



## Affordable Housing Lost in the Sacramento Region

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If I could turn back time, I would return to 2012, a time when nine jurisdictions in the Sacramento region had ordinances, commonly called an inclusionary housing ordinance, that required affordable housing to be built as part of new developments in Sacramento City and County, Folsom, Isleton, Sutter County, Yolo County, Davis, West Sacramento, and Winters. At the time, more than one-quarter of all inclusionary units constructed in the state were built in the Sacramento region, but several county boards and city councils changed their programs while updating their 2013–2021 state required planning document, known as a housing element.

Those changes have led to plummeting numbers of new affordable housing units, and several years later, the region is left with far fewer available affordable housing units, even as the need for housing continues to grow. If the region's leaders want new developments to keep pace with the need for affordable housing, they should work to restore the original inclusionary housing ordinances and safeguard those provisions in the future.

### Exhibit A: The City of Sacramento

Adopted in 2000, Sacramento previously operated under the Mixed-Income Housing Ordinance, which established an inclusionary housing program that required 15% of all housing built to be affordable to low-income households that earned up to 80% of the area median income (AMI) and very low-income households with income up to 50% of AMI—5% and 10% of the required units respectively. It applied in new growth areas of the city, i.e., those designated areas where a large majority of future residential development was anticipated, which included greenfield areas like Natomas and Delta Shores, two large brownfield sites, the Downtown Railyards, and to some infill areas, including the portion of North Sacramento that lies north of Interstate 80.

As one example of the changing ordinances that began after 2012, in 2015, Sacramento revised the Mixed-Income Housing Ordinance, which implemented an affordable housing impact fee for all new housing units and large subdivisions in place of required affordable housing units. The revenue generated from the fee was then to be placed in a citywide Housing Trust Fund and used to develop affordable housing units. Along with the fee, the ordinance also applied citywide, instead of only to new growth areas, and because planned developments were allowed to opt into the new ordinance, approximately 3,300 planned affordable units were affected.

### Opportunities Lost in New Growth Areas

Supporters of the revision claimed that a city-wide approach and use of an in-lieu fee option would result in unprecedented opportunities for affordable housing, while maintaining a healthy environment for Sacramento's growth and revitalization—however, the data from the past several years demonstrates that the revised ordinance is generating far fewer affordable units than the original. While in affect, the original ordinance produced 1,505 affordable units—an annual average of 107. So far, the revised ordinance averages generation of only 7 units per year, totaling 36 units.

Further, because the revised ordinance allowed developments with approved Inclusionary Housing Plans to opt into the new ordinance, at least five large, planned projects reduced the number of units that would have been built had the original ordinance remained. For two of these developments, there were plans to produce a combined 1,232 affordable units, but under the revised ordinance, the planned affordable housing unit equivalency was 614 fewer units.

The other three developments were located within new growth areas and if they had sought plan approval before 2015 would have had to meet the 15% inclusionary requirement—instead they sought approval after the revision was adopted. The revenue generated from their fee contributed toward 1,283 less units than what they would have been required to build under the original ordinance.

## **Paradise Lost**

Paradise lost is the story of original sin. The scenario for affordable housing in 2012 under the original Mixed-Income Housing Ordinance was not exactly paradise, but in comparison had the ordinance not been revised, it would have produced more than double the housing affordable to low and very low-income households. The greater availability of affordable housing could have kept families and low-income people from being priced out of the market—in 2021, average rent for a family of four was \$2,825. In affordable housing, the cost would be over \$1,000 less.

In sum, this means that had the ordinance not been revised, nearly 2,000 more individuals and families who were experiencing increasingly expensive housing in the city could have found a home in Sacramento's newest neighborhoods. To reverse and mitigate the damage done by the new housing ordinances, county and city leaders should assess the damage done, and where necessary either revert back to the original housing ordinances, or enhance requirements to better meet the need for safe, secure housing in the region.