected to surpass every city in the region, except Sacramento, with nearly 37,000 new homes for a total of 61,759 units. In 2001, the median home price in Elk Grove was \$230,500. During the fourth quarter of 2005, the median home price in Elk Grove had jumped to \$356,933. (CNN Money) The city's housing stock is relatively new. Sixty-seven percent of the City's housing stock was built between the years 1980 and 2000 and another 10 percent was built between 2001 and 2002. Only 2 percent of the housing stock is older than 1950.

According to the 2000 Census, vacancy rates for Elk Grove were 2.2 percent; 0.9 percent for owner occupied housing and 4.3 percent for rental housing.

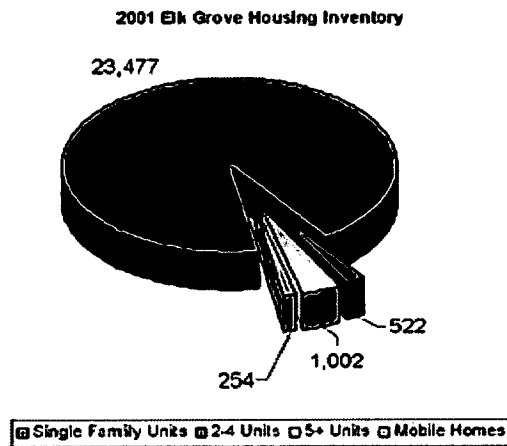
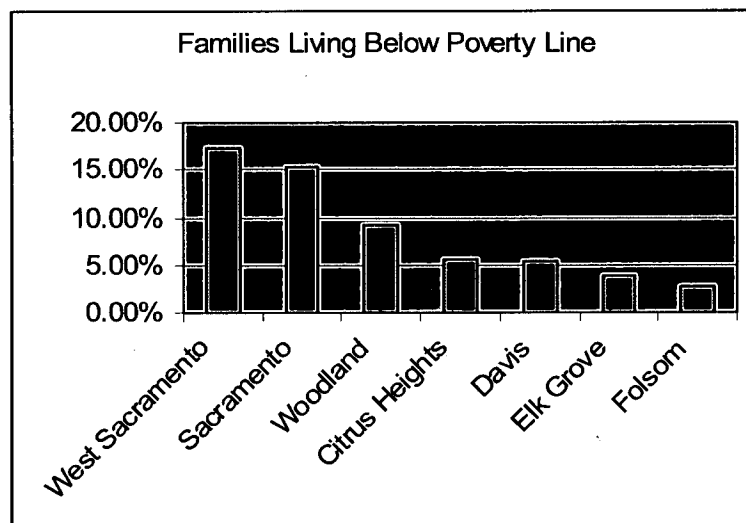


Figure 31

Poverty and Homeless in Elk Grove - According to the 2000 U.S. Census, 4 percent of the families living in Elk Grove were living under the poverty line. When comparing the poverty levels to other cities in the region, Elk Grove is near the bottom in number of families living in poverty.



Source: 2000 U.S. Census

Figure 32

Affordable Housing – Aside from the affordable housing produced by nonprofit developers, there are two public housing developments located in Elk Grove managed and owned by the Sacramento Housing and Redevelopment Agency. The total number of affordable units within these developments is 26. An additional three developments have received funding from the Sacramento Housing and Redevelopment Agency Housing Trust Fund. The total number of units within these developments is 456.

According to Elk Grove's Housing Element, there are currently 248 housing units in Elk Grove that utilize Federal Housing Choice Voucher Assistance (Section 8) to pay the rent. Renter households that utilize these vouchers are not restricted to the type or location of housing that they may chose to live. The vouchers, however, only cover a designed amount of the rent, and the voucher recipient is expected to pay the remaining amount.

APPENDIX 3

ELK GROVE PLANNING COMMISSION ACTIONS - 2005

Public documents were reviewed for this study to determine the actions taken by the Commission after the housing element approval process. The objective was to determine their actions the Commission had taken with regard to the approval of affordable housing construction or the rezone of land to make affordable housing possible.

The following actions were taken in 2005:

A. Single Family Homes Approve - Approximately 1,000 single-family homes were approved in 2005 for construction, averaging 4 homes per acre.

B. Rental Units Converted to For-Sale Units - Six hundred rental units were lost to condominium conversion. While an initial proposal was made by staff to require condominium converters to provide 10 percent affordable units within their projects, the condominium conversion ordinance was tabled until a later date. As of this writing, it has not been reintroduced for discussion.

January 13 -

- 43 single-family residential lots and three landscape lots on an 8.4+ parcel (approximately 5 units per acre) in the eastern portion of the City of Elk Grove.
- Create 39 one-acre (gross) minimum lots for single family residential development;
- Convert a 280 unit apartment complex into condominiums.

March 10 -

- Approval of conversion of 201 apartment units to condominiums- comments: The proposed project is consistent with the goals and policies of the Elk Grove General Plan. The conversion of the apartments to condominiums will help promote ownership opportunities in Elk Grove for various income levels. The conversion would not create a lack of rental units within Elk Grove.
- Rezone of 2.2 acres from AR-2 to RD-5 as well as a Tentative Subdivision. Map to create nine single-family lots.
- Create 181 residential lots for single family residential development

March 24 –

- Create 48 single-family lots in the RD-5 zone.

April 7 –

- Create 46 single-family lots in the RD-5 zone.

April 21 –

- Rezone of a five acre parcel (approximately 5 units per acre) from AR-5 to RD-5 and a Tentative Subdivision Map to create 25 single family lots.

May 5 –

- Approval of Plan consisting of 114 single family homes, 150 "pull-apart" single family homes, and 198 condominium units to be developed within a 51.8 acre site in the East Franklin Specific Plan.

June 2 – Housing Element Rezones – See Appendix 4 Below.

- A 15-lot single-family residential subdivision of four existing parcels totaling approximately 17.5 acres. Each new lot will range from 1.0 to 1.82 gross acres.

July 7 –

- Proposed amendments to city's condominium conversion ordinance to require An affordable housing plan subjecting ten (10) percent of the total units within the project to affordable purchase obligations, without City subsidy, as part of a conversion. The affordable units shall provide a minimum of four percent (4%) of the total units within the project affordable to very low income, four percent (4%) affordable to low income households, and two percent (2%) affordable to moderate income households, unless an alternate affordability breakdown is approved by the Planning Director.
- Convert 120 apartment units (under construction) into for-sale condominiums. The apartment complex that is currently under construction consists of 10 residential buildings and one clubhouse/recreation building. – No affordability component included

Sept 29 -

- The Rezone of a 28.7 acre parcel approximately 4 units per acre to create 100 single family lots.

Oct 6 -

- Condominium Conversion Ordinance - Staff is requesting that this item be continued to a date uncertain. Staff anticipates that this item will be presented to the Planning Commission within the next 30 days.

Nov 3 -

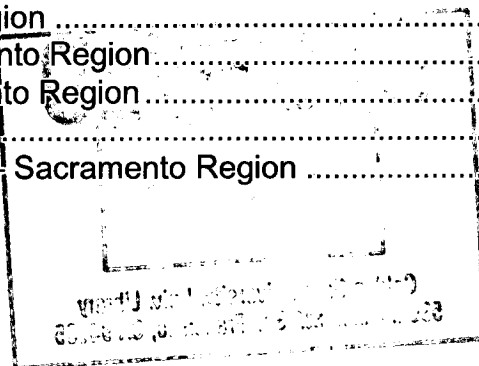
- Steve Lee representing the Quail Ranch Estates Association spoke in opposition to the proposed Centex Home site located West of Waterman rd. Mr. Lee would like to preserve the rural aspect of Elk Grove and does not want the high density zoning proposed by Centex Homes.

Nov 7 –

- Stoneridge at Elk Grove – 96 Unit Apartment Complex – Design Review - Letter to local owners - Receipt of this notice indicates that you own property adjacent to the subject property. You are therefore invited to attend said hearing to address any comments or concerns you might have concerning the project design. You may obtain copies of the architectural elevations at City Hall or by contacting Development Services - Planning at 478-2265.

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