



AGENDA

Thursday, February 23, 2023

CITY OF CITRUS HEIGHTS CITY COUNCIL

5:00 PM SPECIAL MEETING

6:00 PM REGULAR MEETING

City Hall Council Chambers

6360 Fountain Square Drive, Citrus Heights, CA

HOW TO PARTICIPATE:

The City of Citrus Heights welcomes your interest and involvement in the City's legislative process. The Council may take up any agenda item at any time, regardless of the order listed. The City Council has established a procedure for addressing the Council. If you wish to address the Council during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk, if participating via webcast you may use the Zoom hand raise function (or *9 if you join the webinar via telephone) and the host will unmute you when it is time to speak. When you are called upon to speak, step forward to the podium and state your name for the record. Normally speakers are limited to five minutes each with 30 minutes being allowed for all comments. Any public comments beyond the initial 30 minutes may be heard at the conclusion of the agenda. The Mayor has the discretion to lengthen or shorten the allotted times. Alternatively, you may submit your comment by 4:00 p.m. on the meeting day to by completion of an online Speaker Card at <https://www.citrusheights.net/FormCenter/City-Council-Meetings-Speaker-Card-30>. Written public comments shall be limited to 250 words or less. Each comment will be read aloud by the City Clerk.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection during normal business hours at City Hall, located at 6360 Fountain Square Drive. Audio / Visual presentation material must be provided to the City Clerk's Office at least 48 hours prior to the meeting. Email subscriptions of the agenda are available online by signing up with the City's [Notify Me](#) service.

Regular Meeting 6:00 p.m. Zoom Meeting –Webinar link: <https://zoom.us/j/98260431279>

If you need a disability-related modification or accommodation, to participate in this meeting, please contact the City Clerk's Office 916-725-2448, cityclerk@citrusheights.net, or City Hall 6360 Fountain Square Drive at least 48 hours prior to the meeting. TDD: California Relay Service 7-1-1.

February 23, 2023 City Council Agenda Packet (PDF)

Documents:

[2-23-23 SPECIAL_REGULAR COUNCIL AGENDA PACKET.PDF](#)

CALL SPECIAL MEETING TO ORDER

1. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer

PUBLIC COMMENT

CLOSED SESSION

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to California Government Code Section 54957

Title: City Manager

REPORT OUT OF CLOSED SESSION

ADJOURNMENT

CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
3. Video Statement

APPROVAL OF AGENDA

PUBLIC COMMENT

PRESENTATIONS

4. Recognition Of Retiring Employees

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

CONSENT CALENDAR

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action are requested by a Council Member.

5. SUBJECT: Approval Of Minutes
RECOMMENDATION: Approve the Minutes of the Meeting of February 9, 2023

PUBLIC HEARINGS

6. SUBJECT: Proposed Ordinance Prohibiting Commercial Vehicle Parking On Public Streets In The City

STAFF REPORT: A. Turcotte / R. Jones

RECOMMENDATION: Introduce for a First Reading, read by title only, and waive the full reading of Ordinance No. 2023-____ An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City

7. SUBJECT: Addition And Amendments To Adopted Master Fee Schedule

STAFF REPORT: S. Talwar / T. Nossardi

RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City

Council of the City of Citrus Heights, California, Establishing a New Fee and
Amending the City User Fees for Certain Services Provided

REGULAR CALENDAR

8. SUBJECT: Resolution To Adopt Affordable Housing Ownership Program Guidelines
STAFF REPORT: C. Kempenaar / A. Bermudez / N. Piva

RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Adopting the Affordable Housing Ownership Program Guidelines and finding the Project is Categorically Exempt from Review under California Environmental Quality Act (CEQA) pursuant to CEQA guidelines section 15061(b)(3)

9. SUBJECT: Citrus Heights Business Attraction Incentive Program Approval
STAFF REPORT: M. Huber

RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Approving the Citrus Heights Business Attraction Incentive Program Guidelines and Allocated \$500,000 in American Rescue Plan Act Funds to Administer the Program Through June 30, 2024

10. SUBJECT: Budget Allocation For "Citrus Heights Cares" Community Pride And Cleanliness Campaign
STAFF REPORT: M. Huber

RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Allocating \$47,000 in American Rescue Plan Act Funding to Create and Implement the Citrus Heights Cares Community Beautification Campaign

DEPARTMENT REPORTS

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL**
Special / Regular Meeting of Thursday, February 23, 2023
City Hall Council Chambers, 6360 Fountain Square Dr., Citrus Heights, CA
Special Meeting 5:00 p.m.
Regular Meeting 6:00 p.m.

HOW TO PARTICIPATE:

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IN PERSON	ONLINE	ON TELEVISION
		
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February 17, 2023


Amy Van, City Clerk

**SPECIAL CITY COUNCIL MEETING
5:00 PM**

CALL SPECIAL MEETING TO ORDER

1. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer

PUBLIC COMMENT

CLOSED SESSION

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to California Government Code Section 54957
Title: City Manager

REPORT OUT OF CLOSED SESSION

ADJOURNMENT

**REGULAR CITY COUNCIL MEETING
6:00 PM**

CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
3. Video Statement

APPROVAL OF AGENDA

PUBLIC COMMENT

PRESENTATIONS

4. Recognition of Retiring Employees

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

CONSENT CALENDAR

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action are requested by a Council Member.

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STAFF REPORT: A. Turcotte / R. Jones
RECOMMENDATION: Introduce for a First Reading, read by title only, and waive the full reading of Ordinance No. 2023-____ An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City
7. **SUBJECT:** Addition and Amendments to Adopted Master Fee Schedule
STAFF REPORT: S. Talwar / T. Nossardi
RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Establishing a New Fee and Amending the City User Fees for Certain Services Provided

REGULAR CALENDAR

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STAFF REPORT: C. Kempenaar / A. Bermudez / N. Piva
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DEPARTMENT REPORTS**CITY MANAGER ITEMS****ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS****ADJOURNMENT**

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES
Regular Meeting of Thursday, February 9, 2023
City Hall Council Chambers
6360 Fountain Square Drive, Citrus Heights, CA**

CALL REGULAR MEETING TO ORDER

The regular meeting was called to order at 6:01 p.m. by Mayor Schaefer.

1. The Flag Salute was led by Vice Mayor Daniels.
2. Roll Call: Council Members present: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
Council Members absent: None
Staff present: Feeney, Jones, Van and department directors.
3. The video statement was read by City Clerk Van.

APPROVAL OF AGENDA

ACTION: On a motion by Vice Mayor Daniels, seconded by Council Member Middleton, the City Council approved the agenda.

AYES:	Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES:	None
ABSENT:	None

PUBLIC COMMENT

Natalee Price spoke in favor of Item 6, the fee waiver for the REACH potluck on March 13, 2023.

Daniel Thigpen with the San Juan Unified School District, extended an invitation to the community to lend its voice to participate in the process of creating an innovative elementary school program in Citrus Heights.

PRESENTATIONS

4. Proclamation of the City of Citrus Heights Recognizing the Month of February as Black History Month
Council Member Karpinski-Costa read and presented the proclamation to Council Member Porsche Middleton.

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

Council Member Middleton announced Citrus Heights Arts is hosting their first Annual Black History Month A Taste of Soul event on February 25, 2023 from 1 to 4 p.m. at the Citrus Heights Community Center.

Council Member Karpinski-Costa attended the Sacramento Metropolitan Fire District Fill the Boot event at Greenback and Sunrise. She provided a report from the Sacramento Area Sewer District Board meeting. She also provided a report from the Sacramento Transportation Authority Board meeting.

Council Member Lopez-Taff invited the public to the Kiwanis Club and Soroptimist Crab Feed on February 10, 2023.

Vice Mayor Daniels announced the Citrus Heights Rotary Crab Feed on February 11, 2023, and the Citrus Heights Chamber of Commerce luncheon will be held on Tuesday, February 14, 2023.

Mayor Schaefer provided a report from the Sacramento Area Council of Governments Board meeting.

CONSENT CALENDAR

5. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Meeting of January 26, 2023
6. **SUBJECT:** Approval of Fee Waiver – REACH Potluck on March 13, 2023 at Citrus Heights Community Center
STAFF: A. Van
RECOMMENDATION: Adopt Resolution No. 2023- , A Resolution of the City Council of the City of Citrus Heights, California, Approving a Facility Fee Waiver for the Residents Empowerment Association of Citrus Heights (REACH) for use of the Community Center totaling \$2,814.24

ACTION: On a motion by Karpinski-Costa, seconded by Council Member Middleton, the City Council adopted Consent Calendar Items 5 and 6.

AYES:	Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES:	None
ABSENT:	None

REGULAR CALENDAR

7. **SUBJECT:** AB 1234 Mandated Ethics Training for Legislative Body Members
STAFF: City Attorney Jones

City Attorney Jones provided the AB 1234 mandated Ethics Training for the City Council, Planning Commission and Construction Board of Appeals members.

DEPARTMENT REPORTS

None

CITY MANAGER ITEMS

City Manager Feeney stated the Citrus Heights Police Department motorcycle unit along with motorcycle units from Folsom, West Sacramento and Elk Grove Police Departments participated in a traffic enforcement exercise on Tuesday morning along Greenback Lane.

ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS

None

ADJOURNMENT

Mayor Schaefer adjourned the regular meeting at 8:13 p.m.

Respectfully submitted,

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: February 23, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Alex Turcotte, Chief of Police
Ryan Jones, City Attorney

SUBJECT: **Proposed Ordinance Prohibiting Commercial Vehicle Parking on Public Streets in the City**

Summary and Recommendation

As part of the City's Strategic Planning Retreat on October 25, 2022, the City Council developed strategic goals for the City to accomplish over the next six months. Within the overall goal to "Preserve and Enhance Public Safety" the City Council created the strategic objective to address issues related to commercial vehicle parking on City streets.

Citrus Height Municipal Code Section 94-267(f) currently prohibits commercial vehicle parking in residential districts. This amendment would extend this prohibition to non-residential districts. Commercial vehicles (tractor trailers, semi-trucks, etc.) have been utilizing City streets for overnight or longer-term parking causing a variety of concerns ranging from traffic safety, visibility and blight. In particular, the roadways on or around Sunrise Vista Drive, near Sunrise Rollerland, and Desimone Lane near Judi's Cleaners have been impacted by repeated commercial vehicle parking. These locations, like elsewhere in the City, have the potential to create public safety concerns as well as negative business impacts due to reduced visibility and limited on-street parking for customers.

In order to address this ongoing concern, staff recommends the following motion:

Motion: Move to introduce for first reading, read by title only, and waive the full reading of Ordinance No. 2023-____, as shown in Attachment 1, an Ordinance of the City Council of the City of Citrus Heights adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Prohibiting Commercial Vehicle Parking on Public Streets in the City.

Subject: First Reading – Ordinance to Prohibit Commercial Vehicle Parking on City Streets

Date: February 23, 2023

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If Council approves this first reading and adopts the second reading at the next regular Council meeting on March 9, 2023, this proposed ordinance amendment will take effect on or around April 9, 2023.

Nothing within the ordinance will prohibit the use of public streets while rendering service; however, parking for extended periods of time will no longer be permissible.

City Council Strategic Goal/Objective

This staff report aligns with the following Citrus Heights City Council Strategic Plan Objectives:

Goal: Preserve and Enhance Public Safety

Objective: Present to City Council for discussion and direction on issues related to commercial vehicle parking on city streets.

Fiscal Impact

There is no direct fiscal impact associated with this action. The Police Department will be responsible for the enforcement of the ordinance as with all other established on-street parking violations throughout the City.

Outreach

As part of the consideration of this ordinance, the Police Department created an outreach flyer to notify commercial vehicle owners and drivers of the proposed ordinance to prohibit commercial vehicle parking. The Police Department began distributing the flyers throughout the City on January 23, 2023, and has not received any feedback from the community to date. The Police Department also reviewed the draft ordinance with the Sunrise MarketPlace and the Citrus Heights Chamber of Commerce, each expressing support for the Amendment

In addition, the Ordinance was published in the Citrus Heights Messenger on February 10, 2023. No comments have been received as of the publication of this report.

Attachment

1. Ordinance No. 2023-____, an Ordinance of the City Council of the City of Citrus Heights adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code (Prohibiting Commercial Vehicle Parking on Public Streets in the City)

CITY OF CITRUS HEIGHTS

ORDINANCE NO. 2023-__

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS
ADDING SECTION 94-281 TO ARTICLE IV DIVISION I OF THE CITRUS HEIGHTS
MUNICIPAL CODE RELATING TO PROHIBITING COMMERCIAL VEHICLE
PARKING ON PUBLIC STREETS IN THE CITY**

**THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS HEREBY ORDAINS AS
FOLLOWS:**

SECTION 1. Declaration of Intent

The purpose of this ordinance is to promote public safety and walkability in the City by prohibiting the parking of commercial vehicles on public streets in the City.

SECTION 2. Add Section 94-281 to Article IV Division I to the Citrus Heights Municipal Code

Section 94-281, Commercial Vehicle Parking Ban, is hereby added to the Citrus Heights Municipal Code and shall read as set forth below:

Section 94-281. – Commercial Vehicle Parking Ban.

Commercial Vehicles (Semi-Trucks, Trailers, STAA Trucks, and similar) are prohibited from parking on all public streets within the City Limits. Temporary loading and unloading of commercial vehicles is allowed.

Commercial Vehicles means a motor vehicle used or maintained for the transportation of persons for hire, compensation, or profit or designed, used or maintained primarily for the transportation of property, as set forth in Vehicle Code Section 260, and Citrus Heights Municipal Code Section 94-172.

SECTION 3. Severability. If any section, subdivision, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 4. Effective Date and Notice. This ordinance shall take effect thirty (30) days after its adoption, provided it is published in full or in summary within fifteen (15) days of its adoption, in a newspaper of general circulation published and circulated in the City of Citrus Heights.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights this __ day of _____, 2023, by the following vote:

AYES:	Council Members:
NOES:	Council Members:
ABSENT:	Council Members:
ABSTAIN:	Council Members:

Tim Schaefer, Mayor

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT

MEMORANDUM

DATE: February 23, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Susan Talwar, Administrative Services Director
Tammy Nossardi, Finance Manager

SUBJECT: **Addition and Amendments to Adopted Master Fee Schedule**

Summary and Recommendation

In December 2019, staff completed a comprehensive review of the city's user fees. The results found that the City's General Fund was recovering approximately 54 percent of the actual costs for providing services associated with user fees. Based upon this analysis, City Council adopted Resolution No. 2019-109 dated December 12, 2019, which made appropriate adjustments to the Master Fee Schedule to more appropriately reflect actual costs as well as incorporate changes reflective of services provided. Staff analyzes and reviews the Master Fee Schedule annually and brings adjustments back to City Council when necessary.

Staff is proposing the following adjustments to the Master Fee Schedule:

- Addition of Shopping Cart Retrieval fees which were approved by adoption of Ordinance No. 2022-012, the
- Addition of the Rental Housing Inspection Fees established via Council Resolution 2018-112
- Reduction of the Planning fee of Parcel Map-Urban Lot Split based on actual costs to perform the task
- Recommendation to add a section to the Master Fee Schedule entitled City-Wide, and move Appeals fee from "Planning" section of the schedule to "City-Wide" section to be utilized by all departments.

Staff is recommending the proposed updates to the Master Fee Schedule which was last updated December 2019, and further recommends the City Council adopt Resolution No. 2023-____, a Resolution of the City Council of the City of Citrus Heights, California, Adding and Amending the City User Fees and Establishing New Fees for Certain Services Provided.

Subject: Addition and Amendments to Adopted Master Fee Schedule

Date: February 23, 2023

Page 2 of 3

Fiscal Impact

The December 2019 update to the City's user fees were estimated to result in additional annual General Fund revenue of approximately \$600,000.

The new fees (\$25/\$50) associated with shopping carts will likely have minimal revenue impact and will represent only a small portion of the actual cost to recover and store collected carts. These fees were included in the Shopping Cart Ordinance which was approved by the City Council in October 2022. The \$25 per cart fee is due from cart owners retrieving their carts from City storage more than three business days after notification. A state mandated \$50 per occurrence fee may also be collected if a cart owner has more than three occurrences within a six-month period. Funds collected may be used to assist General Services Beautification Crew, Community Development and Police Department.

The move of the Appeals fee from the Planning section to the City-Wide section will have not fiscal impact change.

The reduction of the Planning Parcel Map-Urban Lot Split deposit will have no fiscal impact change. This fee is collected and once the review has been completed the remaining balance is returned to the applicant.

The addition of the Rental Housing Inspection fees will have no fiscal impact at these fees are already being charged.

Background and Analysis

Shopping Cart Ordinance

On average, the City collects 35 – 40 shopping carts monthly and despite these retrieval efforts, shopping carts often end up in the City's right of way creating both vehicular and pedestrian/bicyclist safety concerns. The adopted Shopping Cart ordinance, will give the General Services Beautification Crew the ability to pick up any abandoned and/or stray carts. Impounded carts will be stored at the City corporation yard and businesses will have 72 hours to collect their carts without penalty. Carts not collected within three business days will be subject to a \$25 per cart fee. In addition, a \$50 per occurrence fee, set by the State, may be charged to a cart owner who has more than three occurrences within a six-month period.

Appeal Fee

The appeal fee of \$250 for staff and Planning Commission decisions was adopted on June 9, 1999 thru resolution 99-33. Currently this appeal fee only appears under the Planning section of the Master Fee schedule. It would be more appropriate to be under a section entitled City-Wide as it can be used by all Departments (e.g. – Business Licenses, Animal Control, Building permits) and the Planning Commission.

Subject: Addition and Amendments to Adopted Master Fee Schedule

Date: February 23, 2023

Page 3 of 3

Planning Parcel Map-Urban Lot Split Deposit

The current deposit fee for a Parcel Map-Urban Lot Split review is \$5,000. Staff analyzed the actual costs associated with the application review process and determined the actual costs of the deposit fee are lower at \$2,000. Upon completion of application process the remaining balance of deposit dollars is returned to the applicant.

Rental Housing Inspection Fees

On October 25, 2018, City Council adopted the City ordinance on the Rental Housing Inspection Program, including the fee schedule associated with the program with Resolution 18-112. These fees are listed on the City website, separate from the Master Fee schedule. In an effort to combine all fees into one schedule and for transparency, staff recommends adding these same approved fees to the Master Fee Schedule. Staff is not recommending any adjustments to these fees at this time.

Attachments

(1) Resolution No. 2023-____ of the City Council of the City of Citrus Heights, California, Amending the City User Fees and Establishing a New Fee for Certain Services Provided.

(2) Updated Master Fee Schedule adding the Shopping Cart user fee, relocating the Appeal fee, reducing the Planning Parcel Map-Urban Lot Split deposit fee, and adding the Rental Housing Inspection Program fees.

RESOLUTION NO. 2023 - ____**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, ESTABLISHING A NEW FEE AND AMENDING THE CITY USER
FEES FOR CERTAIN SERVICES PROVIDED**

WHEREAS, the City of Citrus Heights (“City”) is empowered by California Government Code Section 66000 et seq. to impose reasonable fees, rates, and charges for municipal services, provided such fees do not exceed the cost to the City for providing the services;

WHEREAS, the City Council of the City of Citrus Heights has determined that in order to continue providing effective services for the public welfare, the City must establish fees for certain municipal services which accurately reflect the City’s true cost of providing such services;

WHEREAS, the City Council desires to enact two new fees, move one fee, reduce one fee and add seven existing fees into the Master Fee Schedule, as attached to this Resolution as Exhibit A and incorporated into it by this reference;

WHEREAS, pursuant to Government Code Sections 66014, 66017 and 66018, the specific fees to be charged for certain services must be adopted by resolution, following notice and public hearing;

WHEREAS, pursuant to California Government Code Sections 66016 and 66018, the City Council has conducted at least one duly noticed public hearing with respect to the proposed fees prior to adoption of this Resolution;

WHEREAS, based upon all written and oral reports received, the City Council finds and determines that the proposed modifications and additions to the City’s user fees as set forth herein are necessary to reimburse the City for the costs of performing the various municipal and regulatory functions, and that these fees do not exceed the proportional cost of the service or benefit attributable to the fee payer.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does hereby declare, find, determine and order as follows:

- A) The new user fees in the Master Fee Schedule as set forth in “Exhibit A” are hereby adopted and approved as presented to become effective on April 24, 2023.
- B) The relocation and reduction of fee, addition to all other provisions included in Resolution No. 2021-049 remain in effect.
- C) The adding of fees approved by Resolution No. 2018-112 to appear on Master Fee Schedule to be more transparent.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 23rd day of February 2023, by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibits

A. Master Fee Schedule

EXHIBIT A



CITY OF CITRUS HEIGHTS

MASTER FEE SCHEDULE

Effective February 23, 2023

	Current Fees	Footnotes
CITY-WIDE FEES		
Appeals - City and Planning Commission	\$250	Resolution 99-33
CITY CLERK FEES		
Initiative Petition / Petition Filing Fee	\$200	CA Elec Sec 9202b
Candidate Filing Fee	\$25	Muni Code sec 2-33
FINANCE FEES		
Returned Check - First Check	\$28	
Returned Check - Each Subsequent Check	\$36	
Copies	0.20¢ B&W, 0.25¢ color	Per Page
Notary	\$15	Govt Code 8211
Documentation	\$3	Per Media Type
POLICE DEPARTMENT FEES		
Police Reports		
Per Report	\$11 per report (1-40 pages) plus 0.25¢ for additional pages over 40	
Processing Photographs		
Per Sheet	\$0.56	
Per CD	\$11	
Per Thumb Drive	\$17	
Subpoenas		
Administrative (Subpoena Deuces Tecum) Evidence Code 1563(b)	\$15	EC 1563-Dep&Act Cost
Civil Case Witness Fee - Gov't Code 68097.2 (b)	\$275	GC 68097.2-Dep&Act Cost
Towing Services		
Application & Administrative Fees (plus fingerprinting fees)		
Initial Application Fee	\$223	Including ID Card
Vehicle Tow Hearing	\$92	
Traffic Escort Services		
Administrative Fee	\$200	
Per Officer, Per Hour	Actual Cost	
Gun Safekeeping		
Administrative Fee	\$155	Per Case
Storage	\$1	Per Day, Per Gun
Unruly Gatherings		
Officer Called to Scene - First Response	\$0	
Officer Called to Scene - Second and Subsequent Responses (same address/same event)	Actual Cost	
Damage to City Property	Actual Cost	
Vehicle Identification Numbers		
VIN Verification Charge (individuals only)	\$55	
Stored or Impounded Vehicles		
Vehicle Release	\$200	
Vehicle Abatement	Actual Cost	
Vehicle Repossession		
Vehicle Repossession Fee	\$15	GC 26751 & 41612

Item 7

	Current Fees	Footnotes
Alarm Systems		
Alarm System Use Permit Fee (PALAR)	\$55	
Annual Alarm Permit Renewal Fee (PALRE)	\$17	
3 Year Alarm Permit Renewal Fee	\$39	
Failure to Register Alarm	\$278	
Late Fee	\$25	CHMC 30-66(g)
False Alarm (per 12-month period)		
First False Alarm	\$0	
Second False Alarm	\$83	
Third False Alarm	\$165	
Fourth False Alarm	\$220	
Fifth and Subsequent False Alarms	\$276	
Audio & Video		
Audio Recording - Per 15 minutes of Audio	\$42	
Video Recording - Per 15 minutes of Video	\$59	
Clearance Letters - Residents Only		
Police Clearance	\$42	
Fingerprint Services/Livescan (Non-Criminal)		
Rolling Fee	\$28	Livescan or 1 Ink Card
FBI Processing Fee - <i>State Regulated</i>	Set By State	
DOJ Processing Fee - <i>State Regulated</i>	Set By State	
CACI (Child Abuse Index Fee)	Set By State	
Firearms Fee	Set By State	
Ticket Sign Off	\$18	
Background Checks for Office of Personnel Management	\$25	FedCode 5USC 9101(e)(2)
Gaming Permit		
Casino Employee - New	\$72	Plus Rolling Fee, FBI & DOJ Processing Fees
Casino Employee - Renewal	\$42	
Other - New	\$72	Plus Rolling Fee, FBI & DOJ Processing Fees
Other - Renewal	\$42	
Animal Services		
Licensing		
Altered Animals		
1 year	\$16	CA FDAG 30804.35
2 year	\$32	
3 year	\$45	
1 year Senior Citizen Discount Rate	\$11	62 years or older
2 year Senior Citizen Discount Rate	\$21	62 years or older
3 year Senior Citizen Discount Rate	\$28	62 years or older
Lifetime Registration for Altered, Micro-Chipped Cats	\$67	
Lifetime Registration for Altered, Micro-Chipped Cats - Senior Citizen Discount Rate	\$55	62 years or older
Unaltered Animals		
1 year	\$33	
2 year	\$66	
3 year	\$99	
Replacement Tags	\$16	
License Transfer	\$11	
Late Fee	\$25	CHMC 30-66(g)

	Current Fees	Footnotes
Impounds		
Altered Animals		
First Impound (licensed)	\$0	
First Impound (unlicensed)	\$33	
Second Impound*	\$139	
Third and Subsequent Impound*	\$297	
* On second, third and subsequent impounds; if animal is boarded, additional boarding fees (actual cost) will apply.		
For all unlicensed impounds, in addition to the current fee, owner must pay the fee to license their animal. (CA Department of Food and Agriculture Code 30804.5)		
Unaltered Animals		
First Impound	\$55	
Second Impound**	\$139	
Third and Subsequent Impound**	\$297	
** On second, third and subsequent impounds; if animal is boarded, additional boarding fees (actual cost) will apply.		
For all unaltered animals, in addition to the current fee, owner must pay the required fines set by the CA Department of Food and Agriculture Code 30804.7		
Livestock/Wildlife		
First Impound	Actual Cost	
Second Impound	Actual Cost	
Third and Subsequent Impounds	Actual Cost	
Hauling	Actual Cost	
Boarding		
Domestic Animals	Actual Cost	
Livestock/Wildlife	Actual Cost	
Quarantine	Actual Cost	
Other Fees		
Owner Surrender (deceased or alive)	\$196	
Owner - Euthanasia	Actual Cost	
Home Quarantine	\$196	
Non-Home Quarantine	Actual Cost	
Rabies Specimen Testing	\$300	
Registration Fee -Vicious/Dangerous Animals	\$334	Not to Exceed
Animal Control Hearing	\$84	
Traps	\$106	Refundable if trap returned
All Animal Services Fees are levied in addition to any penalties imposed by Chapter 8 of the City of Citrus Heights Municipal Code and Section 30804.7 of the Food and Agricultural Code.		
Rental Housing Inspection Program		
Annual Registration Fee		
Single Family Rental Property	\$65	
2-4 Unit Rental Property	\$105	
5+ Unit Rental Property	\$140	
Annual Rental Housing Stock Fee		
100 + Units	\$17	
5 - 99 Units	\$20	
1-4 Units	\$27	
Re-Inspection Fee/Failure to Notify	\$470	

	Current Fees	Footnotes
BUILDING FEES		
Flat Fees		
Permit Issuance Fee	\$87	
Electrical Permits		
Service Panel		
60 - 200 amps	\$72	
201 - 1,000 amps	\$145	
Over 1,000 amps	\$288	
Replacement of equipment panel	\$72	
Sign Circuits	\$72	
Temporary Power	\$72	
Receptacles, Switches, Fixtures	\$10	
Miscellaneous electrical supplemental to a separate trade	\$24	
Energy Storage System (ESS)	\$228	Resolution 2011-128
Residential Photovoltaic (PV) System	\$228	Resolution 2011-128
Residential Photovoltaic (PV) System with ESS	\$296	Resolution 2011-128
Commercial Photovoltaic (PV) System	\$125 per hour	Resolution 2011-128
Residential Electric Vehicle Charging Station	\$112	City Ordinance 18-600
Plumbing Permits		
Water Heaters	\$36	
Sewer Replacements	\$48	
Water Piping Systems	\$10	
Gas Piping Systems		
1 - 4 Outlets	\$48	
Each additional outlet over 4 outlets	\$10	
Backflow Devices		
1 - 5 Devices	\$24	
Each additional device over 5 devices	\$10	
Interceptors	\$72	
Fixtures	\$10	
Miscellaneous plumbing supplemental to a separate trade	\$23	
Mechanical Permits		
Furnace, forced air		
Up to 100,000 BTU	\$72	
Over 100,000 BTU	\$97	
Furnaces, other than forced air	\$144	
Air Handlers		
Up to 10 CFM	\$24	
Above 10 CFM	\$36	
Evaporative Coolers	\$36	
Boilers		
1 to 100 HP	\$24	
101 to 1,750 BTU	\$72	
Above 1,750 BTU	\$144	
Exhaust Hoods	\$72	
Vent Fans	\$24	
Duct Piping	\$36	
Fuel Piping	\$47	
Other Fees		

	Current Fees	Footnotes
Inspections outside of normal business hours	\$167 per hour	Minimum 2 Hours
Reinspection fees assessed under the provisions of the CBC	\$167	
Inspections for which no fee is specifically indicated	\$167	
Additional plan review required by changes, additions, or revisions to plans	\$167 per hour	
Use of outside consultant for plan checking - beyond second submittal cycle	Actual Cost	
Investigation Fee	Double Permit Fee	
Plan Check Fee	65% of Building Permit Fee	
General Plan Update Fee	6% of Valuation-Based Building Permit Fee	
Technology Fee	4% of Building Flat and Valuation-Based Fees	
Building Valuation-Based Fees		
Building Permit Fees		
Project Valuation \$1 to \$500	\$194	
Project Valuation \$501 to \$2,000		
First \$500	\$194	
Each Additional \$100 or fraction thereof	\$12.93	
Project Valuation \$2,001 to \$25,000		
First \$2,000	\$388	
Each Additional \$1,000 or fraction thereof	\$16.35	
Project Valuation \$25,001 to \$50,000		
First \$25,000	\$764	
Each Additional \$1,000 or fraction thereof	\$33.46	
Project Valuation \$50,001 to \$100,000		
First \$50,000	\$1,602	
Each Additional \$1,000 or fraction thereof	\$10.67	
Project Valuation \$100,001 to \$500,000		
First \$100,000	\$2,135	
Each Additional \$1,000 or fraction thereof	\$5.70	
Project Valuation \$500,001 to \$1,000,000		
First \$500,000	\$4,417	
Each Additional \$1,000 or fraction thereof	\$8.15	
Project Valuation \$1,000,001 to 5,000,000		
First \$1,000,000	\$8,492	
Each Additional \$1,000 or fraction thereof	\$4.45	
Project Valuation \$5,000,001 to \$10,000,000		
First \$5,000,000	\$26,325	
Each Additional \$1,000 or fraction thereof	\$2.37	
Project Valuation \$10,000,001+		
First \$10,000,000	\$38,215	
Each Additional \$1,000 or fraction thereof	\$1.13	
FEES COLLECTED on behalf of Other Agencies		
<i>Building Standards Administration Fee - SB 1473 - California Building Standards Law</i> https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200720080SB1473		
<i>Fire Fees - Sacramento Metropolitan Fire District Capital Fire Facilities Fee</i> https://metrofire.ca.gov/media/board/ordinance/2015-01%20capital%20fire%20facilities%20fee%20schedule.pdf		
<i>Strong Motion Residential & Commercial - California Strong Motion Instrumentation Program</i> https://www.conservation.ca.gov/cgs/Documents/Program-SMIP/SMIP_Fee_Schedule.pdf		
<i>STA Fee - Sacramento Transportation Authority</i> https://www.sacta.org/search-docs		

	Current Fees	Footnotes
PLANNING FEES		
General Plan Amendment	\$18,578	
Specific Plan Amendment	\$14,742	
Rezone		
Less than 2 acres	\$13,761	
Greater than 2 acres	\$17,199	
Variance - Minor	\$3,777	
Variance	\$7,154	
Zoning Ordinance Amendment	\$9,469	
Zoning Confirmation Letter	\$403	
Zoning Interpretation	\$2,017	
Use Permit - Minor	\$5,667	
Use Permit - Minor Modification	\$4,251	
Use Permit	\$8,892	
Use Permit Modification	\$239	
Temporary Use Permit	\$225	
Temporary Sign Permit	\$150	
Condo Conversion Use Permit	\$11,067	
Condo Conversion Use Permit Modification	\$5,923	
Design Review Permit - Staff Level	\$5,228	
Design Review Permit Modification - Staff level	\$2,399	
Design Review Permit - Planning Commission	\$11,653	
Design Review Permit Modification - Planning Commission	\$6,454	
Parcel Map	\$7,988	
Parcel Map Extension - Planning Commission	\$4,573	
Parcel Map-Urban Lot Split (Reso 2021-110)	\$2,000	Deposit & Actual Cost
Subdivision Map	\$16,336	
Subdivision Map Extension - Planning Commission	\$4,766	
Subdivision Map - Vesting	\$16,879	
Subdivision Map - Vesting Extension Planning Commission	\$5,720	
Development Agreement (Planning Staff)	\$10,000	Deposit & Actual Cost
Amendment To Development Agreement	\$5,000	Deposit & Actual Cost
Planning - Zone Check	3.25% of Building Permit	
Development Agreement Annual Review	\$0	
Categorical Exemption + Notice of Determination	\$585	
Negative Declaration (In-House)	\$3,000	Deposit & Actual Cost
Mitigated Negative Declaration (In-House)	\$6,000	Deposit & Actual Cost
EIR Review and Admin	\$5,000	Deposit & Actual Cost
Mitigation Monitoring	\$5,000	Deposit & Actual Cost
Tree Removal Permit	\$30	
Comprehensive Sign Plan	\$300	
Bingo - Eligibility Certificate - <i>State Regulated</i>	\$50	State Regulated
Letter of Public Convenience & Necessity	\$2,669	
Sign Exception Process	\$4,043	
Shopping Cart Retrieval Fee - Effective 4/24/23	\$25	Ordinance 2022-012
Excessive Cart Impound per occurrence (3x's in 6 months) - Effective 4/24/23	\$50	State Set Fee
Technology Fee	4% of Planning & Business License Fees	
SB1186/AB1379 Disability Access & Educate Fee https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1379	\$4	State Regulated
General Business License	\$100	
General Business License Late Fee-Municipal Code Sec. 22-84	\$25	Municipal Code 22-84
General Business License Renewal	\$77	
Special Business License	\$259	
Special Business License Renewal	\$179	
Massage Business License	\$224	
Massage Business License Renewal	\$224	

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	Current Fees	Footnotes
Massage Establishment License	\$453	
Massage Establishment Renewal	\$263	

	Current Fees	Footnotes
ENGINEERING FEES		
Agreements - Deferral, Stormwater Vault/Access, Right of Way/Easement Abandonment, Reimbursement	\$1,229	Deposit & Actual Cost
Encroachment Permit - Residential Frontage (Driveway/ C, G & SW)	\$506	Flat Fee
Encroachment Permit - Multi-Family/ Commercial Frontage (Driveway, C, G, SW Replacement, and ADA Ramp Replacement)	\$1,335 < 45 linear ft or 200 sq ft; \$1,891 ≥ 45 linear ft or 200 sq ft	Deposit & Actual Cost
Encroachment Permit - Minor	\$273	Flat Fee
Encroachment Permit - Utility Standard	\$1,670	Deposit & Actual Cost
Encroachment Permit - Monitoring Wells, Initial and Release		
Initial	\$1,154	Flat Fee
Monitoring	\$184	Flat Fee
Destruction	\$525	Flat Fee
Encroachment Permit - Blanket Permit		
Tier 1	\$5,358	Deposit & Actual Cost
Tier 2	\$16,075	Deposit & Actual Cost
Tier 3	\$42,866	Deposit & Actual Cost
Crack Seal Fee	\$2.00	Per Linear Foot
Mapping - Certificate of Compliance	\$1,102	Deposit & Actual Cost
Mapping - Lot Line Adjustment (LLA)	\$1,670	Deposit & Actual Cost
Mapping - Parcel Map Check, <4 Lots	\$5,562	Deposit & Actual Cost
Mapping - Subdivision Map Check, 5-25 Lots	\$5,562	Deposit & Actual Cost
Mapping - Subdivision Map Check, 26+ Lots	\$11,124	Deposit & Actual Cost
Miscellaneous - Maintenance Assessment District Set Up	\$6,675	Deposit & Actual Cost
Technology Fee	4% of Encroachment and Plan-Check Fees	
Transportation Permit - Single Trip - <i>State Regulated</i>	state regulated	<i>State Regulated</i>
Transportation Permit - Annual - <i>State Regulated</i>	state regulated	<i>State Regulated</i>
Off/On-Site Improvement Fees		
Plan Check		
<u>\$0-\$100,000 Valuation</u>		
Base Fee	\$2,781	Deposit & Actual Cost
Each \$1,000 or fraction thereof	\$45	
<u>\$100,001-\$1,000,000 Valuation</u>		
First \$100,000	\$7,231	Deposit & Actual Cost
Each additional \$1,000 or fraction thereof	\$42	
<u>Over \$1,000,000 Valuation</u>		
First \$1,000,000	\$45,275	Deposit & Actual Cost
Each additional \$1,000 or fraction thereof	\$35	
Inspection		
<u>\$0-\$100,000 Valuation</u>		
Base Fee	\$3,337	Deposit & Actual Cost
Each \$1,000 or fraction thereof	\$55	
<u>\$100,001-\$1,000,000 Valuation</u>		
First \$100,000	\$8,899	Deposit & Actual Cost
Each additional \$1,000 or fraction thereof	\$54	
<u>Over \$1,000,000 Valuation</u>		
First \$1,000,000	\$57,454	Deposit & Actual Cost
Each additional \$1,000 or fraction thereof	\$52	

	Current Fees	Footnotes
FACILITIES FEES		
COMMUNITY CENTER		
Event Packages		
Small Event (8 Hours Min) - South Flex Rooms or 1/3 Hall w/ Kitchen A or B	\$195.04/\$222.60	\$1,400 Deposit
Medium Event (8 Hours Min) - 2/3 Hall w/ Kitchen A or B	\$250.16/\$306.34	\$2,400 Deposit
Large Event (8 Hours Min) - Full Community Hall w/ Full Kitchen	\$278.78/\$333.90	\$2,800 Deposit
Fundraising Large Package (10 Hours Min) - Full Hall, South Flex Rooms, East Flex Rooms, w/ Full Kitchen Use	\$363.52/\$472.76	\$5,200 Deposit
Fundraising Small Package (10 Hours Min) - 2/3 Hall, South Flex Rooms, w/ Kitchen A or B	\$216.24/\$278.78	\$2,800 Deposit
Room Rentals		
South Flex Rooms (4 Hour Min)		
Rooms A, B, and C	\$111.30/\$138.86	\$800 Deposit
Rooms A or B and C	\$89.04/\$111.30	\$600 Deposit
Room B or C	\$66.78/\$89.04	\$400 Deposit
North Flex Rooms (2 Hour Min)		
Rooms A and B	\$89.04/\$111.30	\$600 Deposit
Room A or B	\$44.52/\$66.78	\$350 Deposit
East Flex Rooms (2 Hour Min)		
Rooms A, B, C, and D	\$133.56/\$167.48	\$800 Deposit
Room A, B, C, or D	\$39.22/\$49.82	\$200 Deposit
Community Senior Center (2 Hour Min) - Center/Lounge/Patio - Available Mon-Fri after 5pm and Weekends	\$127.20/\$138.86	\$400 Deposit
Community Hall (8 Hour Min)		
Full Hall	\$243.80/\$306.34	\$1,000 Deposit
2/3 Hall	\$167.48/\$222.60	\$700 Deposit
1/3 Hall	\$138.86/\$167.48	\$400 Deposit
Catering Kitchen (2 Hour Min)		
Full Kitchen	\$94.34/\$127.20	\$2,000 Deposit
Kitchen A or B	\$78.44/\$111.30	\$1,000 Deposit
Pre-Function and Reception Hall (6 Hour Minimum)	\$138.86/\$155.82	\$400 Deposit
Catering Fees - Non-Approved Caterer	\$444	\$700 Deposit
Audio Visual		
Use Fee	\$111	
Consultation Fee	\$56	
Projector	\$105	
Microphone/Lavaliere	\$28	
Stage	\$56	
Portable Bar	\$84	
Dance Floor	\$28	
SYLVAN CENTER		
Service Club, Organization, Non-Profit Recurring Meetings	\$84	\$500 Deposit
One-Time Use (8 Hour Max)	\$94	\$500 Deposit



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT

MEMORANDUM

DATE: February 23, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Casey Kempenaar, Community Development Director
Alison Bermudez, Senior Planner
Nicole Piva, Housing and Human Services Program Coordinator

SUBJECT: **Resolution to Adopt Affordable Housing Ownership Program Guidelines**

Summary and Recommendation

As the State of California continues to experience housing shortages, numerous new laws related to housing have been signed into law. Many of the newly adopted laws have components related to the provision of affordable housing and local government's role in maintaining and monitoring these projects as they are developed and ultimately occupied. To address anticipated development of projects that include affordable units, staff is requesting the adoption of the Affordable Housing Ownership Program Guidelines (Exhibit A) which would assist staff in oversight of the units resulting from changes in state law. Staff recommends the following motion:

Motion: Move to adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, adopting the Affordable Housing Ownership Program Guidelines and finding the project categorically exempt from the California Environmental Quality Act.

City Council Strategic Goal/Objective

This staff report supports strategies which will align with the following Citrus Heights City Council Strategic Plan Objectives which will be presented at a future meeting:

Goal: Maintain and Enhance Fiscal Stability
Objective: Present to the City Council a Purchase and Sale Agreement and Funding Plan for the redevelopment of the Sayonara Properties.

Subject: Resolution to Adopt Affordable Housing Ownership Program Guidelines**Date: February 23, 2023****Page 2 of 6****Fiscal Impact**

Due to the complexities associated with the influx of recent housing legislation, City staff has worked with Housing INC., a housing consulting firm, to evaluate consistency between existing housing related policies and recent housing legislation. The outcome of this evaluation was a need to develop affordable housing program ownership guidelines for the City. The consultant's contract has been fully funded through the State's Local Early Action Plan (LEAP) grant program. There has been no impact to the City's General Fund for the development of this program.

Fiscal impacts may exist anytime an affordable housing project is developed in Citrus Heights that would obligate the City for long-term monitoring of affordability. The costs associated with administration of affordable housing monitoring may include implementation of the regulatory agreement with the developer, the oversight and approval of the income qualifications of the initial buyer and/or any subsequent buyer, as well as other administrative steps needed to manage the deed restricted unit. In most cases, an affordable housing unit remains deed restricted for income qualified buyers for a minimum of 45 years. Monitoring of the project's adherence to applicable state laws, income limits, and associated requirements often falls on the City (depending on the funding source and/or entitlement type).

Program cost can vary significantly based on several factors, including the size of the project and the number of units in program. Programs with the least City costs are those that have funding sources such as tax credits or other financing mechanisms as those funders take on the administration role (for example low income tax credit projects).

Those projects with an affordable housing component, which are developer sponsored, are likely to have the largest fiscal impact to the City. These projects will likely require both internal staff and external partners for each project launch and the anticipated cost can range significantly based on the number of units, affordability levels, and experience/capability of the developer.

The Guidelines outline the responsibilities of the developer and the City's role in monitoring the program. The City's role is initially limited to oversight of the project specific Affordable Housing Program oversight for the Program launch, which are ultimately necessary to sell affordable units to qualified buyers.

The City's primary responsibility is the long-term monitoring of the affordable units to ensure units remain affordable as required by the governing law and/or funding source. This includes:

- Coordinate refinance and re-sale requests
- Deliver program reports, database management
- Monitor participant compliance and remedy defaults

These costs can vary based on the number of units, number of resales annually, affordability levels, etc. and are anticipated to be between \$5,000 to \$20,000 annually. The Guidelines include requirements to ensure a sustainable funding stream is provided to cover the City's obligation for long term monitoring.

Subject: Resolution to Adopt Affordable Housing Ownership Program Guidelines**Date: February 23, 2023****Page 3 of 6**

The most commonly used funding source for administration of affordable housing programs is the collection of a fee at the time the restricted unit is sold. Implementing this method, the City would receive a percentage of the sales price to cover costs associated with the ongoing monitoring and compliance review.

The Guidelines allow the City to capture up to 3% of the sale price when the affordable unit is sold and each subsequent time the unit is resold. Depending on the type of project, number of units and associated project makeup, the Guidelines allow staff to make recommendations between 0 and 3% of sales price. This approach would enable a sustainable funding source to cover the City's long term monitoring obligations without necessitating funding from other City funds.

Background and Analysis

As the State of California continues to experience housing shortages, numerous new laws related to housing have been signed into law. Many of the newly adopted laws are intended to increase the supply of affordable housing.

The laws provide developers a variety of incentives such as increased densities, reduced approval timelines, and relaxed development standards for those projects that include housing units reserved for persons/families of restricted incomes.

For projects that are developed utilizing these laws, the long-term monitoring to ensure the housing remains affordable for long term periods of time (which can vary depending on the project). Due to the influx of housing laws, push for additional affordable housing and the advantages provided to developers by providing affordable housing, it is anticipated the City will see an influx of affordable units in the near future; each requiring long term monitoring for adherence with the law.

In addition, some state mandates require a developer to provide affordable housing. One locally relevant example are projects that fall under the Surplus Land Act (SLA). The SLA requires government owned property sold for housing to require a certain percentage of the units be provided to restricted incomes.

Of note, the City has two longstanding Surplus Lands Act affiliated projects that have the potential to trigger the SLA provisions related to affordable housing. Both the Sayonara Drive Redevelopment and the Sylvan Corners sites would be subject to the SLA provisions if they include a housing component. In both of these instances, a minimum of 15% of the units must be sold as affordable and maintained affordable for a minimum of 45 years. The responsibility of ensuring these projects adhere to the SLA's affordability requirements falls to the City.

Intent of Affordable Housing Ownership Program Guidelines

Subject: Resolution to Adopt Affordable Housing Ownership Program Guidelines**Date: February 23, 2023****Page 4 of 6**

The goal of the City's affordable housing program is to create and preserve long-term affordable ownership opportunities for people who live and work in the City of Citrus Heights. The Affordable Housing Ownership Program Guidelines ("Program" or "Guidelines") will support the program's goal by providing Guidelines that are fair and equitable for developers and buyers. The Guidelines will support the administration of affordable housing should residential developers request entitlements under any of these mandates, including AB 2011, SB 6, Surplus Lands Act, Density Bonus, etc.

Any project that includes an affordable component is required to enter into an Affordable Housing Regulatory Agreement (Agreement) with the City. These agreements are legally binding agreements which ensure affordable units remain affordable for specified periods (as prescribed by law), and memorialize the roles and responsibilities of the developer and the City for the development and ongoing maintenance of the affordable housing. These Agreements are required to comply with state law and the provisions of the guidelines.

Within the suite of laws governing affordable housing, there are some components that allow City discretion and/or policy to guide the development of Affordable Housing Regulatory Agreements. Other areas are purely subject to state law and the City has no discretion for implementation. Therefore, to provide staff the necessary tools to work with developers and oversee the long-term management of affordable units, staff seeks Council support in the adoption of these Guidelines.

The Affordable Housing Guidelines are provided as Exhibit A. These guidelines are intended to frame the City's approach towards any future project subject to long term monitoring requirements.

The Guidelines are intended to allow flexibility where feasible and serve as a tool for staff to apply as new development projects come forward necessitating long term monitoring of affordable projects. The full guidelines are provided as Exhibit A and some frequently asked questions are provided as Attachment 2. Below is a summary of the key components of the guidelines:

Description of an "Affordable Unit"

An affordable unit is a housing unit for a household within specific incomes limits. Incomes of up to 80% of the area median income (AMI) generally are considered "lower income." The Department of Housing and Community Development (HCD) currently defines \$81,050 for a family of four as low income. Program participants purchasing affordable units will be required to be lower income and will have to demonstrate income eligibility and credit worthiness to meet the monthly housing obligations and program requirements.

What an "Affordable Unit" is not

Affordable units should not be confused with Section 8 housing, now called Housing Choice Voucher (HCV), which is voucher program where the monthly housing cost is

Subject: Resolution to Adopt Affordable Housing Ownership Program Guidelines**Date: February 23, 2023****Page 5 of 6**

paid through a Public Housing Authority, locally known as Sacramento Housing and Redevelopment Agency (SHRA).

Program Overview

The Program Guidelines will assist with all aspects of housing units sold as a qualifying affordable unit under a variety of programs including housing projects being developed under density bonus program or other legislative or mandated state programs. The Program Guidelines have been developed in accordance with Section 50052.5 of the California Health and Safety Code and further consistent with Citrus Heights existing First Time Homebuyer Down Payment Program.

Program Eligibility

Buyers of a qualified unit must be a first-time home buyer, be income qualified, be able to meet the lending requirements, and attend a Home Buyer Orientation.

Buyer Selection Process

The Guidelines provide details on the initial buyer selection process, giving priority to those who currently live AND work in Citrus Heights, followed by those who live OR work in the City and last to all other qualified buyers.

Developers Responsibility

The Guidelines provide an overview of the Program but the project specific details between the Developer and the City will be implemented through an Affordable Housing Agreement (AHA). The AHA implements the project specific details such as the number of units to be provided, codifies that the units will be of the same quality/materials as the market rate units, identifies any marketing requirements for the project, determination for affordable sales prices, and options should a qualified buyer(s) not be found.

In addition, the AHA will establish if the developer will be required to remit a percentage of the unit's initial sales price to the City to contribute to costs associated with the City's long-term oversight of the unit. Jurisdictions commonly collect this fee with varying percentages ranging from 1% to 5% of the sales price of an affordable units. The Guidelines are written to allow up to 3% of sales price to provide adequate funding for ongoing monitoring of affordable requirements. In most cases, this requirement will be evaluated in conjunction with the scope of the project and staff would make a recommendation of an appropriate funding mechanism. The bulk of projects will fall within this range however, the City Council can alter this requirement on a project by project basis.

Buyers Responsibility

All buyers of affordable units will be required to sign an Owners Agreement (OA), also known as a Resale Restriction Agreement or Deed Restriction, which is a covenant that will be recorded against the title of each individual property at the time of sale. The OA will outline owners obligations with regards occupancy, maintenance, refinancing, and reselling that come in exchange for the benefit of purchasing an affordable unit.

Subject: Resolution to Adopt Affordable Housing Ownership Program Guidelines

Date: February 23, 2023

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It's worth noting that most laws require the home must remain in the Program for a 45-year term. Should the owner sell the home prior to the 46th year, the home must be sold to another qualified buyer at the restricted resale price as determined in the Guidelines and further outlined in the OA. The OA will give the City the first right of refusal to purchase the home for the restricted resale price prior to the seller offering the home to another qualified buyer. The City is not obligated to exercise the option to purchase any home in the program, however, the owner is obligated to give the City the option to do so.

Resale Price

Owners of a restricted unit may sell the home to another income qualified buyer at any time. The home must be sold at what is called a "restricted resale price." This restricted resale price is a calculation set forth in the Guidelines and codified in the OA. The Guidelines require the lessor value of two different calculations to be considered the restricted resale price- 1) the initial sales price plus median income adjustments and increased/decreased value of any improvements or 2) appraised value

Resale/Refinancing Process

All real estate transactions associated with the restricted unit require processing and approval by the City. This includes refinancing requests and transfer of ownership (resale, death, etc.). The Guidelines allow owners to refinance their home to ensure the continued affordability of the home to the Owner and to minimize the risk of loss of the home by the Owner through default and foreclosure of mortgage loans. As required, the City must approve all financing and refinancing.

The adoption of the Affordable Housing Ownership Program Guidelines will provide the City with tools needed should a development application which includes affordable housing be submitted to the City.

Attachments

1. Resolution to Adopt Affordable Housing Ownership Program Guidelines
Exhibit A: Affordable Housing Ownership Program Guidelines
2. Frequently Asked Questions

RESOLUTION NO. 2023- ____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, ADOPTING THE AFFORDABLE HOUSING OWNERSHIP PROGRAM
GUIDELINES**

WHEREAS, the City's General Plan Housing Goals encourage home ownership opportunities for all levels of incomes;

WHEREAS, to implement those Goals, the City encourages developers to provide affordable housing opportunities for persons/families of restricted incomes;

WHEREAS, in response to the continued statewide housing crisis, California's Legislature has enacted a number of new laws providing developers a variety of incentives such as increased densities, reduced approval timelines, and relaxed development standards for those projects that include housing units reserved for persons/families of restricted incomes;

WHEREAS, the City is legally obligated to monitor the long-term affordability of Affordable Units for periods of time specified by law up to 55 years;

WHEREAS, to address the potential development of new affordable housing units, the Affordable Housing Ownership Program Guidelines have been created to assist in the implementation and management of affordable housing within the City;

WHEREAS, the Affordable Housing Ownership Program Guidelines are will ensure that housing units are preserved as an affordable unit for the required time as required by law;

WHEREAS, the Affordable Housing Ownership Program Guidelines have been developed in accordance with Section 50052.5 of the California Health and Safety Code and are consistent with Citrus Heights existing First Time Homebuyer Down Payment Program.

WHEREAS, the project is Categorically Exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines section 15061(b)(3).

NOW THEREFORE BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does hereby adopt the Affordable Ownership Program Guidelines for the oversight, monitoring, and management of affordable housing.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 23rd day of February 2023 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

A. Affordable Housing Ownership Guidelines



City of Citrus Heights

Affordable Ownership Program Guidelines

Adopted by Resolution 2023-XX

February 2023

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Below Market Rate Program Guidelines

I. PROGRAM OVERVIEW

The City of Heights is pleased to provide these Affordable Ownership Program Guidelines (“Guidelines”). The goal of the program is to create and preserve long-term affordable homeownership opportunities for people who live and work in the City of Citrus Heights.

These Guidelines will assist with all aspects of housing units sold as a qualifying affordable unit under a variety of programs including those mandated by the Department of Housing and Community Development (“HCD”) i.e., land sold under the State of California’s Surplus Lands Act, and in alignment with the Developer’s recorded Affordable Housing Agreement (“AHA”) and Owner’s Resale Restriction Regulatory Agreement and Option to Purchase and Excess Proceeds Deed of Trust (“Owner’s Agreement”).

Affordable Housing and Owner Agreements ensure the homes will remain affordable and occupied by the owner (“Owner”) for the 45-year restricted term. Program owners can sell their home at a market rate price at the end of the restricted term (46th year).

The Owner’s Agreement gives the City the option to purchase (“Purchase Option”) the home for the Restricted Resale Price if the Owner sells their home during the restricted term. The City can also assign another program eligible buyer to purchase the home. The City is not obligated to exercise its Purchase Option; however, the Owner is obligated to give the City the option to do so.

Owner Agreement Summary:

- The home is restricted for resale to program eligible buyers at the restricted resale price for the term of the Owner’s Agreement;
- The Owner must annually certify primary occupancy of the home;
- The Owner must maintain the property – including, but not limited to maintaining all structures and landscaping;
- The Owner must maintain insurance requirements; and the City must be named as additional loss payee on the policy;
- The Owner must give notice to the City prior to the resale of the residence to an Income Eligible Household;
- The City must approve Owner’s Request to Refinance - homes are severely restricted from re-financing to access equity; and
- The Owner grants the City an Option to Purchase the Property upon resale or default

Owner Agreements dictate policies and procedures specific to individual properties. These

guidelines support program policies and procedures. Such as:

- Program eligibility, application and financing requirements;
- Buyer selection process – including live/work criteria levels;
- City approval for refinance process;
- Title transfers (including through marriage, divorce & inheritance); and
- Selling process & procedures.

The City may designate and manage one or more third-parties (“City Designee”) to administer and/or facilitate portions or all of the Program Guidelines.

The Program will be implemented consistent with the City’s commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, nation origin, ancestry, or any other arbitrary cause.

The City will review and update these Guidelines from time to time to reflect changes in the market and better meet the community’s needs. Any changes shall be made in accordance with applicable regulations and be approved by the City’s Loan Committee.

II. DEVELOPMENT AND INITIAL SALES PROCESS

The intent of the City’s Affordable Ownership Program and Developer’s participation therein, is to maintain affordability of the participating homes for 45 years. The Developer and the City will sign an Affordable Housing Agreement to codify the processes and procedures to offer homes for sale to Initial Buyers that are affordable to them and are subject to an Owner’s Agreement.

Developers shall build the homes in accordance with the Affordable Housing Agreement and with development plans and any phasing plan, including bedroom-size and unit location, approved by the City for the Project. The homes will also be constructed in similar quality to base construction materials and finishes of other market rate homes in the same Project and will be subject to City approval.

The Developer’s homes for sale will be priced with the City’s approval and in accordance with applicable regulations. The City Designee shall select and approve Initial Buyers aligned with the City’s current policies and procedures.

The Developer will prepare the purchase and sales agreement for execution by the buyer and the Developer will facilitate the close of escrow.

The City Designee may be compensated for its role by the Developer at up to 3% of the sales price for each unit as a one-time fee payable upon any sale. The compensation shall be included in the initial buyer's purchase and sale agreement and continued through any resales.

III. **PROGRAM OUTREACH AND MARKETING**

The Developer will create and execute an Affirmative Marketing Plan approved by the City in advance, designed exclusively to sell affordable homes and must be consistent with the marketing requirements further described below. The Affirmative Marketing Plan should include traditional marketing avenues such as online marketing, social media marketing, Community Partner Outreach, etc.

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Marketing Plan must ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

1. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials.
2. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. City Designee will host classes, trainings, or workshops to help educate homebuyers about the program application and home buying process with future responsibilities.
3. The City will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

V. LOAN EVALUATION

The Loan Committee will review each application and may approve or deny with or without conditions.

VI. PROGRAM ELIGIBILITY REQUIREMENTS

All homes must be sold to buyers who meet the following requirements:

1. First-time homebuyer. The City shall comply with the Title 25 California Code of Regulations Division 1, Chapter 7, Subchapter 9 commencing with Section 7715 HCD definition of a first-time homebuyer.

A first-time homebuyer means a buyer (s) who has not owned a home during the three-year period before the purchase of a home, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

- A. a displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- B. a single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- C. an individual or individuals who own or owned, as a principal residence during the three-year period before the purchase of a home, a dwelling unit whose structure is:
 - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

2. Income eligibility.

Income Eligible Households do not have incomes that exceed 80% of the AMI limits adjusted for household size, published annually by HCD for Sacramento County.

All income of all household members 18 years old or older will be considered.

- A. Household size will not include foster children, unborn children and children being pursued for custody or adoption who do not currently live in the home. Household size will include joint custody children who reside in the home 50% or more of the year.
- B. Income verification will be performed using income calculation worksheet.
- C. Assets are only significant to the Affordable Ownership Program in the determination of income qualification.
 - a. Net family assets means the value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.
 - b. Where a family has net family assets in excess of \$5,000 will be included in gross income as the greater of:
 - i. Income derived from all net household assets, or
 - ii. 2.5% (passbook rate) of the value of such assets.
- D. Gross income shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a re-determination at the end of such a period.
 - a. Income shall include but not be limited to:
 - i. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - ii. The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - iii. Interest and dividends;
 - iv. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - v. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).
 - vi. Public Assistance. If the public assistance payment includes an amount

specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

- vii. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
- viii. The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities
- ix. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- x. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

b. Income shall not include:

- i. Casual, sporadic or irregular gifts;
- ii. Amounts which are specifically for or in reimbursement of the cost of medical expenses;
- iii. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- iv. Amounts of educational Scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such Scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
- v. The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- vi. Relocation payments made pursuant to federal, state, or local relocation law;
- vii. Foster childcare payments;
- viii. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- ix. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - x. National Volunteer Antipoverty Programs which include VISTA, Service-Learning Programs and Special Volunteer Programs.
 - xi. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent

Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

4. Homebuyer Orientation Program. City Designee will require all program applicants attend a Program Orientation. The Orientation will cover topics such as the application and selection process, ownership requirements (e.g., annual certification and refinance/subordination process), and resale process.

VII. BUYER APPLICATION AND SELECTION PROCESS

Initial buyers shall be ranked and selected to purchase a home according to the following Criteria Levels:

Level One:	Those who live and work in the City of Citrus Heights
Level Two:	Those who live or work in the City of Citrus Heights
Level Three:	All others

Initial Program Application and Buyer Selection Process. The City Designee shall select and approve Initial Buyers aligned with the City's current policies and procedures – for example:

Step 1: Affirmative Marketing Plan Launched

- Community Outreach, Notify the Interest List, Social Media, Press Release, etc.

Step 2: Households submit a Program Pre-Application

- Households are screened for criteria level and selected households are invited to attend an Orientation.

Step 3: Orientation

- Selected households attend an orientation to learn amount the program and affordable home(s)
- Developer invited to talk about the affordable home(s)
- Loan officers invited to attend to talk about the loan application process.

Step 4: Lender Pre-Approval

- Applicants meet with loan officers to obtain mortgage pre-approval

Step 5: Open House

- Households who attended the Orientation and have a lender pre-approval letter are invited to an Open House.

Step 6: Drawing

- Applicants are ranked by a drawing to determine the order in which their applications are processed and approved (Criteria Level One applicants are ranked first, Criteria Level Two are ranked second, etc.).

Step 7: Application

- Applicants are invited to complete a full application.
- Applications will be reviewed to determine program eligibility.

Any subsequent discovery by the City of fraudulent or untruthful representations by an applicant either in the original application process or during the program qualification process will disqualify the applicant from purchasing the home.

VIII. SENIOR LOAN REQUIREMENTS

Applicants must obtain conventional, fully amortizing, fixed interest rate mortgages with a term of no more than 30 years from a lender who has approved in advance the Owner's Agreement. No interest only loans, negative amortization loans, balloon payment loans or variable interest rate loans are permitted as they affect the homeowners long-term ownership stability.

The lending requirements are as follows:

1. The Housing Cost Ratio (which includes mortgage principal and interest, property taxes, mortgage insurance, homeowners insurance, and homeowner's association dues) shall not exceed 38% of monthly gross income. In all cases, the City will strive to ensure the housing ratios are lower than this maximum threshold.
2. Total Household Debt Ratio (all misc. debts, car notes, credit cards including Housing Cost) shall be no greater than 42% unless compensating factors can be demonstrated.
3. Allowable Loan to Value Ratio The combined loan-to-value limits shall not exceed 100% of the sales price + 5% for closing costs.
4. Buyer's downpayment Homebuyer must contribute a minimum down payment of one percent (1%) of the purchase price but may contribute more if desired or required by the lender.

IX. OCCUPANCY, MAINTENANCE, and INSURANCE REQUIREMENTS

1. Occupancy of Residence The Owner shall occupy the home as the principal place of residence throughout the Restricted Term for at least ten (10) months out of each calendar year.

Annually, the City shall remind the Owner to submit their annual Owner Occupancy Verification (Attachment A - online or via US Mail) and required third-party verification documents as directed to confirm the Owner is occupying the home as the primary residence.

Owners who fail to respond to the notice (email, letter, etc.) will receive a notice via certified mail. In the event the Owner fails to respond to any of the notices, the City will attempt to make contact via phone. If contact still cannot be made, the City may initiate a default under the Owner's Agreement.

The City will also annually review the mailing address for the property tax bill, as available through the Sacramento County Assessor. In the event the mailing address differs from the property address, the City will require an explanation and request additional documentation from the Owner, including paystubs or bank account statements showing the Borrower's mailing address as the property address.

The City may grant a temporary waiver of this occupancy on a case-by-case basis. The Owner may lease one or more bedrooms in the home to another party if the Owner continues to occupy the home as their principal place of residence. When the Owner is not residing in the property due to illness and/or hospitalization, the Owner may be considered an owner-occupant only for the initial six-month absence, subject to City's approval.

2. Maintenance Requirements. The Owner shall maintain the home, including landscaping, in good repair and in a neat, clean and orderly condition (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. The Owner agrees to not commit waste or permit deterioration of the home and shall make all repairs and replacements necessary to keep the Home in good condition and repair.
3. Insurance Requirements. The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the home (adjusted every five (5) years by appraisal, if requested by the City) naming the City as additional insured. Additional insurance requirements are set forth in the respective City Deed of Trust.

X. TRANSFER RESTRICTIONS AND INHERITANCE

In all cases where there is a change in title or occupancy or use, the Owner must notify the City in writing of any change. The City and Owner will work together to ensure the home is kept in compliance with the original program terms and conditions. This section outlines those changes on title that are and are not permitted under the Owner's Agreement.

1. Transfer. Any Transfer of the home is subject to the provisions of the Owner's Agreement. "Transfer" shall mean any sale, assignment, or transfer, voluntary or involuntary, of any

interest in the home, including, but not limited to, a fee simple interest, a joint tenancy interest, tenancy in common interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the home is transferred and the Owner retains title or a deed of trust. A Transfer shall not include a transfer: (1) to an existing spouse or Domestic Partner who is also an obligor under the City Note; (2) to a spouse or Domestic Partner where the spouse or Domestic Partner becomes the co-owner of the home; (3) between spouses as part of a marriage dissolution proceeding; (4) by the Owner into an inter vivos trust in which the Owner is the beneficiary; and (5) a refinance of any Senior Loan meeting the program requirements.

2. Inheritance. The person inheriting the home (the "Inheriting Owner") shall provide the City with income and other information, to be verified by the City, so that the City may determine if the Inheriting Owner qualifies as an Income Eligible Household. If the Inheriting Owner fails to provide required documentation, he or she shall be deemed not to qualify as an Income Eligible Household. If the Inheriting Owner is an Income Eligible Household, he or she shall succeed to the Owner's interest and obligations under this Agreement shall be executed between the Inheriting Owner, and the City recorded against the home. If the Inheriting Owner fails to qualify as an Income Eligible Household, he or she shall be required to Transfer the home to an Income Eligible Household at a price not exceeding the Restricted Resale Price, pursuant to the Agreement's resale process and procedures and may own and occupy the home for up to six (6) months with one extension prior to selling the home according to the Agreement's process and procedures.

The Inheriting Owner shall not be required to occupy the home during this six (6) month time period but may rent the home only upon approval from the City to Income Eligible Households approved by the City for an amount that does not exceed rent that is affordable to the Income Eligible Households as determined by the City in accordance with applicable law. In the event the Inheriting Owner rents the home in accordance to this Section, the lease shall also be approved by the City.

XI. REFINANCING

The City's refinance requirements are necessary to ensure the continued affordability of the home to the Owner and to minimize the risk of loss of the home by the Owner through default and foreclosure of mortgage loans.

The Owner must agree not to place any additional mortgage or deed of trust on the property, including any line of credit, and must not otherwise use the property as security in any transaction without first obtaining prior written consent of the City.

The City must approve in writing all financing and refinancing. The City shall have sole

discretion regarding the approval or disapproval of any refinancing request, including any financing terms.

Subordinate loans, including second or junior loans and equity lines of credit, are not permitted except as expressly approved by the City in writing. Subordinate loans shall be permitted only if they conform to all of the City's requirements.

The Loan Committee will consider refinance requests if the new loan conforms to the requirements of Section VIII and:

- lowers the housing cost of the Owner with a lower interest rate;
- is for a fully amortized, fully documented fixed rate loan, has a term not exceeding thirty (30) years, and requires no balloon payments;
- does not have a temporary interest rate buy-down;
- collects impounds for property taxes and insurance; and
- does not cause the principal amount of all debt secured by the home to exceed the greater of: (a) the Restricted Resale Price, calculated by the City; or (b) the then outstanding principal balance (plus refinancing and closing costs) of the Senior Loan.

Request to Refinance Process

Owners should contact the City of Citrus Heights Housing Division to initiate a Request to Refinance before they apply for a new loan. The City will a) determine the new loan does not exceed the Restricted Resale Price or the outstanding principal balance of the Senior Loan; and b) request a list of required third-party documents to approve the request.

The City shall review the Request to Refinance and compliance provisions and may, in its sole discretion, grant or deny the request. The City may also grant the request subject to additional conditions, which are within the City's discretion to impose. The City shall have no obligation to grant any request for refinancing. Any approval by the City of refinancing is also subject to the City's approval of any documents that may require City's execution by the senior City, including but not limited to a subordination document.

If the City approves the Request to Refinance, the escrow company will provide the proper subordination document for execution and recordation by the City. The City will require a copy of the insurance declarations to ensure the City is still listed as a loss payee. The City will also require the recordation of a new Request for Notice of Default or Sale.

XII. SALE OR TRANSFER OF RESIDENCE

The Owner's Agreement outlines the resale process, timeline and how the Restricted Resale Price is calculated. Home sales may take longer than conventional sales because of the number

of payoffs needed, the city authorization required, and the legal documents involved.

1. Notice of Intent to Transfer. If the Owner intends to Transfer (sell) or vacate their home, the Owner should inform the City in writing at least 90 days prior using the provided form (Attachment B).

The City shall contact the Owner and meet with them to discuss the resale process and procedure as defined in their recorded Agreement. The City will inform the Owner how to proceed including preparing for City inspection and home and inspection reports.

2. Response to Notice of Intent to Transfer. The City will respond to the Owner's Notice of Intent to Transfer within 60 days of receipt with a calculation of the Restricted Resale Price. The City will notify the Owner if they want to exercise their Option to Purchase or designate a program Eligible Purchaser. If the City exercises its Option to Purchase, the City may facilitate program and real estate services. Owner shall pay the City the fee as outlined in the initial purchase and sale agreement of the Affordable Ownership residence.
3. Owner Sale at Restricted Resale Price to Income Eligible Household If the City chooses not to exercise its Option to Purchase, the Owner may proceed to sell their home according to their Agreement to an Income Eligible Household at a price not to exceed the Restricted Resale Price. The City must approve the Purchaser that the Owner has identified. If the Owner does not sell the home within 120 days, the City has an additional 60-day period to exercise the Purchase Option.

If the Owner sells the Residence to an Income Eligible Household, the maximum sales price ("the "Restricted Resale Price") that the Owner shall receive for any type of Transfer of the home shall be the lesser of the Increased Base Price or the Fair Market Value.

4. Determination of Restricted Sales Price If the Purchase Option is exercised, or if the Owner sells the Residence to an Income Eligible Household, the maximum sales price (the "Restricted Resale Price") that the Owner shall receive for any type of Transfer of the Residence shall be the lesser of (1) the Increased Base Price or (2) the Fair Market Value
 - A. Increased Base Price The Increased Base Price of the home is the original purchase price of the home increased by the percentage increase in the household income for a household of four (4) at one hundred percent (100%) of the Median Income as defined by HCD as of the date of receipt of the Notice of Intent to Transfer. If Median Income has decreased from the date of the Owner's date of purchase of the home, then the Increased Base Price shall be the same as the original purchase price of the home.
 - B. The Increased Base Price shall be increased by the appraised Fair Market Value of the

Eligible Capital Improvements (the amount by which the Eligible Capital Improvements enhance the Fair Market Value of the home at the time of sale), or by such an amount as may be agreed upon by the Owner and the City. The adjustment to the Increased Base Price for the Eligible Capital Improvements shall be limited to the increase in Fair Market Value, not the cost of the Eligible Capital Improvements. The cost of any appraisal prepared for the purpose of adjusting the Increased Base Price shall be borne by the Owner.

- C. The Increased Base Price shall be decreased by an amount necessary to repair any damages and to put the home into a "sellable condition." Items necessary to put a home into sellable condition shall be determined by the City and may include cleaning, painting, and needed structural, mechanical, electrical, plumbing, and fixed appliance repairs and other deferred maintenance repairs.
- D. In certain circumstances it may be necessary to determine the fair market value of the Residence (the "Fair Market Value"). These circumstances include: (1) where the parties wish to determine if the Increased Base Price exceeds the Fair Market Value; and (2) where the Owner wishes to refinance any Senior Loan. If it is necessary to determine the Fair Market Value of the Residence, it shall be determined by an appraisal prepared by an independent residential appraiser selected by the Owner at the Owner's expense. Each appraiser shall have been previously approved by the Federal National Mortgage Association or the Federal Housing Administration and placed on its list of approved single family housing appraisers. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding six (6) month period.

XIII. PAYMENT OF EXCESS SALES PROCEEDS AND EXCESS RENTS

If the Owner sells the Residence to a non-Income Eligible Household or makes a Transfer in violation of this Agreement, the Owner shall pay the Excess Sales Proceeds to the City. "Excess Sales Proceeds" is the amount by which the gross sales proceeds, minus real estate commission and other closing costs associated with the sale of the property reasonably approved by the City, received by the Owner from the new purchaser exceed the Restricted Resale Price for the Residence.

1. Payment of Excess Sales Proceeds and Excess Rents Excess Sales Proceeds and Excess Rents shall be distributed to the City to be used to develop affordable housing in City of Citrus Heights.

XIV. DEFAULTS AND REMEDIES

1. Events of Default The following events shall constitute a "Default" by the Owner under this Agreement:
 - A. The Owner has made a misrepresentation to obtain the benefits of purchase of the Residence or in connection with its obligations under their Owner's Agreement;
 - B. The Owner fails to owner occupy the Residence;
 - C. The Owner rents or leases the Residence to another party without maintaining occupancy;
 - D. The Owner fails to provide information to the City necessary to determine Owner's compliance with the requirements of their Owner's Agreement;
 - E. The Owner makes a Transfer, or attempts to Transfer, the Residence in violation of their Owner's Agreement;
 - F. The Owner otherwise fails to comply with the requirements of this Agreement;
 - G. A notice of default is issued under any Senior Loan or any other financing secured by a deed of trust on the Residence;
 - H. A lien of mortgage is recorded against the Residence other than the lien of a bona fide first mortgage loan approved by the City;
 - I. Owner declares bankruptcy or makes an assignment of assets for the benefit of creditors.

2. Notice and Cure The City may give written notice to the Owner specifying the nature of any violation. If the violation is not corrected to the satisfaction of the City issuing the notice within a reasonable period of time, not longer than thirty (30) days after the date the notice is mailed, or within such further time as the City may provide at its sole discretion, the City, may declare a Default by written notice to Owner ("Declaration of Default").

The City shall also provide written notice to any Senior Lender if the Party if the City has sent a Declaration of Default under this Agreement or declared a Default under its note or deed of trust. The notice to any Senior Lender shall indicate that the Purchase Option may be exercised.

3. Remedies The City may exercise any remedies at law or in equity, including without limitation, any or all of the following, none of which shall be an exclusive remedy:
 - A. Declare all Excess Sales Proceeds or Excess Rents immediately due and payable without further demand;
 - B. Invoke the power of sale under the City Deed of Trust;
 - C. Apply to a court of competent jurisdiction for such relief at law or in equity as may be appropriate;
 - D. Take such enforcement action as is authorized under the City Municipal Code;
 - E. Correct maintenance failures, and place a lien upon the Residence to collect costs to

- remedy maintenance failures; and
- F. Exercise the Purchase Option

XV. PURCHASE OPTION UPON DEFAULT

The City will Exercise the Purchase Option to a Designated Purchaser upon occurrence of any of the following events:

- Upon the issuance of a Declaration of Default by the City
- Upon a judicial determination that a Transfer of the Residence in a transaction that does not meet the requirements of this Agreement is null and void;
- Upon the receipt of any notice of default or notice of sale pursuant to Civil Code Section 2924b or Civil Code Section 2924f or through any other means under any deed of trust or mortgage with power of sale encumbering the Residence;
- Upon service of summons or other papers in any judicial foreclosure against the Residence; or
- Upon execution by the Owner of any deed in lieu of foreclosure transferring ownership of the Residence; and
- This Purchase Option is given in consideration of the economic benefits received by the Owner resulting from ownership of the Residence made possible by the assistance of the City, in acquiring and developing the Residence.

Exercise of Option: The Purchase Option upon Default shall be exercised within forty-five (45) days after each event described above pursuant to the procedures.

XVI. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

1. Definition of Exception. Any case to which a standard policy or procedure, as stated in the Guidelines, does not apply or an applicant is treated differently from others of the same class would be an exception.
2. Procedure for Exceptional Circumstances. The City may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the City's recommended course of action and any written or verbal information supplied by the applicant.

The City's Loan Committee shall make a determination of the exception based on the recommendation of the Development Specialist and/or her designee.

IV. DEFINITIONS

- A. **Affordable Housing Agreement (AHA):** An agreement entered into between the Purchaser and the City of Citrus Heights to establish an affordable housing program as mandated by the State of California's Surplus Lands Act that is regulated by Department of Housing and Community Development.
- B. **Application:** Formal application approved by City that prospective buyers will complete as part of the purchase process.
- C. **Area Median Income (AMI):** The Department of Housing and Community Development (HCD) publishes annual tables of official [Federal and State income limits](#) for determining maximum household income, adjusted by household size, for a variety of housing programs. State statutory limits are based on federal limits set and periodically revised by the U.S. Department of Housing and Urban Development (HUD). HUD's limits are based on surveys of local area median income (AMI).
- D. **City:** City of Citrus Heights
- E. **City of Citrus Heights Affordable Ownership Program:** The City's Program to manage the affordable home ownership program as mandated and regulated by Department of Housing and Community Development.
- F. **City Designee:** A person or entity that the City may designate to assist in the administration of its Affordable Ownership Program. This may include city staff, broker, consultant, and/or developer.
- G. **City Response Notice:** Written confirmation from the City of receipt of the Owner's Notice of Intent to Transfer.
- H. **Criteria Level:** The City's adopted criteria for ranking and selecting Income Eligible Households to purchase an Affordable Ownership home.
- I. **Declaration of Default:** The City may declare a Default for certain events under the Agreement by written notice to Owner.
- J. **Default:** An event that grants the City the Purchase Option to buy the home from the Owner or assign an Income Eligible Household or Designated Purchaser.
- K. **Designated Purchaser:** An Income Eligible Household, a public agency, or a nonprofit corporation to whom the Purchase Option is assigned by the City.

- L. **Developer:** An entity that constructs residential housing units.
- M. **Eligible Capital Improvements:** Substantial structural or permanent fixed improvements that increase the value of the home as determined by an appraisal.
- N. **Excess Rents:** All rents Owner receives from a third party in violation of the Owner's Agreement that the Owner must pay the City.
- O. **Excess Sales Proceeds:** The amount by which the gross sales proceeds, minus real estate commission and other closing costs associated with the sale of the property reasonably approved by the City received by the Owner from the new purchaser exceed the Restricted Resale Price for the home.
- P. **Fair Market Value:** The value of the home as determined by an appraisal prepared by an independent residential appraiser.
- Q. **First-Time Homebuyer:** A buyer (s) who has not owned a home during the three-year period before the purchase of a home, except for the exceptions defined in Section III.
- R. **Gross Income:** All income as defined by HCD in Title 25 CCR Section 6914
- S. **Housing and Community Development (HCD):** California Department of Housing and Community Development.
- T. **Housing and Urban Development (HUD)** - U.S. Department of Housing and Urban Development (HUD).
- U. **Income Eligible Households:** Households who meet the requirements outlined in the Agreement to purchase, and in some cases rent, an AFFORDABLE OWNERSHIP home.
- V. **Increased Base Price:** The original purchase price of the home increased by the percentage of increase in household income for a household of four at one hundred percent of the AMI as defined by HCD as of the date of receipt of the Notice of Intent to Transfer.
- W. **Inheriting Owner:** The person inheriting the home.
- X. **Initial Buyer:** The Income Eligible Household purchasing an Affordable Ownership home from a Developer.
- Y. **Initial Restricted Sales Price:** The initial restricted sales price of the home.
- Z. **Loan Committee:** The team may consist of representatives from various City Departments

including City Manager's Office, Community Development, Administrative Services, and General Services as designated by the Community Development Director or his/her designee.

- AA. **Lower-income households:** Persons and families whose income does not exceed the qualifying limits for lower-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.
- BB. **Notice of Intent to Transfer:** The Owner's written announcement (Attachment A) to the City that owner intent to Transfer (sell) or vacate the residence.
- CC. **Owner:** The name of the person(s) entering into the Agreement with the City to purchase the Affordable Ownership home.
- DD. **Owner's Agreement:** Refers to the recorded Resale Restriction Regulatory Agreement and Option to Purchase, Excess Sales Proceeds Deed of Trust.
- EE. **Pre-Application:** A pre-application form that allows prospective buyers to be ranked in order of the City approved criteria levels.
- FF. **Project:** Site owned by developer
- GG. **Purchase Option:** The City shall have the option to purchase the Residence from the Owner or designate a purchaser or assign its rights over to a third party.
- HH. **Restricted Resale Price:** The maximum sales price that the Owner shall receive for any type of Transfer of the home.
- II. **Senior Loan:** The loan to which the Owner's Agreement has been subordinated (usually the first, or primary mortgage loan).
- JJ. **Surplus Lands Act: Government Code, Title 5, Division 2, Part 1, Chapter 5, Article 8. Surplus Land.**
- KK. **Transfer:** Any sale, assignment, or transfer, voluntary or involuntary, of any interest in the Affordable Ownership home.
- LL. **Term:** The Owner's Agreement shall start on the date of the close of escrow of the sale of the Residence to the Owner and end on the earlier of: (1) the close of a Transfer to an Income Eligible Household; (2) conveyance to the City or a Designated Purchaser pursuant to exercise of the Purchase Option; (3) acquisition of title through a foreclosure of a Senior Loan to which the Agreement has been subordinated; or forty -five (45) years from the effective date of the Owner's Agreement (the "Term").

ATTACHMENT A
Form of Owner Occupancy Certification

To: City of Citrus Heights ("City")

From: _____ [name of owner(s)] ("Owner(s)")

Address of Residence: _____

Phone Number: _____

Date: _____

By signature below, I _____ [insert name or names of Owner] hereby certify to the City under penalty of perjury that I/we occupy the home located at _____ [insert address] (the "Residence") as my/our principal place of residence and that I/we have occupied the Residence for _____ () [insert number] months of the calendar year _____ [insert previous calendar year]. Attached to this letter is a copy of _____ [insert utility bill, driver's license, or other requested documentation] showing my place of residence.

This Owner Occupancy Certification is signed on _____, 20__, under penalty of perjury.

By: _____
 Owner [type name]

By: _____
 Owner [type name]

Attach copy of current homeowner's insurance, or other information requested by the City showing address of Residence

ATTACHMENT B
Form of Owner's Notice of Intent to Transfer

To: City of Citrus Heights

From: _____ [name of owner(s)] ("Owner(s)")

Address of Residence: _____ ("Residence")

Date: _____

Please be notified pursuant to Section 6 of the Resale Restriction Agreement and Option to Purchase dated _____ (the "Resale Agreement") that the Owner intends to transfer the Residence listed above.

A. The following information is provided pursuant to Section t of the Resale Agreement:

1. Address of Residence: _____

2. Date Owner purchased Residence: _____

3. Purchase Price paid by Owner when Residence was purchased: _____

4. Date Owner intends to vacate Residence:

5. Date Residence will be placed on market: _____

6. Name and phone number of person to contact to schedule inspection:

_____ and _____
 (name) (phone number)

B. If Owner has made Eligible Capital Improvements to the Residence that Owner wishes to include in the calculation of Restricted Resale Price, check box below:

☐ Yes, I have made Eligible Capital Improvements as described in Section 9 of the Resale Agreement. I attach the following documents to this letter:

1. List of improvements;
2. Evidence of cost of these improvements;

3. Appraisal showing value added to Residence by the improvements.

C. I agree to prepare the Residence for sale by:

1. obtaining a pest control report and home inspection report within thirty (30) days of the date of this notice,

2. repairing all damage noted in Section 1 of the pest report prior to close of escrow of the sale of the Residence or the Transfer of the Residence,

3. allowing the City or its designee to inspect the Residence within thirty (30) days of this notice,

4. maintaining utility connections until the Residence is transferred,

5. permitting a walk through by the buyer at least three days before the close of escrow or the transfer.

This Owner's Notice of Intent to Transfer is certified by Owner to be true and correct and is signed on _____ [insert date] under penalty of perjury.

By: _____
Owner

By: _____
Owner

City of Citrus Heights

Affordable Housing Ownership Program

FAQ's

1. Who is eligible to purchase an affordable unit?

An affordable unit is a housing unit sold to a household within specific incomes limits. Incomes of up to 80% of the area median income (AMI) generally are considered “lower income.” The Department of Housing and Community Development (HCD) currently defines \$81,050 for a family of four as low income in Sacramento County. Program participants purchasing affordable units will be required to be lower income and will have to demonstrate income eligibility and credit worthiness to meet the monthly housing obligations and program requirements.

The goal of the affordable housing program is to create and preserve long term affordable homeownership opportunities for the people who live and work in the City of Citrus Heights.

2. Are homes in the program considered “Section 8” housing?

No. Affordable units provide homeownership opportunities to eligible households who would normally not be able to purchase a market rate home. Affordable units should not be confused with Section 8 housing, now called Housing Choice Voucher (HCV), which is voucher program where the monthly housing cost is paid through a Public Housing Authority, locally known as Sacramento Housing and Redevelopment Agency (SHRA).

3. What is an affordable housing program?

The State of California continues to have a shortage of housing that is affordable to middle-income working families. Due to the continued housing shortages, legislation provides developers a variety of incentives such as increased densities, reduced approval timelines, and relaxed development standards for those projects that include housing units reserved for persons/families of restricted incomes. In exchange for these incentives, the developer agrees to sell a set aside number of homes at a price determined to be “affordable”, generally much lower than the market rate.

Homes in the program will have covenants recorded against the title of the property, to ensure their continued affordability for a defined period. For the duration of this affordability period, the City governs the use and transfer of these homes. It's important to note that homes in the program are required to remain owner occupied, cannot be investment properties or rental homes, must be maintained in accordance with the CCR's and affordability covenants and are not intended to generate market-rate equity growth for their owners.

4. How will the City establish the initial sales price with the builder?

Housing developments which include affordable units have an initial sales prices for affordable homes are established. These prices are calculated prior to completion of the units so that builders can forecast sales revenues as well as construction costs, both of which are necessary for obtaining construction financing. The builder will be required to sign an affordable housing agreement that outlines the affordable sales prices that the homes will be required to be sold for. The prices will be calculated using current interest rates, property taxes, estimated hazard insurance and HOA dues.

5. Can individual owners sell?

Yes, individual owners are allowed to sell their homes, however all homes must be resold to qualified buyers a restricted sales price determined by the owner's deed restriction agreement. All homes in the City's affordable housing program will be restricted for a 45-year affordability covenant. This agreement will outline all of the program requirements, including how the future price is calculated, and all other use restrictions required by the City. The deed restrictions will be signed in escrow and will appear as a covenant recorded against the title of every home sold within the City's affordable housing program.

Updated February 8, 2023



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: February 23, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Meghan Huber, Economic Development & Community Engagement
Director

SUBJECT: Citrus Heights Business Attraction Incentive Program approval

Summary and Recommendation

Since incorporation, Citrus Heights has practiced strategic planning to prioritize its policies, programs and services for the coming year. In the most recent two planning cycles (May 2022 and October 2022) this process has been enhanced by the addition of a Focus Area Work Plan (“Work Plan”). The Work Plan looks past the standard six-month strategic objective-setting increments to set direction for advancing key community priorities through March 2024. The Work Plan was adopted via resolution by City Council in May 2022 and its recommendations are informed by extensive community engagement, discussions, and data. This engagement that showed the Citrus Heights community has four key priority areas: Community Image, Economic Development, Community Connection and Infrastructure. The document details staff recommendations for policies, initiatives and projects that advance goals in these priority areas. This process has allowed for clarity of mission and effective future planning as we have emerged from pandemic circumstances. Additionally, the guidance of the Work Plan guarantees effective stewardship of one-time American Rescue Plan Act dollars directly into the community and advancement of shared goals.

Economic Development has been represented in Citrus Heights’s strategic planning goals since incorporation. With the unique opportunity to utilize American Rescue Plan Act (ARPA) funding as a resource, there is exciting potential to greatly advance the City’s Economic Development strategic goals. The Focus Area Work Plan laid out nine economic development strategic objective recommendations focusing on projects and programs that advance the strategic goal to diversify for a resilient economy. One of the Economic Development strategic objective recommendations was to *“Present to City Council program guidelines and recommendations to develop a grant program utilizing ARPA funding that advances economic development goals of effectively attracting and retaining target businesses and industries.”* This recommendation was selected and codified by City Council as a strategic objective for

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completion at the most recent City Council Strategic Planning Retreat on October 25, 2022 with a due date of February 23, 2023.

Staff recommends the City Council adopt Resolution No. 2022-___ A Resolution of the City Council of the City of Citrus Heights, California approving the Citrus Heights Business Attraction Incentive Program Guidelines and allocating \$1,000,000 in American Rescue Plan Act funds to administer the program through June 30, 2024.

City Council Strategic Goal/Objective

This staff report aligns with the following Citrus Heights City Council Strategic Plan Objectives:

Goal: Diversify for a resilient economy

Objective: Present to City Council program guidelines and recommendations to develop a grant program utilizing ARPA funding that advances economic development goals of effectively attracting and retaining target businesses and industries.

Fiscal Impact

Staff recommends allocating \$1,000,000 in American Rescue Plan Act funds to activate the program available through June 2024. If the program is adequately subscribed and/or oversubscribed, staff will bring back recommendations for additional funding and program term extension. Staff also recommends up to 3% of the allocation can be used for administration costs of the program including marketing and promotion.

The table below provides a history of ARPA allocations to date along with the remaining balance that is to be allocated by December 2024 with expenditures occurring by December 2026:

ARPA FUNDING ALLOCATION SUMMARY		
Total City Allocation		\$15,676,972
6/24/2021	Rehire public safety to pre-pandemic levels FY 2021/22	(\$1,570,105)
6/24/2021	Rehire public safety to pre-pandemic levels FY 2022/23	(\$2,811,775)
1/13/2022	Small Business COVID Recovery Grant	(\$281,111)
6/23/2022	Beautification Crew Pilot Program	(\$875,000)
6/23/2022	Community Block Party Trailer – Community Engagement	(\$50,000)
6/23/2022	Police Fleet Vehicles and Equipment	(\$1,400,00)
6/23/2022	Police Department Communications Center Critical Needs	(\$600,000)
9/22/2022	Community Projects Grant Program**	(\$50,000)
10/27/2022	ERP System and Technology Updates	(\$1,198,350)
12/8/2022	Infrastructure Financing Strategies for Sunrise Tomorrow	(\$40,000)
12/8/2022	REAP 2.0 Higher Impact Transformative Allocation*	(\$1,000,000)
1/26/2023	Patriotic Event	(\$80,000)
2/23/2023	Business Attraction Incentive Program**	(\$1,000,000)
Total Allocation Remaining		\$4,720,631

*dependent on successful award of grant

** dependent on program subscriptions

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Staff recommends a program expiration date on June 30, 2024. If the program is oversubscribed within that time, staff will assess and potentially bring an additional funding allocation and/or extension to City Council for consideration. If the funding is undersubscribed, program termination at the end of June 2024 will allow for analysis and recommendation for reallocation of remaining funding before the ARPA requirement of final allocation by December 31, 2024.

Background and Analysis

Although the strategic object language references “attraction and retention of target businesses”, the intention of the program as recommended in Focus Area Work Plan is attracting new businesses and the proposed guidelines were designed with that mission in mind. As noted in the body of the Focus Area Work Plan, an effective business attraction grant would be used to target and successfully recruit businesses within target industries of the city whose needs are conducive with the current available real estate. While companies largely decide to locate based on factors like available real estate, demographics, and available workforce, local jurisdictions are ensuring successful business attraction by offering incentives to potential locates.

Other tools currently exist for effective retention of Citrus Heights businesses, including:

- **Economic Development Support Fund – Part 1:** Provide sponsorships and grants up to \$25,000 that promote the City of Citrus Heights’ commerce and increase business activity to help increase job and/or tax base, promote commercial areas, place making and more.
- **Economic Development Support Fund – Part 2**
 - Design Assistance Program: complimentary assistance for business and property owners of existing commercial and office buildings in redeveloping property or enhancing concepts for buildings
 - Sign Support Program; 50% match grant up to \$5,000 (\$10,000 total project) for signage improvements
- **Activate Auburn Program:** design assistance and 50% grant match up to \$20,000 (\$40,000 total project) for sign and façade improvements
- **History and Arts Grant:** up to \$10,000 available to residents and businesses to seed arts and culture initiatives. This program could potentially be leveraged by new and or/existing businesses in history and arts related spaces including art, live theater, music, etc.
- **Established partnerships with Small Business Administration, Sacramento Valley Small Business Development Center and SCORE (Service Corps of Retired Executives):** ready referrals to no-cost general business assistance and financial counseling

In addition to the above existing programs, City Council has also set a strategic objective to “Present to City Council program guidelines and recommendations to establish a fund that would be designated for low-interest loans for existing businesses.” This program will be the next step as bandwidth allows and once the Business Attraction program has been created and achieved saturation in marketing and promotion.

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Date: February 23, 2023

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Program Scope

The proposed Business Attraction Incentive Program (“Program”) goal is to enhance the City’s competitiveness in attracting target industry businesses that create community vibrancy. The proposed incentive program will help identify, attract and invest in new businesses in target industries that contribute to commercial area vitality, utilize existing vacant real estate, and increase quality of life for residents, workers and visitors.

Staff recommend the following target industry categories:

- *Restaurants* – restaurants, bars, coffee, and tea shops (*national chains do not qualify*)
- *Breweries and other craft beverage businesses* – includes artisan manufacturing operations, tasting rooms and brewpubs
- *Entertainment* – includes bowling alleys, movie theaters, and entertainment venues
- Businesses that serve to diversify the City’s economic base and/or enhance community quality of life by providing *unique or underrepresented services/goods*

These categories encompass the most frequent and passionate requests from our residents that they would like to see in Citrus Heights. Business attraction in these industry segments also offer key advantages to the Citrus Heights local economy, including:

1. Ability to utilize the types of vacant real estate currently available i.e. full service restaurants, large and small retail space, small office, etc.
2. Ability to increase foot traffic in existing commercial centers and capture regional commute traffic patterns
3. Ability to diversify Citrus Heights economy

Value of Incentives

Eligible businesses may receive a grant on terms to be negotiated to be used for some combination of relocation, operating, equipment, payment of fees and regulatory costs, or other legitimate and customary start up business costs. The value of incentives identified above will be within the discretion of the City and will depend upon the unique attributes of each project and the benefits that will accrue to the City and to the community.

Application and Review Process

To be considered for a Business Attraction Incentive, a business owner or representative submits a request including details on the proposed project and how it will benefit the community along with supporting documentation.

Upon receipt of the request, Economic Development & Community Engagement Department staff will review the application for completeness and complete a fiscal and community impact analysis to determine incentive feasibility. Based on the analysis, EDCE staff will prepare a proposed incentive package and agreement for City Manager and City Attorney review.

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Incentive packages valued at less than \$5,000 may be reviewed by the City Manager. For any incentive package valued \$5,000 or more over life of the agreement, staff will bring to City Council for review during a public meeting.

Program Promotion

Once approved, staff will create program promotion materials and a multi-channel communications and marketing plan for business recruitment and attraction, including:

- Direct outreach and prospecting to local targeted businesses
- Outreach to property managers, brokers and owners to generate referrals
- Project webpage
- Social media
- Local media
- Regional media
- Applicable trade shows
- Partnerships with Citrus Heights Chamber of Commerce and Sunrise MarketPlace

Attachments

1. Resolution approving the Citrus Heights Business Attraction Incentive Program Guidelines and allocating \$1,000,000 in American Rescue Plan Act funds to administer the program through June 30, 2024
 - a. Citrus Heights Business Attraction Incentive Program Guidelines

RESOLUTION NO. 2023- ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, APPROVING THE CITRUS HEIGHTS BUSINESS ATTRACTION
INCENTIVE PROGRAM GUIDELINES AND ALLOCATING \$1,000,000 IN AMERICAN
RESCUE PLAN ACT FUNDS TO ADMINISTER THE PROGRAM THROUGH JUNE 30, 2024**

WHEREAS, the City of Citrus Heights has a strategic goal to “Diversify for a resilient economy”;

WHEREAS, Citrus Heights City Council set a strategic objective to “Present to City Council program guidelines and recommendations to develop a grant program utilizing ARPA funding that advances economic development goals of effectively attracting and retaining target businesses and industries”;

WHEREAS, an effective business attraction grant would be used to target and successfully recruit businesses within target industries of the city whose needs are conducive with the current available real estate; and

WHEREAS, the proposed incentive program will help identify, attract and invest in new businesses in target industries that contribute to commercial area vitality, utilize existing vacant real estate, and increase quality of life for residents, workers and visitors.

NOW THEREFORE BE IT RESOLVED AND ORDERED the City Council hereby approves the Citrus Heights Business Attraction Incentive Program Guidelines and allocating \$1,000,000 in American Rescue Plan Act funds to administer the program through June 30, 2024 with up to 3% of the allocation able to be used for marketing and promotion of the program.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 23rd day of February 2023 by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

A. Citrus Heights Business Attraction Incentive Program Guidelines

CITRUS HEIGHTS BUSINESS ATTRACTION INCENTIVE PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Citrus Heights Business Attraction Incentive Program (“Program”) is established to enhance the City’s competitiveness in attracting designated target industry businesses that create community vibrancy.

PROGRAM GUIDELINES

The overriding goal of the Program is to identify, attract and invest in new businesses that contribute to commercial area vitality and increase quality of life for residents, workers and visitors.

Eligibility:

- Businesses that fall within one or more of the following business attraction target industry sectors:
 - *Restaurants* – restaurants, bars, coffee, and tea shops (*national chains do not qualify*)
 - *Breweries and other craft beverage businesses* – includes artisan manufacturing operations, tasting rooms and brewpubs
 - *Entertainment* – includes bowling alleys, movie theaters, performing arts, and entertainment venues
 - Businesses that serve to diversify the City’s economic base and/or enhance community quality of life by providing *unique or underrepresented services/goods*
- Have or be prepared to hire at least five employees, which can include founders and owners.
- Has less than 100 employees, has less than \$50 million of annual revenue, and is valued at less than \$500 million. Often, companies assisted through this Program will be much smaller than these thresholds.
- Application must show how business is a neighborhood service or destination amenity that contributes to community vibrancy

The City may also consider incentive for businesses that do not meet a portion of the above criteria if they are locating into an existing building or tenant space that has been vacant for more than five years.

- The building/space must have been previously occupied by another business at some point
- New construction building for a target industry user would be considered in existing commercial centers (example; outbuilding in surplus parking lot) if there are no available current properties that meet the proposed business’s needs
 - Timing of payment would coincide with a deliverable such as certificate of occupancy

Ineligible business categories: Businesses will be ineligible for this incentive program if they do not satisfy the intent of this program which is to enhance the City's competitiveness in attraction of businesses that contribute to economic diversification and impact, community vibrancy, and/or and quality of life.

Value of Incentives:

Eligible businesses may receive a grant on terms to be negotiated to be used for some combination of relocation, operating, equipment, or other legitimate and customary start up or business costs. The value of incentives identified above will be within the discretion of the City and will depend upon the unique attributes of each project and the benefits that will accrue to the City and to the community.

After reviewing an application for Business Attraction incentives, the City's Economic Development Department will perform an analysis of proposed or requested incentives to determine the fiscal implications of any particular incentive or combination of incentives. The City Manager or his/her designee will work with the applicant to determine an incentive package that is beneficial to the applicant while furthering the goals and objectives of the City. The value of the package may take into account financial benefits to the City as well as enhancement of the community's quality of life. The City Council may consider other criteria in determining the final incentive package that will be offered.

Please note that not all applicants may receive an offer of incentives. Incentives offered will depend upon the benefits of each project as well as availability of City funds.

Grant Incentives may, at the City's sole discretion, be paid up front to assist with start-up costs or as a reimbursement for accrued costs. Regardless of the timing of payments, an accounting and proof of use of the funds in a manner consistent with the application will be required. The timing of payments and the amount of incentives will be determined on a case-by-case basis at the City's sole discretion.

Application Requirements, Selection Criteria and Procedure

To be considered, a business owner or representative must submit the following minimum information:

1. A general description of the proposed project, including:
 - a. Type of business, location, and description of operations
 - b. Projected number, types and annual median wage of jobs
 - c. Projected sales and/or TOT revenue generation (if applicable)
 - d. Any other criteria the City may use to evaluate the benefits of the proposed project. This may include financial benefits as well as enhancements to the overall community's quality of life and diversification of the City's economic base;

2. A detailed request of monetary incentives including a description of how the funds will be used. Also include a description of other funds that are being leveraged for the project and how they will be used (bank loan, private investment, etc.)
3. Include a business pro forma cash flow analysis that details financial projections for at least five (5) years.
4. For startup businesses or those that have been in business for less than two (2) years, a copy of the business plan will be required. Businesses open for more than two years are not required to submit this unless the City asks to review a business plan before awarding incentives.
5. Businesses may be required to provide a signed letter of intent with a landlord or property owner as well as a copy of the proposed lease or sales agreement.

Application Review & Approval Process:

1. Upon receipt of the request, the City's Economic Development & Community Engagement Department will review the request and verify applicable requirements have been met. The Department will also complete a fiscal impact and community benefit analysis to determine whether an incentive package is feasible for the City.
2. Based on the analysis, the Economic Development & Community Engagement Department will prepare a proposed incentive package and draft an Economic Development Incentive Agreement ("Agreement") for City Manager and City Attorney review and approval.
3. Incentive packages valued at Incentive packages valued at less than \$5,000 may be approved by the City Manager. For any incentive package valued \$5,000 or more over the life of the agreement, staff will make a recommendation and present it to City Council for approval.
4. If approved by the City Manager or by City Council, as applicable, the Agreement will be returned to applicant for signature.
5. If required by the Agreement, the City may engage in post-award monitoring to ensure the anticipated jobs and/or tax revenue are generated. This may include reviewing sales data, employment records, or other information. The specific type and length of any monitoring shall be identified within the Agreement.
6. All startup businesses or those open for less than one (1) year that are approved for an incentive will be required to receive (5) hours of business counseling from Sacramento Valley Small Business Development Center (SBDC) or take a minimum of two (2) classes offered by SBDC.

For more information on the program, contact:

Meghan Huber

Economic Development & Community Engagement Director

916-727-4745

mhuber@citrusheights.net



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: February 23, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Meghan Huber, Economic Development & Community Engagement
Director

SUBJECT: Budget allocation for “Citrus Heights Cares” community pride and cleanliness campaign

Summary and Recommendation

Since incorporation, Citrus Heights has practiced strategic planning to prioritize its policies, programs and services for the coming year. In the most recent two planning cycles (May 2022 and October 2022) this process has been enhanced by the addition of a Focus Area Work Plan (“Work Plan”) that looks past the standard six-month strategic objective-setting increments to set direction for advancing key community priorities through March 2024. This Work Plan was adopted via resolution by City Council in May 2022 and its recommendations are informed by extensive community engagement, discussions, and data. This community engagement showed the Citrus Heights community has four key priority areas: Community Image, Economic Development, Community Connection and Infrastructure. The document details staff recommendations for policies, initiatives and projects that advance goals in these priority areas. This process has allowed clarity of mission and phased future planning as we have emerged from pandemic circumstances. Additionally, it guarantees effective stewardship of one-time American Rescue Plan Act dollars directly into the community and advancement of shared goals.

The Focus Area Work Plan included 17 initial recommendations in the community image category including initiatives, projects and policies in proactive blight abatement and homelessness prevention. Over the past year a robust toolbox has been built to advance work in this community priority area including:

- Creation of the Beautification Crew, a two person full time crew proactively patrolling and responding to service requests and community beautification needs;
- Enhanced partnerships with other government agencies that have jurisdictional responsibilities for public areas within or share borders with the City (like Caltrans) to clean up and enforcement;

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- A shopping cart ordinance advances blight removal and prevention in Citrus Heights and ensure a clean and safe environment for residents, businesses, and shoppers;
- Continuation of the Homeless Navigator Program providing counseling services and resources for those at risk of becoming homeless and services for those who are currently homeless and ready to accept services;
- And enhanced enforcement of the chronic nuisance offender program and creation of the community prosecutor program for local control of accountability and consequences for frequent offenders.

To continue advance Community Image goals, staff recommended and City Council subsequently set a strategic objective at the October 25, 2022 strategic planning retreat to “Bring a funding request to City Council for implementation of “Citrus Heights Cares” multi-channel signage and marketing campaign”. An effective community pride and beautification campaign will educate the Citrus Heights community on this Community Image work and create effective calls to action that invite community members to participate and engage in community beautification together. The proposed campaign will use a variety of communications channels including physical signage, online and print media to create awareness of the Citrus Heights Cares brand and shared community image work and goals.

Staff recommends the City Council adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California allocating \$47,000 in American Rescue Plan Act funding for the Citrus Heights Cares community beautification campaign.

City Council Strategic Goal/Objective

This staff report aligns with the following Citrus Heights City Council Strategic Plan Objectives:

Goal: Enhance Community Vibrancy and Engagement

Objective: Bring a funding request to City Council for implementation of “Citrus Heights Cares” multi-channel signage and marketing campaign.

Fiscal Impact

Staff recommends allocating \$47,000 in American Rescue Plan Act to implement the Citrus Heights Cares campaign.

The table below provides a history of ARPA allocations to date along with the remaining balance that is to be allocated by December 2024 with expenditures occurring by December 2026:

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ARPA FUNDING ALLOCATION SUMMARY		
Total City Allocation		\$15,676,972
6/24/2021	Rehire public safety to pre-pandemic levels FY 2021/22	(\$1,570,105)
6/24/2021	Rehire public safety to pre-pandemic levels FY 2022/23	(\$2,811,775)
1/13/2022	Small Business COVID Recovery Grant	(\$281,111)
6/23/2022	Beautification Crew Pilot Program	(\$875,000)
6/23/2022	Community Block Party Trailer – Community Engagement	(\$50,000)
6/23/2022	Police Fleet Vehicles and Equipment	(\$1,400,000)
6/23/2022	Police Department Communications Center Critical Needs	(\$600,000)
9/22/2022	Community Projects Grant Program **	(\$50,000)
10/27/2022	ERP System and Technology Updates	(\$1,198,350)
12/8/2022	Infrastructure Financing Strategies for Sunrise Tomorrow	(\$40,000)
12/8/2022	REAP 2.0 Higher Impact Transformative Allocation*	(\$1,000,000)
1/26/2023	Patriotic Event	(\$80,000)
2/23/2023	Business Attraction Incentive Program **/**	(\$1,000,000)
2/23/2023	Citrus Heights Cares Campaign	(\$47,000)
Total Allocation Remaining		\$4,673,631

*dependent on successful award of grant

** dependent on program subscription

*** dependent on council approval 2/23/23

Background and Analysis

The Citrus Heights Cares Campaign brand was created to build awareness and increase stakeholderhip in Citrus Heights community beautification initiatives. The brand has already been utilized on the Beautification Crew truck wrap. It has also been rolled out on educational material including “Care Cards” handed out by Police Department and Code Enforcement staff with easy and effective tips for residents, businesses and unhoused residents on how to show community care and prevent blight.

The next phase of roll out will include a variety of signage to ensure the brand has a consistent physical presence in the community. The Citrus Heights Cares brand tagline will be ***“Beautifying our City Together”*** and have three main calls to action for community members:

1. **Report:** This call to action will inform audiences about the different ways to proactively report non-emergency service requests including the SeeClickFix app, general services phone number or email, the “Hello, CH” text line, and the City’s website. The campaign will also educate on non-emergency service request examples like homeless camp abatement, illegal dump clean up, abandoned shopping cart retrieval and clean up, trash and litter removal from rights-of-way, graffiti removal, pot holes and street light outages.

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2. **Maintain:** This call to action will educate and promote tips and tricks to maintain residential and-or commercial properties to prevent blight and increase neighborhood vibrancy.
3. **Chip-In:** Once brand awareness is created, this call to action will leverage community participation to create and/or support grassroots beautifications efforts, volunteering and community engagement.

Staff will implement a comprehensive communications and marketing plan for Citrus Heights Cares campaign as summarized below with approximated budget estimates:

SIGNAGE	ESTIMATED COST*
Light pole banners (45)	\$9,000
Large sign installations – 8 ft x 4ft (6 each)	\$6,000
Commercial center and residential light pole signage (50 each)	\$2,250
PROMOTIONS	
Advertising (local media ads, social media ads)	\$5,000
Citrus Heights Cares branded promotional items	\$7,750
Citywide educational mailer	\$17,000
TOTAL	\$47,000

*Estimate only, final cost based on availability and current pricing

In addition to the signage and promotions above, the campaign will include consistent content creation and sharing on city-owned channels as well as earned media, such as:

- Brand presence and educational materials on city website
- Regular social media and e-news storytelling and education
- Local and regional news media relations
- Potential co-op marketing with community and agency partners
- Citrus Heights Cares community engagement programming and events

Staff will provide periodic results to City Council on campaign results metrics and next steps to ensure continued brand and initiative growth and saturation.

Attachments

1. Resolution approving a budget allocation of \$47,000 in American Rescue Plan Act funds to implement the Citrus Heights Cares community beautification campaign

RESOLUTION NO. 2023- ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, ALLOCATING \$47,000 IN AMERICAN RESCUE PLAN ACT FUNDING TO
CREATE AND IMPLEMENT THE CITRUS HEIGHTS CARES COMMUNITY
BEAUTIFICATION CAMPAIGN**

WHEREAS, the City of Citrus Heights has a strategic goal to “Enhance Community Vibrancy and Engagement”;

WHEREAS, Citrus Heights City Council set a strategic objective to “Bring a funding request to City Council for implementation of “Citrus Heights Cares” multi-channel signage and marketing campaign”;

WHEREAS, an effective community pride and cleanliness campaign will educate the Citrus Heights community on current beautification initiatives and create effective calls to action that invite community members to participate and engage in community beautification together; and

WHEREAS, the proposed campaign will use a variety of physical signage, communications channels and media to create awareness of the Citrus Heights Cares brand and shared community beautification goals and initiatives.

NOW THEREFORE BE IT RESOLVED AND ORDERED the City Council hereby approves allocating \$47,000 in American Rescue Plan Act funding to create the Citrus Heights Cares community pride and cleanliness campaign.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 23rd day of February 2023 by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

A. Citrus Heights Business Attraction Incentive Program Guidelines