

COUNCIL MEMBERS
LEN AUGUSTINE, Mayor
PAULINE CLANCY, Vice Mayor
CHUCK DIMMICK
STEVE HARDY
STEVE WILKINS



RECEIVED

DEC 15 2005

DIV. OF HOUSING
POLICY DEVELOPMENT HCD

CITY OF VACAVILLE

650 MERCHANT STREET, VACAVILLE, CALIFORNIA 95688-6908

ESTABLISHED 1850

December 12, 2005

California Department of Housing and Community Development
Housing Policy Development Division
Attn: Margaret Murphy
1800 Third Street Suite 430
Sacramento, CA 95814

SUBJECT: General Plan Annual Progress Report

Dear Ms. Murphy:

Enclosed is a copy of the City of Vacaville Annual Report on the General Plan for the calendar year 2004. I have also forwarded a copy to the Governor's Office of Planning and Research.

Please call me at (707) 449-5361 if you have any questions.

Sincerely,

Maureen Traut Carson
Senior Planner

DEPARTMENTS: Area Code (707)

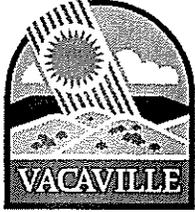
TDD (707) 449-5162 or California Relay Service 7-1-1


www.cityofvacaville.com

Administrative Services 449-5101	City Attorney 449-5105	City Manager 449-5100	Community Development 449-5140	Community Services 449-5654	Fire 449-5452	Housing & Redevelopment 449-5660	Police 449-5200	Public Works 449-5170
-------------------------------------	---------------------------	--------------------------	-----------------------------------	--------------------------------	------------------	-------------------------------------	--------------------	--------------------------



recycled paper



City of Vacaville Annual Report on the General Plan Year 2004

Prepared for State of California
Governor's Office of Planning and Research
and Department of Housing and Community Development

Prepared by:
City of Vacaville
Community Development Department
650 Merchant Street
Vacaville, CA 95688

TABLE OF CONTENTS

Introduction and Purpose of Annual Report	3
2004 General Plan Amendments	4
Annual Progress Report on Housing Element	6
2004 Citywide Accomplishments	23

INTRODUCTION AND PURPOSE OF THE ANNUAL REPORT

An Annual Report is required for all General Plans by California Government Code Section 65400(b), which states, "the planning agency shall provide an annual report to the legislative body on the status of the plan and progress in its implementation, including the progress in meeting its share of regional housing needs..." Submittal of this report to the California Department of Housing and Community Development (HCD) by December 31, 2005 is an eligibility requirement for the Workforce Housing Reward grant program.

The General Plan is Vacaville's blueprint for the future and identifies the general location for future land uses, including residential, commercial, and industrial areas, and desired population and building densities throughout the community. The Vacaville General Plan was adopted in 1990 and was the subject of a technical update in 1999. The Housing Element was adopted in 2001 and amended in 2003.

This report describes the City's progress in implementing the policies and programs of the General Plan as carried out in the Strategic Plan and as summarized in the annual progress report. This report also complies with state statutes requiring an analysis of the City's residential construction compared to regional housing need goals.

The information in this report is compiled from these existing sources:

- City of Vacaville Affordable Housing Study, January 2005
- City of Vacaville 2004 Progress Report, prepared by the City Manager's Office and presented to the City Council on March 8, 2005
- 2003/2004 and 2004/2005 City Of Vacaville Strategic Plan
- Building Division permit records
- City Council and Planning Commission approvals

This report is scheduled for review by the City Council on December 13, 2005.

2004 GENERAL PLAN AMENDMENTS

March 23, 2004 - Resolution 2004-27 – Resolution Approving an Amendment to the Land Use Element of the General Plan for the Portofino Single-Family Residential Subdivision (Component A) and Boyd Street Apartment Project (Component B)

- Land Use Diagram change from General Commercial to Residential Medium Density for 18 acres located on the west side of Marshall Road across from the Three Oaks Community Center, to accommodate a 178-unit small lot residential development
- Land Use Diagram change from Residential Low Density to Residential High Density for .26 acres at 519 Boyd Street to accommodate 6 multi-family residential units

April 27, 2004 - Resolution 2004-35 – Resolution approving the Maplewood Senior Residential Community mitigated negative declaration, general plan amendment, planned development and tentative map

- Land Use Diagram change from Rural Residential to Residential Low Density for 17.5 acres located at the southeast corner of Maple/Leisure Town Road to accommodate an 84-unit senior single family development

April 27, 2004 - Resolution 2004-37 – Resolution approving the General Plan Amendment, planned development, amendment to the Comprehensive Annexation Plan and annexation of the Southtown Project area

- Land Use Diagram changes to accommodate a 1,147 mixed use residential project in the Vanden Growth area
- Modifications to Land Use Element Policies 2.2-I-9, 2.2-I-2, 2.5-I-8, deletion of policy 2.3-I-1 and addition of policy 2.3-I-13
- Transportation Element changes to Figures 6-1, 6-2 and 6-3 to incorporate roadway configuration and bike trail changes

April 27, 2004 - Resolution 2004-38 – Resolution approving the General Plan Amendment, planned development, and annexation of the Moody project area

- Land Use Diagram changes from Residential Estate and Agricultural Buffer to Low-Medium Density Residential, General Commercial and Community Facility to accommodate a 239-unit single family residential project and mini-storage facility located east of Leisure Town Road and north of the railroad
- Modifications to Land Use Element Policies 2.2-I-9, 2.2-I-2, 2.5-I-8, deletion of policy 2.3-I-1 and addition of policy 2.3-I-13
- Transportation Element changes to Figures 6-1, 6-2 and 6-3 to incorporate roadway configuration and bike trail changes

April 27, 2004 - Resolution 2004-39 – Resolution certifying environmental impact report and approving General Plan Amendment, planned development, and annexation for the Rice-McMurtry project area

- Land Use Diagram changes from Hillside Agriculture and Residential Estate to Public Open Space and Residential Estate located east of Browns Valley Road to accommodate a single family residential project for approximately 300 units
- Modifications to Land Use Element Policies 2.2-I-9, 2.2-I-12, 2.5-I-3, and addition of policy 2.3-I-23
- Modifications to Public Facilities Element policy 5.1-I-15
- Modifications to Transportation Element figures 6-1 and 6-2 to incorporate changes to roadway configurations for Browns Valley Parkway and Browns Valley Road

June 8, 2004 - Resolution 2004-49 – Resolution certifying environmental impact report, adopt findings of fact and statement of overriding considerations, adopting a mitigation monitoring program, approving the General Plan Amendment and approving the design guidelines for the Lower Lagoon Valley specific plan area

- Modifications to Land Use Element Policy 2.3-I-14, Figure 2-2, and text in Section 2.2 .2-I-9, 2.2-I-12, 2.5-I-3, and addition of policy 2.3-I-23
- Modifications to Parks and Recreation Element Figures 4-1 and 4-2
- Modifications to Public Facilities Element Figures 5-1 and 5-2
- Modifications to Transportation Element Figures 6-1, 6-2 and 6-3

October 12, 2004 - Resolution 2004-105 – Resolution adopting amendments to the Transportation Element of the General Plan regarding Peabody Road and Leisure Town Road

- Modification of text, policies and figures throughout the document to bring the General Plan up-to-date relative to the Jepson Parkway and other planned roadway improvements

December 7, 2004 - Resolution 2004-105 – Resolution repealing paragraph 2 of Resolution 2004-49

- Repeal of the general plan amendments approved for Lagoon Valley

ANNUAL PROGRESS REPORT ON HOUSING ELEMENT

Progress in Meeting Regional Housing Need

State Law requires the City to report progress in meeting its share of regional housing needs. The Housing Element was adopted in 2001 and subsequently amended in 2003 to incorporate provisions of agreements between Solano County and City of Vacaville which resulted in a transfer of 729 of the county's housing need to the city. The Housing Element timeframe is January 1999 through June 2006. Though the Housing Element is normally updated every 5 years, HCD has approved a request from the Association of Bay Area Governments (ABAG) to delay the next revision deadline to June 2009. The revision process will commence in summer 2006 when HCD begins the process to determine the total Bay Area housing need and will follow with ABAG's process to make a determination of the housing need for individual jurisdictions.

Table 30 in the Housing Element contains a summary of the City's affordable housing goals for new construction. Vacaville's stated goal is to construct an average of 750 units per year during the Housing Element planning period of January 1999 through June 2006. These goals are reviewed by HCD as a part of their certification of the Housing Element. They reflect a reasonable goal for new construction, given limited availability of monies to subsidize construction of new very low income units. The City is very close to achieving the stated goals, as shown in the table below.

Progress in Meeting Housing Element New Construction Goals

	Very Low	Low	Moderate	Above Moderate	Total
NEW CONSTRUCTION GOAL	90	990	1,772	2,773	5,625
Actual Construction through December 2004	82	732	1,327	1,719	3,860
REMAINING NEED TO MEET GOALS	8	258	445	1,054	1,765

The table on the following page provides the total housing need for the City as determined by ABAG and identified in the current Housing Element. The table shows progress to date in meeting the need.

Progress in Meeting Regional Housing Needs

	Very Low	Low	Moderate	Above Moderate	Total
HOUSING NEED	1,249	915	1,194	2,007	5,365
<i>ABAG Projected Need January 1999 to June 2006</i>	860	629	1,172	1,975	4,636
<i>Transfers from Solano County (with Quinn Rd. Annexation)</i>	14	11	22	32	79
<i>Transfer from Solano County (Master Housing Transfer Agreement)</i>	375	275	0	0	650
MINUS CONSTRUCTION	82	732	1,327	1,719	3,860
<i>Jan. 1999 to June 2001¹</i>	66 ²	488 ³	737 ⁴	958	2,160
<i>July 2001 to Dec. 2001⁵</i>	11 ⁶	113 ⁶	23 ⁷	116	263
<i>Calendar Year 2002⁵</i>	0	67 ⁸	411 ⁹	123	601
<i>Calendar Year 2003⁵</i>	1 ¹⁰	57 ¹¹	123 ⁷	357	538
<i>Calendar Year 2004⁵</i>	4 ¹²	7 ¹³	33 ⁷	165	209 ¹⁴
REMAINING NEED	1,167	183	0¹⁵	288	1,638

Notes:

- ¹ Includes permits issued during the time period. Also includes units which were issued during the prior Housing Element reporting period, but were finalized during the present Housing Element reporting period, as permitted by HCD.
- ² Saratoga Apartments Phase 1 (20 units); Saratoga Apartments Phase 2 (44 units); Habitat for Humanity houses (2 units)
- ³ Saratoga Apartments Phase 1 (88 units); Saratoga Apartments Phase 2 (76 units); Walnut Grove Apartments (64 units); Country Gardens Apartments (171 units); The Oaks Apartments (89 units)
- ⁴ River Oaks Apartments (312 units); The Commons Apartments (208 units); 117 homes in market rate subdivisions.
- ⁵ Permits issued
- ⁶ Lincoln Corner Apartments
- ⁷ Market rate single family
- ⁸ 66 2/1 Morgan Park Apartments; mini storage manager unit
- ⁹ 82 2/2 Morgan Park Apartments; Northpointe Apartments; market rate single family
- ¹⁰ Church residence
- ¹¹ Rose Garden Apartments; mini-storage accessory unit; 4 secondary living units
- ¹² Habitat for Humanity homes;
- ¹³ Market rate multifamily; 2 secondary living units
- ¹⁴ Does not include permits issued and later voided for 60 unit senior apartment project
- ¹⁵ Construction in this category has exceeded need by 133 units

Housing Element Program Implementation

In 2005, the City Council reviewed the status of implementation of Housing Element programs and policies conjunction with the City of Vacaville Affordable Housing Study. The information contained herein was reviewed by the City Council during their review of this report.

Summary of Housing and Redevelopment Programs

In comparison with other Bay Area cities of similar size, Vacaville has made significant progress towards producing and conserving the supply of affordable housing. The City's affordable housing strategy is to use its Redevelopment Agency Low- and Moderate-Income Housing Fund (LIHF) to increase, improve, and conserve the supply of affordable housing for very low-, low-, and moderate-income households through a variety of programs. The City has primarily used its LIHF to conserve and expand the supply of affordable housing in Vacaville. A variety of funding sources are used to leverage LIHF projects. These sources include mortgage revenue bonds, tax credits, the HUD-funded and HCD-administered HOME Investment Partnership Program, the Community Development Block Grant (CDBG) Program, and repayments from the Rental Rehabilitation Program, Small Cities CDBG revolving loan funds, private grants, and owner contributions.

Numerous programs administered through the Housing and Redevelopment Department promote and directly assist with a continuum of housing services benefiting all local residents including those who are homeless, to renters, and finally those households trying to achieve and maintain homeownership. During the next ten years, the City expects to:

- Assist approximately 15,000 households (a minimum of 1,500 each year) with housing counseling and emergency assistance
- Assist with relocation or construction of an emergency homeless shelter facility (Opportunity House)
- Provide rental assistance to approximately 1,500 households each year
- Subsidize construction of approximately 440 new affordable multi-family rental units
- Rehabilitate 160 existing single- and multi-family units for use as affordable housing
- Subsidize construction of 100 new affordable single-family units
- Provide up to \$40,000 per household to make homeownership affordable to 525 first-time low- and moderate-income Vacaville families

Summary of Zoning and Planning Programs

Residential Overlay Districts

The City has adopted a zoning strategy that allows commercially zoned sites that meet certain land use compatibility findings to be considered for multifamily residential use projects without requiring a General Plan Amendment and/or Zone Change. This strategy has been an incentive for several developers to propose and construct several multifamily projects on sites with commercial zoning designations:

- Lawrence Drive Senior Apartments (Pending Construction) – 60 unit senior restricted apartment complex
- North Pointe Apartments (2004) - 312 unit upscale apartment complex
- Rose Garden Senior Apartments Phase III (2004) – 52 unit senior restricted apartment complex
- The Commons (2002) – 208 unit upscale apartment complex
- Walnut Grove Senior Apartments (2000) – 117 unit senior restricted apartment complex
- River Oaks (2000) – 312 unit upscale apartment complex

Density Bonus

The Land Use and Development Code provides incentives that allow for density bonuses for projects with certain affordability restrictions. Several senior restricted apartment complexes have been built with this provision:

- Lawrence Drive Senior Apartments (Construction Pending) – 60 unit senior restricted apartment complex
- Saratoga Senior Apartments Phase II (2002) – 120 unit senior restricted apartment complex
- The Oaks Senior Apartments (2001) – 78 unit senior restricted apartment complex
- Poppy Gardens Senior Apartments (2001) – 80 unit senior restricted apartment complex
- Saratoga Senior Apartments Phase I (2000) – 108 unit senior restricted apartment complex

In January 2005, SB 1818 went into effect which lowers qualifying standards for housing developers to receive density bonuses and increases the amount of additional housing units allowable with these bonuses. The City has initiated changes to the local ordinance to be consistent with the state mandate.

Condominium Conversions

Condominiums typically offer a more affordable home ownership option to buying a detached, single family home. As home prices continue to increase dramatically within

the state of California, the real estate market has seen a significant increase in the purchase of condominiums. This trend has been reflected in the number of inquiries the City has received from developers seeking to convert existing apartment buildings into condominiums. The conversion of an apartment complex to an ownership condominium complex is permitted by the Land Use and Development Code when the apartment vacancy rate is above 3%.

In some cases, existing apartment complexes were constructed as condominiums, though they were rented as apartments. This may have been a strategy to permit sales at a later date when construction defect laws would no longer apply, or it may simply have been that the real estate market did not support the sale of condominiums. Peach Tree Condominiums located on Arcadia Court, and Walnut Glen located on Nut Tree Road, are examples of such projects. The Peach Tree condominium project was approved in 1989 and the units were rented as apartments until October 2004. The one and two bedroom condos began selling at \$178,000. This price is well below the median price of single, detached homes in Solano County which is in the mid to high \$300,000 range.

Though condominium projects offer a more affordable alternative to detached single family homes, developers are reluctant to construct new projects mainly due to the fear of construction defect litigation. Litigation for latent construction defects can be filed as late as ten years following initial construction. Any homeowner can sue a developer for construction defects regardless of the type of dwelling. However, construction defect lawsuits are most often filed by home owner associations (HOAs) affiliated with ownership condominium projects. As a result of these lawsuits, developers often experience difficulty obtaining insurance to construct condominium projects, and when insurance is made available its cost is usually very high, which reduces the overall profit from the project. The high cost of insurance and the potential lawsuits make condominium projects less desirable to developers. Conversion of an existing apartment building to condominiums is often more attractive to developers because in most cases the ten year time period in which a homeowner can sue the developer has lapsed.

Secondary Living Units Ordinance

Secondary units, also known as "granny flats," are permitted within all residential zoning districts with the exception of the Mobile Home Park (MHP) zoning district. Effective July 1, 2003, AB 1866 requires local governments with secondary living unit ordinances to ministerially consider secondary living unit applications. The City of Vacaville ministerially reviews secondary living unit applications; however the physical building is subject to design review to ensure the building is consistent with the City's adopted development standards. Discretionary review of the building is permitted by state law to ensure neighborhood compatibility. On average, the City issues no more than ten secondary living unit building permits per year.

Residential Urban High Density

In April 2004, the City Council adopted Ordinance No. 1708 amending the Zoning Map to include the Residential Urban High Density (RU) Overlay district as a land use category. The RU Overlay district includes all of the Downtown Commercial (CD) zoned properties, generally bound by East Monte Vista Avenue/Stevenson Street and Cernon Street/McClellan Street, as well as two additional areas. These two areas are: North of Monte Vista Avenue on either side of Dobbins Street, and between McClellan and Depot Streets and Alamo Creek south to Mason Street.

The adopted ordinance also included minor amendments to the RU Overlay chapter (Chapter 14.09.104) of the Land Use and Development Code, mainly providing clarification about the Overlay boundaries and the area where freestanding residential development will be permitted. Freestanding residential development will be limited to the area generally east of Wilson Street and Andrews Park between E. Monte Vista Avenue and Mason Street.

The type and scale of residential uses in the Downtown should compliment, not compete, with the established retail and commercial base. Vasquez Deli, located at 620 East Main Street, is an example of the appropriate scale for commercial and residential uses on the same site. This project, which was possible through the Historic Preservation Overlay District, consists of a 2-story building with the 2,800+ sq. ft. Vasquez Deli on the first floor and 3 apartment units on the second floor. Projects within the RU Overlay district are permitted densities of up to 36 units per acre.

The City Housing and Redevelopment Agency owns several properties within the RU Overlay District. However, many of the properties are relatively small and are not contiguous. Development of a free standing residential building within this district would likely require the consolidation of several small properties which may prove to be difficult. This potential limitation does not preclude development of a free standing apartment building, but it will likely limit the overall potential number of units within the downtown area. The General Plan projects up to 700 residential urban high density units within the RU Overlay district, but for the reasons stated above, it's more likely that a smaller proportion of the projected units will be constructed and the Housing Element does not rely on the construction of these units. However, it is expected that construction of high density or mixed use projects in and near downtown will more viable as the inventory of infill sites decreases.

Housing Programs

1. Housing Counseling Assistance

Vacaville's Housing Counseling Program is certified by the U.S. Department of Housing and Urban Development (HUD) to provide landlord-tenant assistance, fair housing referrals, pre-ownership counseling and post ownership assistance (including pre-foreclosure counseling for those having difficulties making their

mortgage payment). Approximately 15,000 households (1,500 per year) are expected to receive counseling assistance during the next ten years.

2. Homeless Emergency Shelter Assistance

Opportunity House, a 24 bed homeless emergency shelter in Vacaville was constructed in 1992 using community resources and funding from the Agency. Vacaville Community Housing (VCH) owns the property and leases it (on a rent-free basis) to Vacaville Social Services Corporation (VSSC) who oversees the programming and operations of the facility.

It is anticipated an Agency loan will be issued during the next five years to purchase the Catherine Street site where Opportunity House is currently located and assemble this parcel with other Agency-owned properties located in the Opportunity Hill area for a possible mixed-use development. VCH would then either relocate Opportunity House or construct a facility at a new site with better accessibility to local social services.

3. Rental Assistance

A. Below 50% of Area Median Family Income

1. Section 8 Housing Choice Voucher Program

The Vacaville Housing Authority (VHA) operates a \$10.5 million (annual budget) Section 8 Rental Assistance Program (1,143 Vouchers). Approximately 1,450 extremely low- and low-income households are assisted by the VHA each year.

2. Credit Repair Workshops

The Vacaville Housing Counseling Agency partners with the Vacaville Housing Authority and Credit Bureau Associates to sponsor a free Credit Repair Workshop. The Credit Repair Workshop is designed to educate Section 8 participants on the importance of good credit, to begin the process of establishing or repairing their existing credit, and to develop a "good credit strategy" so the participant can plan for purchase of their own home. This workshop is offered several times each year.

3. Multi-Family New Construction

Highlights of the accomplishments the Vacaville Redevelopment Agency has made working with for profit and nonprofit organizations developing new construction affordable housing are as follows:

a. Autumn Leaves Apartments

These 56 apartments were developed for seniors with very low-incomes during the late 1980s.

b. Multi-family Mortgage Revenue Bond Financed Apartments

The Agency assisted in the financing of 195 apartments affordable to households with low- and moderate- incomes during the mid 1980s at the following complexes:

- o The Sycamores - 53 units
- o Hidden Creek - 48 units
- o Quail Run - 59 units
- o Spring Glenn - 35 units

c. The Saratoga I and II Apartments

These are senior complexes with 228 affordable units (108 and 120). All units are set aside for seniors whose incomes are below 60 percent of area median income with 40 units (20 at each complex) set aside to assist seniors with incomes below 30 percent of area median. Agency loans of \$800,000 and \$566,000 were issued in 1999 and 2000 respectively.

Over the next ten years, an estimated 240 units will be developed by for-profit and non-profit developers for very low-, low-, and moderate-income households utilizing \$6 million dollars of Agency assistance.

B. Below 80% of Area Median Family Income

1. Multi-Family Acquisition and/or Rehabilitation

a. Vacaville Community Housing

Through acquisition, rehabilitation, and/or reduced unit density, the Agency has provided loan funds to Vacaville Community Housing (VCH) to acquire and rehabilitate 325 apartment units. From 1999-2004, VCH developed an additional 157 units in partnership with Bay Development, at rents affordable to families with income at or below 60 percent of area median family income. Over 70 percent of VCH-owned units are set aside for families with income at or below 60 percent of median family income.

b. Lincoln Corner Apartments

During 2002, VCH and Bay Development partnered with the Redevelopment Agency to begin construction of 134 new rental units in the Scoggins Court area by VCH and Bay Development. All of the units are affordable to families with incomes at or below 60 percent of the area median income.

c. Neighborhood Conservation Program (NCP)

This program provides below market interest rate loans to owner-investors to rehabilitate rental units occupied by lower income families. Repayments are deposited into the LIHF revolving loan fund.

Since 1988, 41 NCP loans have been made to for profit, owner-investors to rehabilitate 213 rental units. It is anticipated an additional 15 loans will be issued for multi-family rehabilitation projects during the next ten years utilizing approximately \$500,000 dollars of Redevelopment Agency assistance.

Over the next ten years, an estimated 200 units will be acquired and/or rehabilitated by non-profit and for-profit developers for low- and moderate-income households utilizing approximately \$13 million dollars of Agency assistance.

2. Multi-Family New Construction

a. Vanden Road Military Housing Project

In January 2004, the Redevelopment Agency entered into a partnership agreement with VCH and Bay Development to develop 36, 4-bedroom/2-bath town homes and 57, 3-bedroom/2-bath apartments on Vanden Road. Due to market conditions, as of December 2005, this project is inactive.

b. Lawrence Drive Apartments

In July 2003, the Redevelopment Agency entered into a \$1 million dollar loan agreement with VALCO Development to build a new low-income senior housing project on Lawrence Drive. Due to market conditions, as of December 2005, this project is inactive.

3. Homeownership Assistance

a. Neighborhood Conservation Program (NCP)

This program provides below market interest rate loans to rehabilitate units for very low-, low-, and moderate-income owner-occupants of single family units. Repayments are deposited into the LIHF revolving loan fund.

Since 1988, 129 NCP loans have been made to assist 88 owner-occupants to improve their homes. It is anticipated an additional 45 loans will be issued for single-family and multi-family rehabilitation projects during the next ten years utilizing approximately \$600,000 dollars of Redevelopment Agency assistance.

b. Reverse Mortgage Assistance

The Vacaville Housing Counseling Agency is a U.S. Department of Housing and Urban Development (HUD) approved agency for conducting Home Equity Conversion Mortgage (HECM) counseling. HECMs are a special type of loan that allows any and all homeowners, age 62 or older, to convert the equity in his/her home into cash that can in turn be used to

supplement monthly Social Security benefits and/or other retirement income, meet unexpected medical expenses, and make needed home improvements, etc. All reverse mortgages are due and payable when the last surviving borrower, dies, sells the home, or permanently moves out of the home. A homeowner may never owe more than what his/her home is worth at the time the loan is repaid, and the lender may not seek repayment from the borrower's income, heirs, or other assets.

The Housing Counselor provides the interested homeowner with information concerning the implications of and alternatives to a reverse mortgage and tailors the session to address the unique financial circumstances of the household being counseled. The Housing Counselor and homeowner both certify that the following items were reviewed and discussed in detail:

- ✓ Options other than a HECM that are available to the homeowner(s), including other housing, social service, health and financial options.
- ✓ The financial implications of entering into a HECM.
- ✓ A disclosure that a HECM may have tax consequences, affect eligibility for assistance under Federal and State programs, and have an impact on the estate and heirs of the homeowner(s).

Primarily due to organizations such as the American Association of Retired Persons (AARP) promoting information about the potential benefits of reverse mortgages, the Vacaville Housing Counseling Agency has already seen a 380% increase in HECM counseling's held during calendar year 2004 (10 counseling's/certificates issued during calendar year 2003, versus 48 during calendar year 2004).

C. Single-Family New Construction

To encourage the creation of new, affordable multi-family housing, the City and Agency works with for profit and non-profit developers to leverage mortgage revenue bonds, tax credits, grants and private funding.

1. Habitat for Humanity

Habitat has built 2 single-family homes for Vacaville families with very low-incomes. These two projects were completed in 2000. It is anticipated an additional two Habitat single-family projects will be completed in Vacaville during the next ten years. Agency-owned land has been donated to make future proposed projects a reality.

2. Scoggins/Markham Housing Project

In FY 2003-2004, the Vacaville Redevelopment Agency and VCH executed a \$1.8 million Predevelopment Loan Agreement to assist VCH to acquire seven parcels in the Scoggins/Markham area in order to develop two affordable owner- and renter-occupied housing projects (Markham and Scoggins Places). VCH has completed the required acquisitions and plans to fully redevelop the sites utilizing a combination of new construction and rehabilitation activities. The 24 month predevelopment loan will allow VCH the necessary time to fully plan projects and seek financing for entry level ownership housing, lease-to-own type housing and/or below market rate rental housing. VCH proposes to pay back the predevelopment loans with permanent funding sources for the ultimate projects. At present, VCH envisions this opportunity as a series of small projects involving home ownership and rental housing.

Over the next ten years, it is estimated 100 new single-family units for very low-, low, and/or moderate-income households will be developed with \$8 million of Agency assistance.

D. Homebuyer Assistance Programs

1. Below 50% of Area Median Family Income

a. Family Self-Sufficiency Program

A HUD funded program, Family Self-Sufficiency (FSS) is designed to assist Section 8 participants with achieving the goal of becoming self-reliant. With housing assistance as the stabilizing factor, the participant is provided an opportunity to secure long term meaningful employment. Education career and social services, needs assessment, counseling, peer support and follow up are provided by the Family Self-Sufficiency Coordinator, as well as referrals to outside agencies as needed. FSS also offers a financial incentive to participating families through establishment of an escrow account which becomes available for use to the family when all program goals are achieved (i.e. use as a home purchase down payment).

Although the VHA is no longer mandated to have any households enrolled in the program, the VHA does not plan to limit the number of families who may participate in its FSS programs and remains committed to maintaining its FSS enrollment at a minimum of 71 households. The VHA currently has 80 households enrolled in FSS. All current participant households are moving towards completing their goals to successfully graduate from the program.

b. Section 8 Homeownership Program

This program enables Section 8 participants to move from renting to homeownership. The VHA has formed partnerships with several funding sources in the community to finance homes for purchase by those Section 8 participants who qualify. The VHA requires financing for purchase of a home under its Section 8 Homeownership Program will be provided, insured or guaranteed by the state or Federal government; comply with secondary mortgage market underwriting requirements; or comply with generally accepted private sector underwriting standards. The VHA is also partnering with and referring participants to other homeownership programs (including the City of Vacaville Down Payment Assistance Loan Program) in an effort to facilitate the families search for suitable housing and increase their buying power. The VHA has approximately 60 families who are in various stages of the process of moving from renting to homeownership.

2. Below 80% of Area Median Family Income

a. Mortgage Credit Certificates

The City of Vacaville received authority in FY 2003-2004 to issue Mortgage Credit Certificates (MCC's) for first time homebuyers. The allocation was less than \$1 million and was administered by Rural Gold. With open market mortgage interest rates remaining at a record low, it did not benefit homebuyers to take advantage of the long term tax benefits MCC funding offers. When mortgage rates increase significantly, this program will again be marketed as a viable alternative for low- and moderate-income homebuyers.

b. First-Time Homebuyer Down Payment Assistance Loan (DPAL) Program

Since its inception in 1994, this Agency program has assisted **691 families** with purchase of their first home in Vacaville. Down payment loans of up to \$10,000 are available at below market rates and are deferred for 5 years. The loans may be used for down payments and to pay closing costs. Repayments are deposited into the LIHF revolving loan fund and are used to fund additional down payment assistance loans.

The National Association of Homebuilders has ranked the Vallejo-Fairfield-Napa MSA (of which Vacaville is a part) as the sixth least affordable housing market in the nation. Due to this affordability situation, (e.g. The average sales price for a three-bedroom, two-bath home in Vacaville increased from \$326,423 in September 2003 to \$376,550 in September 2004), it is anticipated the amount of down payment loan assistance provided to each qualifying household will need to significantly increase during the next five years to make purchase of a home a viable option for low- and moderate-income Vacaville households.

DPAL program guidelines are currently being modified to address this affordability gap. The following program changes will be presented to the City Council for consideration in February 2005:

- ✓ Increase assistance from \$10,000 to up to \$40,000
- ✓ Increase maximum eligible income level from 115% to 120% of area median family income
- ✓ Defer loan repayment for five years and amortize repayment at 3% interest over 45 years.
- ✓ Include an affordability agreement and the flexibility to have this loan take a second or third mortgage position.

As house prices continue to become increasingly out of reach for low- and moderate-income households, it will also be critical for the City to work closely with lease-purchase program administrators to educate local real estate and lending professionals about the benefits of these programs.

It is expected an additional 250 loans totaling \$3 million dollars will be issued to first-time homebuyers for purchase of single-family homes in Vacaville from July 1, 2004-June 30, 2009. It is anticipated an additional 275 loans totaling \$3.5 million dollars will be issued to first-time homebuyers for purchase of single-family homes in Vacaville from July 1, 2009-June 30, 2014.

3. Below 120% of Area Median Family Income

a. Pacific Housing & Finance Agency (PHFA) Lease-Purchase Home Ownership Assistance Program

PHFA's Lease-Purchase Home Ownership Assistance Program allows a Vacaville family of four with an annual income under \$89,265 to select a home available for sale (at a price less than \$475,000). PHFA purchases the home and pays all down payment and closing costs on behalf of the family. The family then enters a 72-month lease for that home with PHFA. Upon completion of the lease, the family may exercise the option to purchase the property from PHFA by assuming the existing mortgage.

b. Extra Help Teacher Program

The Extra Credit Teacher Program provides a below market interest rate California Housing Finance Agency (CalHFA) first loan, together with a forgivable interest CalHFA second loan to assist eligible teachers, administrators, staff members and classified employees to purchase their first home. All borrowers must be teachers, administrators, classified employees and staff members who are first-time homebuyers and whose income does not exceed CalHFA income limits that vary based on location and family size.

This Extra Credit Teacher Program is intended to assist members in **high priority** school areas across the state to achieve homeownership. Vacaville is considered a high priority area and has 8 qualifying schools.

These lease-purchase programs (including the California Home Source Program described below) are administered on a regional basis, but because they have not been well marketed locally, they have not been well utilized. Greater efforts by the City to work with lease-purchase program administrators to market these programs locally (Travis Housing Office, Vacaville Unified School District, City of Vacaville InfoNet, etc.) may result in greater participation by Vacaville landlords and prospective homebuyers.

4. Below 140% of Area Median Family Income or Any Income Level

a. California Home Source Lease-Purchase Program

California Home Source Lease-Purchase Program provides an opportunity for moderate-income renters with annual incomes of up to \$104,440 to select a home with a purchase price of as high as \$600,000. California Home Source purchases the home on behalf of the qualified household, finance the mortgage and down payment, and pay all of the closing costs. A household pays a one percent fee to California Home Source and leases the home for 39 months. During the lease, the client must make the payments on time, maintain the home, and work to resolve past credit problems. At the end of the 39 month lease, a participant retains equity earned from the lease payments and can buy the home from California Home Source by assuming the existing mortgage.

b. Homebuyer Education Learning Program (HELP)

The Vacaville Housing Counseling Agency sponsors quarterly Homebuyer Education Learning Program (HELP) at the Vacaville Public Library on two consecutive Saturdays. The eight-hour HELP workshop is designed to provide an overview of the various parts of the home buying process and includes presenters from the City's HUD certified Housing Counseling Program; as well as partners/volunteers from the local real estate and lending industries. Families who successfully complete this training are eligible for a \$100 discount on the application fee for the City's Down Payment Assistance Loan Program. These programs have also been presented in Spanish to further expand outreach to residents who might otherwise be unaware of or unable to access the variety of services.

E. Landbanking Assistance

During the past five years, the Agency purchased approximately 5.5 acres of property with \$4 million dollars of Low-Income Housing Funds. The Agency

purchased and assembled parcels during this period in the East Main/Wilson/Mason Street area for mixed use development. Three affordable apartment units located over a restaurant are currently under construction.

It is estimated the Agency will utilize \$5 million during the next ten year period (July 1, 2004-June 30, 2009) to work with housing developers to construct approximately 50 new rental and for-purchase housing on these properties, or if appropriate, sell these properties for commercial purposes and use the proceeds from the land sales for affordable housing projects.

With the exception of the rental assistance programs which are federally funded, most of Vacaville's residential rehabilitation and new construction programs are funded with local Redevelopment funds. Twenty percent of the tax increment received by the Redevelopment Agency is placed in the "Low Income Housing Fund (LIHF) to preserve and expand the supply of affordable housing. Redevelopment Law contains restrictions on how these funds are to be spent. These restrictions required that a portion of the housing developed in Redevelopment Areas be affordable, that LIHF be spent housing for very low income households as well as low and moderate income households, and that the amount of LIHF spent for senior housing be limited.

California Redevelopment Law Affordable Housing Requirements

Under California Redevelopment Law (CRL), the Agency must target Redevelopment Low- and Moderate-Income Housing Fund (LIHF) expenditures in accordance with an income proportionality test, an age restriction proportionality test, and a housing production (inclusionary) requirement.

1. Income Proportionality Test & Housing Need

The income proportionality test requires the Agency target set-aside expenditures to the relative percentage of unmet need for very low-, low-, and moderate-income units, as defined in the City's most recently approved Housing Element. Based upon the City's 2001 Housing Element, the Agency's minimum required allocation currently is:

<u>Income Categories</u>	<u>Fair Share %</u>
Very Low-Income	At least 37.3
Lower-Income	At least 27.2%
Moderate-Income	Not more than 35.5%

The Agency will use the preceding information to proportionally allocate available LIHF funding.

2. Expenditures on Senior Citizen Projects

Under California Redevelopment Law (CRL), the age restriction proportionality test requires that the maximum percentage of set-aside funds

that an agency can allocate to senior housing is limited to the percentage of residents within the City that are 65 years of age and older, as reported by the most recent census of the U.S. Census Bureau.

According to Census 2000 data, there are 7,320 Vacaville residents age 65 years or older, which represents 8.2% of Vacaville's population. Therefore, in order to meet the age restriction proportionality test requirements under CRL, the maximum percentage of Redevelopment Agency funds that can be used to assist age restricted housing projects in Vacaville is 8.2%.

3. State Housing Production (Inclusionary) Requirement

California Redevelopment Law (CRL) requires the production of a minimum number of affordable units based upon the number of new housing units developed in Redevelopment Areas.

- If the Agency undertakes development or rehabilitation projects, 30% of the housing must be affordable to low- and moderate-income households. Of those units, 50% must be affordable to very low-income households.
- Where the Agency does not directly develop or substantially rehabilitate units, at least 15% of all new or substantially rehabilitated units in a Project Area must be affordable to low- and moderate-income households. Of those 15% units, 40% must be affordable to very low-income households. A two for one counting of affordable units is allowed if they are created or substantially rehabilitated outside of the Redevelopment Areas. In order to count toward meeting the inclusionary requirement, a unit must have a recorded affordability agreement for the longest feasible time. The minimum affordability requirement is 45 years for for-sale housing and 55 years for rental housing.

Progress Toward Mitigating Governmental Constraints

Since adoption of the Housing Element, the following actions have been taken to address mitigation of governmental constraints.

Land Use Controls and Growth Management

Since adoption of the Housing Element in 2001, the City has approved several multi-family residential projects on lands previously designated for other land uses in the General Plan. Changes in the market made these alternative sites attractive for multifamily development.

The City Council approved several special allocations under the provisions of the Planned Growth Ordinance to allow construction of several multifamily and small-lot residential subdivisions.

Development Fees

As a result of the Affordable Housing study, the City Council initiated a study to review the reduction of impact fees assessed secondary living units in order to encourage construction of more of these affordable units.

Local Development Standards

As a result of the Affordable Housing Study, the City Council initiated a study to review development standards for small lot single family projects and consider alternative design and parking standards to help increase affordability.

2004 CITYWIDE ACCOMPLISHMENTS

The City Council reviews an annual report which summarizes the major accomplishments of the prior year. The following accomplishments were noteworthy for 2004 and helped to further implement the goals and policies in the General Plan.

STRENGTHEN ECONOMIC VITALITY

Increased Employment Opportunities

- Began construction on Genentech's new \$500,000 million biopharmaceutical manufacturing facility. When operational in 2009, it will add 600 workers to the current 500 workforce.
- Created more than 900 job opportunities for Vacaville residents. Major new employers include:
 - Kohl's Department Store, 150 employees.
 - WinCo., 212 employees.
 - Alza Corp., 300 employees
- Completed construction on the following:
 - Buzz Oates completed two industrial/warehouse buildings with 276,000 square feet in Vacaville Business Park.
 - Mark IV Partners completed 43,000 industrial warehouse flex building at 2059 East Monte Vista.
 - Chiron completed 18,000 square foot expansion of its biopharmaceutical manufacturing plant.
- Sales tax revenues increased 6 percent over 2003. SHOULDNT THIS BE 2004???
- Issued more than 2,900 permits for new construction valued at \$117 million, including:
 - 155 single family homes: Skyview Villages on Vine, Laurel Wood, Alamo Place, Majestic Oak and Villagio.
 - Two warehouse buildings with 23,500 square feet.
 - 18 commercial buildings with 451 square feet: Alamo Commercial Center, Elmira Commercial Center, Speedee Oil Change, Popeye's Chicken, Rose Garden Commercial Building and Vasquez Deli.
 - One church with 8,000 square feet.
 - Increase property tax revenues \$609,000, or 8 percent over the previous year.
- Hotel tax revenues were up \$173,000 or 18 percent.
- Created the Vacaville Economic Vitality Roundtable, bringing together local businesses leaders, regional developers and governmental agencies to create opportunities for expansion and new businesses.
- Continued to pursue opportunities for the development of a small business development incubator.

Provided all types of housing for Vacaville

- Approved major residential projects that will provide 3,000 future housing units:
 - Lagoon Valley
 - Apartment complex at Leisure Town and Ellsworth roads.
 - Southtown and Moody properties.
 - Reynolds Ranch, Rogers Ranch, Knoll Creek
 - Browns Valley Road annexation area.
 - Meadowwood Project.
 - Maplewood Senior Project.
- Opened 124 Vacaville Community Housing units at Lincoln Corners.
- Began construction on two Habitat for Humanity homes.
- Work begun on 4th Affordable Housing Report, an in-depth look at housing affordability and housing programs and identification of potential new policies and programs

Projects to improve the downtown area:

- Completed new public library.
- Completed Davis Street entry project.
- Constructed new parking spaces on School Street.
- Acquired Davis Street property for additional parking.
- Completed downtown signage designs.
- Began construction for the Vacaville Town Square.
- Completed parking lot for McBride Senior Center, Library and Town Square.
- Held 13 Friday night concerts at the CreekWalk, with gate counts ranging from 4,000 to more than 7,000.
- Creekwalk special events attracted the Air Force Tops in Blue, the Classic Car Show, Fall Harvest Festival and KidsFest.

PROMOTE COMMUNITY VIABILITY

Neighborhood Viability and Outreach Efforts:

- Held 2,120 senior classes and activities at McBride Senior Center, for some 24,000 participants.
- Vacaville Police Activities League enrollment up 14 percent, serving 490.
- Vacaville Performing Arts Theatre booked for 220 days.
- Open swim programs had 29,241 participants.
- Completed designs for 60 senior apartments in the Valeriotte project.
- Acquired two properties on Catherine and Brown streets for affordable housing.
- Managed affordability housing agreements for 629 rental units.
- Increased gymnastics enrollment 25 percent and completed the year financially in the black for the first time.
- Hosted 620 bookings at Ulatis Community Center, serving almost 120,000.
- Increased youth sports activities by 30 percent, offering 62 programs.

- Provided \$69,000 for down payment loan assistance to 16 families purchasing their first homes.
- Investigated 1,975 neighborhood code complaints: 520 property related, 1,455 vehicle related and towed 215 abandoned vehicles.
- Undertook numerous projects to maintain and improve parks, including:
 - Began construction on Al Patch Park.
 - Reroof restroom buildings at Pena Adobe.
 - New vinyl flooring at TGIF buildings.
 - Improvement playground areas at North Orchard, Trower, Padan, Ridgeview and Browns Valley.
 - Installed accent lighting for the CreekWalk Concert Series.
 - Removed and replaced the entire Great Wonders Playground at Andrews.

Supported Collaborative Partnerships

- Held second annual Senior Health Workshop through the Vacaville Senior Roundtable, and increased advocacy efforts to assure adequate county and state funding for senior care and living issues.
- Revitalized the Youth Roundtable, increased participation from youth and held annual Gotcha awards program.
- Established the Vacaville Economic Development Roundtable, and organized subcommittees to study: creation of new small businesses, the Nut Tree Airport and cooperative marketing between government and private sector.
- Created a traveling Adult Flag Football league with Napa and Fairfield Community Services.
- Partnered to create the Vacaville Convention and Visitors Bureau.
- Formed the Homeless Collaborative Group, with Police, Vacaville Housing Authority, Salvation Army, Health and Human Services and the Opportunity House.
- Supported the Solano-Napa Regional Veterans Stand Down by providing housing and referral information for homeless and other veterans

MAINTAIN EFFECTIVE AND EFFICIENT CITY SERVICES

- Completed 19 projects totaling \$9.5 million.
- Completed construction plans and contract documents for 19 projects totaling \$35 million.
- Processed more than 21,000 maintenance work orders, including: street lights, signals, and sidewalk water and sewer repairs.
- Waste management and recycling programs resulted collections of: 5,700 gallons of used oil, 2,500 oil filters, 3,700 tons of curbside recyclables, 10,300 tons of yard waste, and 99.3 tons of hazardous materials.
- Increased ADA compliance activities, including: curb ramps at 10 locations; 14 restroom improvements; improved parking lot accessibility at 4 locations; ADA accessibly path and picnic area at Lagoon Valley Park.
- Began construction on the \$15 million Leisure Town Road over crossing at I-80.

- Received more than \$250,000 for bike paths.
- Saved \$800,000 in a felony insurance fraud conviction as a result of aggressive Workers' Compensation fraud detection and prevention.

RECOGNITION FOR EFFECTIVE AND EFFICIENT SERVICES:

- Received the Solano Transportation Authority award for 2004 Project Delivery, for completion of the Alamo Creek Bike Path and Leisure Town Road Park and Ride Lot.
- Recognized by the Vacaville Housing Authority and Solano County Housing Authority as a "high performer" for high monitoring and administrative scores.
- Received three National Association of Housing & Redevelopment Organization awards: Celebrating and Recognizing Community Partners to Increase Community Support; The Successful Transition of the Neighborhood Centers to the Vacaville Neighborhood Boys and Girls Club to Save Money and Better Serve Youth; and the Implementation of the Mini N—Team which Reflects Private Partners Protecting Public Interests.
- Awarded for the 13th consecutive year the Government Finance Officers Association and California Society of Municipal Finance Officers financial reporting awards.
- Won the achievement award from the Municipal Information System Association of California for surpassing standards for a fully-functional IT operation.

PUBLIC SAFETY

- Construction began on the new \$11.1 million Police Department Headquarters with a completion date of August 2005.
- Reached more than 5,300 residents with fire and life safety programs.
- Placed four new ambulances in service.
- Conducted a large-scale, public notification operation for violent sex offender Patrick Ghilotti, with more than 50 volunteers distributing 3,200 flyers to residents within one mile of his home.
- Utilized two police canines to recover: 265 grams of methamphetamine, 26 drug pipes, 203 grams of marijuana, 75 grams of cocaine and more than \$10,000 in drug money.
- Implemented an expedited fire plan review for contractors on a rush schedule.
- Identified six chronic crime locations and served violation notices as required in the new Community Safety Ordinance.
- Conducted more than 1,500 fire code compliance inspections of newly constructed and existing buildings.
- Initiated new false alarm ordinance which will recover about \$300,000 annually.
- Named new fire and police chiefs after nationwide search that began last spring.
- Received a \$9,100 grant from Fireman's Fund Insurance Co. to purchase a robotic learning aid for children's fire safety programs.

- Recovered drugs valued at more than \$121,000 through the Narcotic Enforcement Team's 62 search warrants and 92 arrests.
- Conducted parenting classes through the Family Investigative Response Services Team (First), reaching 321 parents.
- Completed radar speed display sign project at selected schools, and school "bright" signs at all schools with \$178,000 grant funding.

□ □ □

