

ADDENDUM TO CITY COUNCIL AGENDA REPORT FOR APRIL 2, 2001

SUBJECT: ZONING CODE AMENDMENT TO REQUIRE A SHARE OF AFFORDABLE HOUSING IN RESIDENTIAL AND MIXED-USE DEVELOPMENT PROJECTS ("INCLUSIONARY HOUSING CODE AMENDMENT")

This Addendum supplements the City Council Agenda Report concerning an Inclusionary Housing Code Amendment, April 2, 2001. It provides summaries of the recommendation of the Planning Commission and the action of the Community Development Committee.

On March 28, 2001, the Planning Commission recommended that the City Council adopt an amendment to Title 17 of the Pasadena Municipal Code requiring residential development projects and mixed-use projects with housing to include a share of units that are affordable to moderate-, low-, and very low-income households. The Planning Commission recommendation differs from the staff recommendation presented in the April 2, 2001, Agenda Report to the City Council at four points.

The Commission adopted the staff recommendation with amendments. Separate votes were taken on two issues. The following amendments to the staff recommendation were adopted:

1. The Commission recommended, on a separate vote (five in favor and three opposed), that the inclusionary program should have no phase-in period.

The staff recommendation provides that development projects that receive permits during the first year would be required to make six percent of units affordable, not the full 15 percent required after the first year.

(In addition, projects that have certain discretionary approvals, e.g., concept design review or variance, before the ordinance becomes effective would be exempted from the requirement, if they also receive their building permits during the first year. The Commission concurred with this exemption.)

2. The Commission recommended that development projects that enter into Development Agreements or agreements with the Community Development Commission (e.g., Owner Participation Agreement or Disposition and Development Agreement) be consistent with the policies of the ordinance.

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Staff recommendation provides, under the exemption provision, that such projects with at least 50 units, if the agreements are entered into within two years of the effective date of the ordinance and require at least six percent of the units to be affordable, should not be subject by Council policy to the specific requirements of the Inclusionary Housing Code Amendment.

3. The Commission recommended that, for projects of more than 200 units, the requirement for affordable units should be increased from 15 percent of units to 20 percent. (This recommendation was approved with a separate vote of the Commissioners, five in favor and three opposed.)

The staff recommendation is a uniform requirement of 15 percent for projects of ten or more units, with no increase in the requirement for larger projects.

4. The Commission recommended that the mix of affordable units for rental projects should be: three percent as very low-income; ten percent as low-income; two percent as moderate-income.

The staff recommendation is: ten percent as low-income; five percent as moderate-income.

(For ownership housing, both staff and Commission recommend that the requirement allow all 15 percent to be moderate-income.)

The Commission adopted the staff recommendation, with the modifications described above, by a vote of seven in favor and one opposed. The recommendation also addressed some issues related to the in-lieu fee schedule and the regulations for implementing the ordinance. Staff will return to the Commission for additional discussion of the regulations and the in-lieu fees before making a recommendation at a later date to the Council, if the Council approves the Inclusionary Housing Code Amendment.

On Thursday, March 22, 2001, the Pasadena Community Development Committee reviewed and disapproved the proposed Inclusionary Housing Code Amendment by a vote of two to three (two in favor, three opposed). The dissenting voters indicated a reluctance to support the proposed Amendment based on its possible negative effect on land values and future residential development within the city. The Committee also expressed a strong desire for a more in-depth analysis of the potential impact of the Amendment prior to its adoption. However, the general sentiment of the Committee was supportive of affordable housing programs and strategies.