

Agenda Report

DATE: MARCH 22, 2004
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: HOUSING AFFORDABILITY TASK FORCE FINAL REPORT TO THE PASADENA CITY COUNCIL – STAFF RECOMMENDATIONS

RECOMMENDATION:

1. It is recommended that the City Council direct the City Attorney to prepare:
 - A. Amendments to the appropriate Pasadena Affordable Housing Fee Waivers Ordinances and Resolutions establishing new Affordable Housing Flat Fee Waivers for the Building Permit Fee and Construction Tax, effective with the adoption of the 2004-2005 City Fee Schedule, replacing the existing fee waiver structure;
 - B. An amendment to the Pasadena Municipal Code Title 2, Chapter 2.380 Housing Mediation Contractor, Sections 2.380.110, 2.380.120 clarifying the intent of the provisions and requirements for participating in the mediation process;
 - C. An amendment to the Pasadena Municipal Code Title 16, Chapter 16.46 Standards For Conversion Projects to incorporate added tenant protections in cases of residential conversions; and
 - D. A Rental Housing Protections Ordinance for added tenant protections especially for tenants in good standing whom are evicted or displaced from rental housing units.
2. Refer the recommendation for a Commercial Linkage Fee to the City Council Special Committee on Inclusionary Housing.

ADVISORY BODIES:

The Community Development Committee at its meeting of February 26, 2004, recommended approval of the staff recommendation for Increased Tenant Protections with certain revisions to the previously proposed amendments of Title 2, Chapter 2.380 Housing Mediation Contractor. The Committee's recommendations have been incorporated in this staff recommendation.

EXECUTIVE SUMMARY:

On June 9, 2003, members of the Housing Affordability Task Force presented the Task Force's Final Report to the Pasadena City Council outlining their recommendations to address the preservation, production and livability of affordable housing. After the Task Force presentation and subsequent City Council discussion, staff was directed to undertake a detailed review of the Task Force recommendations listed below and devise specific programs or activities to address the recommendations.

1. Increase Fee Waivers for Affordable Housing Development
2. Increase Tenant Protections
3. Create a Joint Powers Commission
4. Propose specific programs and resources for the creation and preservation of low and moderate-income (ownership & rental) housing in Pasadena especially for families and persons with special needs
5. Create A Second Unit Ordinance
6. Commercial Linkage Fee

This report addresses the first three topics above. Item #4, the specific programs and resources for the creation and preservation of low and moderate income housing will be addressed in the City/PCDC Five Year Public Housing Plan and an initial outline is provided in Attachment F. Item #5, the second unit ordinance has been submitted to the City Council and will be reconsidered in April 2004. There is a City Council Special Committee on Inclusionary Housing that currently is meeting to make recommendations regarding the staff proposal to increase the Inclusionary Housing In-Lieu Fee. It is recommended that this Committee also address the Commercial Linkage Fee. Staff has completed initial research on this matter. Attachment I is preliminary information that was shared with the Community Development Committee.

BACKGROUND:

Increase Fee Waivers for Affordable Housing

On November 21, 1991, the City of Pasadena Board of Directors established an affordable housing fee waiver formula. The city waives portions of the Plan Review Fee, Building Permit Fee, and Construction Tax; and allows for a reduced Residential Impact Fee for affordable housing units. In the Task Force's Final Report, it was recommended that fee waivers totaling an average \$6,000 per affordable dwelling unit for housing projects, with a maximum limit of \$75,000 per project, could facilitate the provision of additional affordable housing opportunities. Within the recommendation, the Task Force listed additional fees to supplement the existing fee waivers for affordable housing units. Descriptions of these fees are presented in Attachment A – Currently Waived and Reduced Fees, and Attachment B – Housing Affordability Task Force Proposed Fee Waivers. Attachment E, Table 2, compares the current fee waivers with the proposed fee waiver for five actual projects. In comparing five projects, the waiver was \$202,503 and under this proposal it would be \$256,400.

Planning and Development Department staff has analyzed the viability of the current affordable housing fee waiver structure and the waivers of the additional fees recommended by the Task Force. Staff applied the existing formulas to a sample housing development (Attachment C – Current Affordable Housing Fee Waiver Calculations – Sample Project). The present system was found to be cumbersome in its application, requires re-calculation if any of the factors change, and makes it difficult for a developer to estimate the financial incentive. Staff also reviewed fees, deposits, and taxes currently applicable to housing projects to see if there were

any that would be appropriate candidates to supplement the current fee waiver structure (Attachment D – Taxes and Fees for New Construction of Residential Projects – 10 or more units). However, it was noted that expanding the present fee waiver structure with added fees eligible for waiver, poses an undetermined fiscal impact to the General Fund & Building Fund.

By example, financial review of fees waived for each affordable housing project issued a building permit in Fiscal Year 2003 (Attachment E – Affordable Housing Projects With Building Permits Fiscal Year 2003) indicated that fee waivers per project ranged from \$1,322 per unit to \$3,940 with most of these units designated as very low-income. The data also disclosed a disparity in fee waivers largely attributable to each project’s building valuations, which is the basis for determining the plan review, building permit, and construction tax fee waivers. Projects providing the same number and type of affordable housing units will receive different fee waiver amounts based on the buildings’ construction type. Additionally, the projects evaluated were not subject to the new Residential Impact Fee, a reduction of \$2,903, which is a flat fee waiver uniformly applied to each affordable housing unit.

Staff recommends simplifying the current system by establishing an affordable housing flat fee waiver for the Building Permit Fee and Construction Tax (Table 1 below) based on the average subsidy per covenanted low-income housing unit provided in Fiscal Year 2003.

In Fiscal Year 2003, the existing affordable housing fee waiver structure allowed an average of \$2,000 in fee waivers per affordable housing unit (Attachment I). Effective April, 2003, the City supplemented this fee waiver with an additional \$2,903 per unit in discounted Residential Impact Fees achieving a resultant average total fee waiver of nearly \$5,000; approximately \$1,000 less than the Task Force’s recommendation of \$6,000. In accordance with the Task Force’s expressed desire to encourage the provision of rental housing units, specifically for very low and low-income households, staff recommends establishing an affordable housing flat fee waiver with a base fee waiver of \$3,000 for covenanted low-income housing units and a 33% ± adjustment for very low-income units (\$4,000) and moderate-income units (\$2,000). This represents a total fee waiver (including the discounted residential impact fee) of \$5,903 for low-income units.

Additionally, a 10% increased fee waiver is proposed for all housing projects providing over 50% of the total housing units for occupancy by lower or moderate-income households with a maximum affordable housing fee waiver for plan review, building review and construction tax of \$125,000 per project (Attachment E, Table 2). The affordable housing flat fee waivers would be applied upon issuance of a building permit.

**TABLE 1
PROPOSED AFFORDABLE HOUSING FLAT FEE WAIVER**

Household Income	Fee Waiver Per Unit Projects ≤ 50% Affordable Units	Fee Waiver Per Unit Projects > 50% Affordable Units
Very low	\$4,000 (133% of low)	\$4,400 (110% of very-low income base fee)
Low	\$3,000 (100% base fee)	\$3,300 (110% of low-income base fee)
Moderate	\$2,000 (66% of low)	\$2,200 (110% of moderate income-base fee)

The staff recommendations recognize the following benefits:

1. City Council will set and control the amount of affordable housing flat fee waivers permitted consistent with the current process for evaluating city fees and charges. This will also allow the City Council to assess the city’s estimated annual financial contribution.

2. City Council may adjust the affordable housing flat fee waiver to take into consideration factors such as cost of living increases and budget restraints.
3. Developers will be able to quickly ascertain project feasibility based on a streamlined process of calculating and applying for the affordable housing flat fee waiver entitlements.
4. Affordable housing flat fee waiver eliminates the need for fee waivers to be determined based on building valuations and building square footage.
5. Affordable housing flat fee waiver will be provided only to units with a building permit.

Increased Tenant Protections

Based on staff's analysis (Attachment F), the following tenant protection controls represent measures designed to balance the relationship between landlords and tenants, assist tenants in good standing retain their housing and guard against displacement due to abrupt changes in the rental housing market.

A. Amendment of the Title 2, Chapter 2.380 Housing Mediation Contractor

Staff recommends revisions to the Title 2, Chapter 2.380 Housing Mediation Contractor, adding language regarding matters subject to mediation and mediation of rent increases, in order to ensure that there is a forum for review of landlords decisions which may adversely affect housing costs for tenants in good standing.

B. New Rental Housing Protections Ordinance

The Rental Housing Protections Ordinance would require distribution of a bilingual landlord/tenant rights pamphlet by landlords or property owners to their tenants, the appropriate use of rental or lease agreements with stated emergency contact numbers, filing of a declaration with the city of Pasadena for tenant evictions or vacations, and relocation assistance for tenants in good standing.

Staff also recommends a provision in the Rental Housing Protection Ordinance stipulating monetary relocation assistance for evictions or vacations of tenants in good standing in the amounts of two (2) times the current fair market rent as established by HUD for a rental unit of a similar size, plus \$1,000 for adult households and \$2,000 for households with dependents, disabled or senior family members. The amount of relocation assistance will be automatically increased every year in accord with increases in the HUD fair market rents.

C. Amendment of Title 16, Chapter 16.46, Standards For Conversion Projects

Staff recommends amending Title 16, Chapter 16.46 Standards For Conversion Projects (Condominium Conversions) of the Pasadena Municipal Code providing additional modifications in a manner consistent with the provisions below.

- Relocation allowance, including moving expenses, for displaced tenants in the amounts of 2 months rent plus \$1,000 for adult household or plus \$2,000 for households with dependents, disabled or senior members;
- Relocation counseling & assistance plan for existing tenants (City will develop model plan);
- Notices of Tenant Intent and process for delivery of notices approved by City;
- Notice to new tenants approved by City with penalties if applicant fails to give said notices;
- Tenant's Right to Purchase and manner in accordance with regulations established by City;
- Vacation of Units shall not be less than 180 days from date of approval of conversion;
- Tenant's Right of Termination of Lease or rental agreement without penalty;
- Special Cases tenants shall be persons over age 62, handicapped, low-income, single parent with minor children;

- Increase in Rents not allowed more than once annually nor at a rate greater than annual CPI;

D. Landlord/Tenant Education Program

Ongoing education for both landlords (property owners) and tenants is essential. Staff recommends that applicable and appropriate information be made available on the City's web site and outreach to rental tenants, apartment owners, management associations, neighborhood associations and the general public. A link to the Housing Rights Center is also proposed to ensure those individuals seeking housing counseling, housing mediation or guidance on fair housing can directly contact the City's Housing Mediation Contractor. Working with the Housing Rights Center, Foothill Apartment Association and Pasadena-Foothill Board of Realtors, the City would convene workshops and quarterly seminars with the City Prosecutor's Office, Police Department, Supportive Services Agencies, Housing Code Enforcement, Health Department, and local Housing Agencies and provide direct information via mailers/newsletters through the Business License Notification process.

Create a Joint Powers Commission

The Task Force's recommendation to create a Joint Powers Commission was in response to delays in the approval and construction of housing projects that provide affordable housing units. However, based on staff's review it was determined that the delays in the construction of most affordable housing projects are not related solely to the approval process, but other issues such as project financing or site control. Staff is also concerned that there may be significant financial and legal impacts by substantially modifying the existing entitlement process to support a new advisory body with unilateral approval authority for affordable housing projects.

Affordable housing projects should meet the same housing quality standards of all residential and mixed-use developments within the city. However, if a Joint Powers Commission were created, expertise otherwise available from members of existing Commissions may not be utilized to evaluate the quality of proposed affordable housing projects throughout the city prior to the granting of discretionary approvals. While concurrent processing of zone changes, variances or use permits before the Planning Commission is being proposed as a new Zoning Code amendment, typically, residential projects, affordable or not, often require additional discretionary reviews in order for the project to receive its entitlements. These review requirements, which provide opportunities for neighborhood involvement and public comment, ensure the quality of all developments within the city.

The Task Force also recommended that representatives of the Design Commission, Community Development Committee and Planning Commission constitute the Joint Powers Commission with ad hoc representation from the Northwest Commission and Cultural Heritage Commission. This would require amending the Pasadena Municipal Code as it pertains to the responsibilities of the Planning Commission and other associated Commissions, which may limit the Planning Commission and Community Development Committee's respective authority. Based on these concerns, staff does not recommend the creation of a Joint Powers Commission:

In lieu of creating a Joint Powers Commission, staff recommends the expedited processing and approval of housing or mixed-use projects with 20 units or more if more than 15% of the total units are covenanted for affordability to low and moderate-income households. This action will be achieved by 1) the processing of a single application for zone changes, variances and discretionary permits through the Planning Commission and 2) assigning project case managers

with the responsibility to expedite processing/discretionary approval of affordable housing projects by the appropriate city departments or advisory bodies.

Staff has already proposed consolidating the entitlement process to accommodate the single application. Also, case managers are currently provided for the Predevelopment Plan Review of development projects. For affordable housing projects, the expanded case management process would allow expedited processing and technical assistance. These actions would grant priority to affordable housing projects in the plan review, entitlement scheduling and permitting process. In addition, the staff will be proposing a program of technical assistance to housing developers to build their capacity. This effort will be targeted to local non-profit organizations.

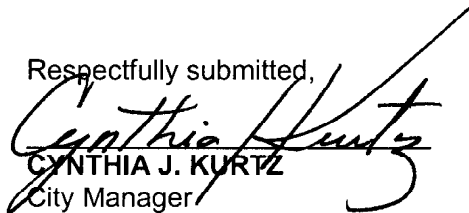
FISCAL IMPACT:

The assignment of expediting responsibilities to case managers for eligible affordable housing and mixed-use developments should not pose a significant financial impact. It would require giving priority to residential and mixed-use developments with 15% or more covenanted affordable units. Once enacted additional consideration may be warranted for the imposition of an expediting fee to offset overhead cost based on the complexity and scale of the proposed housing project. This practice has been successfully implemented in several jurisdictions.

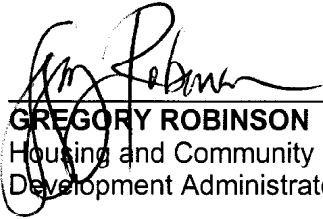
The proposed Affordable Housing Flat Fee Waiver is recommended to simplify the current fee waiver structure with a modest increase in subsidy amounts consistent with the existing structure but provided as follows: 36% from the Building Permit Fee (Building Fund); 64% from the Construction Tax (General Fund). Affordable Housing Flat Fee Waiver entitlements will be granted only at the time of building permit issuance to avoid the city subsidizing projects that may not be constructed. The discounted Residential Impact Fee of \$756 for affordable housing units (\$756 instead of the \$3,659 fee; a \$2,903 discount) shall also remain in effect. Any change in the Affordable Housing Flat Fee Waiver and the Residential Impact Fee will be considered yearly as part of the City's Annual Fee Schedule. While the amount of affordable flat fee waivers will be subject to the number and type of affordable units to be constructed.

Implementation of the proposed Tenant Protections Controls by amendment of Title 2, Chapter 3.890 and Title 16, Chapter 16.46 of the Pasadena Municipal Code along with adoption of the Rental Housing Protections Ordinance will have minor impact on the City or Commission budget and will provide a cost effective delivery of housing assistance services to eligible households. The administrative costs of managing a tenant protection controls program are relatively minor and will be absorbed by existing programs. Funding for the proposed Tenant Protection Controls are available within the Community Development Block Grant and Affordable Housing Program Budget.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Prepared by:



GREGORY ROBINSON
Housing and Community
Development Administrator

Approved by:



RICHARD J. BRUCKNER
Director, Planning & Development

LIST OF ATTACHMENTS:

- ATTACHMENT A – Currently Waived and Reduced Fees
- ATTACHMENT B – Housing Affordability Task Force Proposed Fee Waivers
- ATTACHMENT C – Current Affordable Housing Fee Waiver Calculations – Sample Project
- ATTACHMENT D – Taxes and Fees for New Construction of Residential Projects – 10 or more units
- ATTACHMENT E – Affordable Housing Projects Issued Building Permits Fiscal Year 2003
- ATTACHMENT F – Analysis Of Tenant Protection Controls (TPC)
 - EXHIBIT I – Arguments Against and For Tenant Protection Controls
 - EXHIBIT II – Noticing Requirements and Grounds for Evictions
 - EXHIBIT III – Tenant Protection Controls Comparison City Of Los Angeles And City Of Glendale
 - EXHIBIT IV – Modifications For Pasadena Municipal Code Title 16, Chapter 16.46
- ATTACHMENT G – Pasadena At-Risk Housing Projects
- ATTACHMENT H – Draft Housing Preservation Strategy
- ATTACHMENT I – Commercial Linkage Fee Analysis

ATTACHMENT A

CURRENTLY WAIVED AND REDUCED FEES

1. **Plan Review Fee:**
 - a. Fee is based on the project valuation with the affordable fee waiver computed based on the type of affordable units.
 - b. Fee pays for building, zoning, design and historic preservation, code compliance, fire, public works, and electrical/mechanical/plumbing plan check reviews and Permit Center support. The building portion is calculated at 100% with the other department/division reviews as a percentage of the building portion.
 - c. All waivers must be recalculated if the project valuation changes.
 - d. Fees collected for plan review are credited to the Building Fund and General Fund.
2. **Building Permit Fee:**
 - a. Fee pays for inspections related to construction activities and Permit Center support. The fee is calculated at 100% of the building plan review fee.
 - b. Comments are the same as for Building Plan Review Fee except that fees collected are credited to the Building Fund.
3. **Construction Tax:**
 - a. Tax is calculated is 1.92% of the project valuation. The current fee waiver is an additional calculation based on the number and type of affordable units.
 - b. City of Pasadena and the City of Sunnyvale are the only two cities in the state that charge a construction tax.
 - c. All waivers must be recalculated if the project valuation changes.
 - d. Monies received for this tax are credited to the General Fund.
4. **Residential Impact Fee:**
 - a. Fee is designated for city parks and open space. Prior to December 16, 2002 the fee was \$756 per unit. After February 17, 2003, this increased to \$1,604 for non-affordable units. Effective April 2003 the fee is \$3,659 per non-affordable housing unit and \$756 for affordable housing units.
 - b. For FY2004, the developer is receiving a \$2,903 residential impact fee reduction for each affordable housing unit but may not be aware of it as a waiver.
 - c. The \$756 fee for affordable housing units does not provide an adjustment based on the type of affordable unit; therefore a developer receives the same fee waiver reduction whether the unit is for very low income, low income, or moderate-income households.

Building Valuations:

The fundamental commonality between Items 1-3 is the calculation of building valuation. An understanding of how building valuation is determined is necessary in the discussion of applying fee waivers. The Building Division uses the Building Valuation Data table published in *Building Standards* by the International Conference of Building Officials (ICBO), April 1999 for factoring building valuations. Square footage costs are provided based on the type of construction (Type I, II, III, etc.), the type of use (apartments, medical offices, private garages, etc.), and the quality of construction (*average* or *good*) with a modifier provided for regional location (e.g. Los Angeles California).

To eliminate possible discrepancies and to create a uniform practice for applying the various square footage costs, the Building Division has established an administrative practice of averaging the square footage costs given by the ICBO for *average* and *good* construction types. For instance, the ICBO lists a square footage cost of \$59 for a Type V wood frame *average* quality apartment house and \$75 for a Type V wood frame *good* quality apartment house. The Building Division applies \$67 (the average of the two figures) for valuating a Type V wood framed apartment house. This application of building valuation is used uniformly and does not factor in differences in land values for different locations in Pasadena.

ATTACHMENT B

HOUSING AFFORDABILITY TASK FORCE PROPOSED FEE WAIVERS

1. **Development Review Fee:** This is assumed to mean all fees related to discretionary actions (from subdivision requests to general plan amendment to minor variances) as there is no specific fee for 'development review.'
 - a. Each project is unique making it virtually impossible to determine a baseline for waiving such fees.
 - b. It is possible that an affordable housing project would not require a discretionary action thereby receiving no benefit from the waiver provision. Other projects with a multitude of discretionary actions may benefit substantially by having development fees waived.
 - c. The average cost per affordable unit for development fees will vary depending on the total number of units in a project.
 - d. These fees are not prorated per unit so a small project would receive a greater fee waiver than a larger project with the same development review fees.
 - e. Fees collected are credited to the General Fund.
2. **Residential Impact Fee:**
 - a. Any elimination or reduction of this fee has a direct impact on Public Works and the construction or addition to park space.
 - b. This is a flat fee per unit and is easy to compute.
 - c. Changes to this fee require a resolution by the City Council.
 - d. The Public Works Department is currently conducting an analysis on the Residential Impact Fee. Any recommendations for changes to the Residential Impact Fee structure should take into consideration the effect on any adopted affordable flat fee.
3. **Grading/Shoring Permit Fee:**
 - a. There is no Grading/Shoring Permit Fee in the General Fee Schedule.
 - b. Under Building in the General Fee Schedule, there is a Grading Permit and Plan Check Fee.
 - c. The grading fees are based on cubic yards and range from \$284 to \$3,634.
 - d. Not all projects require such fees so the waiver would not uniformly apply to each affordable housing project.
 - e. The Public Works Department collects fees for impacts to public right-of-ways with fees credited to the General Fund.
 - f. The Building Division collects fees for grading/shoring on private property with fees credited to the Building Fund.
4. **Excavation Permit Fee:**
 - a. There is no Excavation Permit Fee listed in the General Fee Schedule.
 - b. Under Public Works in the General Fee Schedule there are charges for Utility Excavation Permits for earth cuts and for pavement cuts.
 - c. Charges are based on square footage. Earth cuts fees range from \$54 to \$104. Pavement cuts fees range from \$45 to \$187.
 - d. There are separate deposits required for plan review of public improvements. Public Works staff time is paid through the deposit.

Not all projects pay this fees; the waiver would not apply uniformly to each affordable housing project.
5. **Sewer Connection Fee:**
 - a. The City of Pasadena does not have the legal authority to waive this L A County imposed fee.
 - b. Sewer mains and lateral fees are charged by the city in the General Fee Schedule based on square footage.
 - c. These fees are difficult to determine as each project may require different size laterals and lateral distances, and a standard flat cost is not associated with this fee.

Not all projects pay this fees; the waiver would not apply uniformly to each affordable housing project.
6. **Water Connection Fee:**
 - a. Each project is unique therefore a standard cost is not associated with this fee.
 - b. Not all projects require such fees so the waiver would not uniformly apply to each affordable housing project.
 - c. Changes to these fees require amending the Water Rate Ordinance.

$$\$2,036 \div 4 \text{ (moderate factor)} \times 16 \text{ (\# of moderate units)} = \mathbf{\$8,144}$$

$$\text{Construction Tax Waiver total: } \$61,080 + \$8,144 = \mathbf{\$69,224}$$

Step Four – Calculate the Building Permit fee for the residential portion of the project:

Building Permit fee = \$1,201 + \$6.10 for every \$1,000 over \$100,000

\$32,232,094	\$32,132,094	\$32,132	\$196,005
- \$100,000	÷ 1,000	x \$6.10	+ \$1,201
\$32,132,094	\$32,132	\$196,005	\$197,206 Building Permit fee

Step Five – Calculate the Building Permit Fee Waiver:

$$\text{Building Permit Fee Waiver} = \$197,206 \times 15\% \text{ (percentage of affordable units)} = \mathbf{\$29,580}$$

Step Six – Calculate the Building Plan Review Fee Waiver:

$$\text{Same as the Building Plan Review Fee Waiver} = \mathbf{\$29,580}$$

Step Seven – Calculate the total Affordable Fee Waivers:

Construction Tax Waiver	\$69,224
Building Permit Fee Waiver	\$29,580
Building Plan Review Fee Waive	<u>\$29,580</u>
	\$128,384

$$\text{Average fee waivers per affordable unit} = \$128,384 \div 46 \text{ units} = \mathbf{\$2,791}$$

Step Eight – Calculate the total Affordable Fee Waivers with the Residential Impact Fee discount:

\$2,904 per affordable unit x 46 units =	\$133,584
Add the total fee waivers from above=	<u>\$128,384</u>
	\$261,968

$$\text{Average fee waivers and discounts per affordable unit} = \$261,968 \div 46 \text{ units} = \mathbf{\$5,695}$$

Step Eight - Comparing Fee Waivers to In-Lieu Fee

In lieu of providing affordable housing and receiving a fee waiver, the developer could elect to pay an in-lieu fee calculated as follows

1. Net residential square footage	271,315 sq. ft.
2. Sub-Area "D" \$15 s.f. In-Lieu Fee	X \$15
	\$4,069,725 In-Lieu Fee

$$\text{3. Average in lieu fee per unit } \$4,069,725 \text{ (divided) } 46 \text{ units} = \mathbf{\$88,472 \text{ average per affordable unit}}$$

ATTACHMENT D

**TAXES AND FEES FOR NEW CONSTRUCTION OF RESIDENTIAL PROJECTS
10 OR MORE DWELLING UNITS**

Item	Doc	Amount (\$)	Fee	Deposit
TAXES				
New Residential Impact Fees (market rate units)	1	3,659	X	-
New Residential Impact Fees (affordable units)	1	756	X	-
Construction Tax	1	varies	X	-
WATER				
Water from hydrant portable meter permit fee	2	150	x	
Water service application (new laterals)	2	2,300	x	-
New fire hydrant lateral	2	5,750	x	-
New fire hydrant head		975	x	-
New 1 1/2 " water meter	2	200	x	-
PUBLIC WORKS				
Construction staging plan review	3	150	x	
Easement Application Review and Processing	3	1,400	-	x
Engineering Plan Review (small project)	3	2,100	-	x
Engineering Plan Review (medium project)	3	5,000	-	x
Final Parcel Map Review Processing	3	1,760	-	x
Final Tract Map Review Processing	3	2,070	-	x
License Agreement Processing	3	1,140	-	x
License Agreement Application fee	3	220	x	-
Public Improvement Permits:				
Driveway approach repairs/widen application	3	104		
Driveway approach installation/widen	3	Varies	X	-
Residential driveway	3	Varies	X	-
Temporary drive	3	Varies	X	-
Curb & Gutter	3	Varies	X	-
Sidewalk Repair	3	Varies	X	-
Roof drains	3	104	X	-
Storm drains	3	Varies	X	-
Wheelchair ramp	3	171	X	-
Manholes	3	85	X	-
Boreholes (for utilities)	3	Varies	X	-
Street occupancy permit	3	Varies	x	-
Street trees				
15 gal planted by city crews	3	350	x	-
24" box planted by city crews	3	650	x	-
35" box	3	950	x	-
Utility excavation permit				
Urban storm water mitigation plan 10-49 dwelling units	3	630		
50-99 dwelling units	3	675	x	-
100+ dwelling units	3	1,450	x	-
Full traffic impact review less than 20 dwelling units	3	800	-	x
Full traffic impact review 21-50 dwelling units	3	2,400	-	x
Full traffic impact review over 50 dwelling units	3	4,000	-	x
Preliminary Traffic impact review small project	Gen .Acct.	1,000	x	

Preliminary Traffic impact review med. project	Gen. Acct.	2,500	x	
PLANNING				
Predevelopment plan review	3	529	x	
Alternative development (multi-family) flexible standards request	3	2,038	x	
Preliminary Plan Checks (over 20,000s.f.)	3	331	x	
City of Gardens design review base fee for 9 units	3	1,864	x	
COG each additional unit	3	34	x	
Concept design major projects	3	1,993	x	
Final Design Review	3	448	x	
C.O.G. design mitigation monitoring	3	89/hr/unit	-	
Public Notification 300 feet	3	259	x	
Development Agreement	3	5,695	X	
Conditional Use Permit	3	1,867	X	
Variance	3	2,165	X	
Minor variance	3	1,461	X	
Tentative parcel map base fee	3	2,627	X	
TPM each addl. parcel	3	66	X	
Tentative tract map base fee	3	2,976	x	
TTM each addl. Parcel	3	66	X	
Vesting tentative map	3	2,807	x	
VTM each addl. Parcel	3	76	x	
Tree protection Plan Review	3	200	x	
Tree removal	3	300	x	
ENVIRONMENTAL				
Mitigation plan	3	5,000	-	x
Condition setup and monitoring	3	730	x	
Initial study	3	1,450	x	
EIR review	3	5,000		x
BUILDING				
One new address	3	48	x	
Each additional address	3	5.10	x	
Building Permit Fee first \$100,000	3	1,201	x	
BP Fee each \$1,000	3	6.10	x	
Grading permits up to 10,000 cy	3	284	x	
Building plan check (same as BPF)	3		x	

Reference Documents

1. Schedule of taxes, fees and Charges – March 1, 2003-Effective July 1, 2003
2. Water Rate Ordinance Revised February 2003
3. General Fee Schedule Fiscal Year 2004

ATTACHMENT E

**TABLE 1
FY 2003 AFFORDABLE HOUSING UNITS WITH BUILDING PERMITS**

Project Address	Units Total	Very Low	Low	Mod.	Const. Tax Waiver	Permit Fee Waiver	Plan Check Waiver	Res. Impact Fee Disc.	Total Fees Waived	Avg. Waiver/Aff. Units
386 Ashtabula	21	21	-	-	\$23,809	\$8,432	\$13,656	0	\$45,897	\$2,186
1888 N. Fair Oaks	65	65	-	-	\$73,420	\$23,917	\$30,981	0	\$128,318	\$1,974
712 Walnut	28	3	-	-	\$6,336	\$2,078	\$3,407	0	\$11,821	\$3,940
33 S. Wilson	45	4	-	-	\$3,456	\$2,814	\$4,910	0	\$11,180	\$2,795
775 E. Union	98	-	3	1	\$2,841	\$926	\$1,519	0	\$5,287	\$1,322
FY 2003 Recap	257	93	3	1	\$109,932	\$38,167	\$54,473	0	\$202,503	\$2,087
Average					\$1,133	\$393	\$562	0	\$2,087	

**TABLE 2
FY 2003 AFFORDABLE HOUSING UNITS WITH BUILDING PERMITS
CURRENT AND PROPOSED FEE WAIVER COMPARISON**

Project Address	Project Valuation	Actual Total Fees Waived (% of valuation)	Avg. waiver/Aff. units	Flat Fee Proposal (% of valuation)	Avg. waiver/Aff. Units proposed	PROPOSED (% of valuation)
386 Ashtabula - 21 21 very low (100%)	\$1,244,000	\$45,897 (3.69%)	\$2,186	\$92,400 (7.4%)	\$4,400	\$92,400 (7.4%)
1888 N. Fair Oaks - 65 65 very low (100%)	\$3,823,987	\$128,318 (3.36%)	\$1,974	\$286,000 (7.4%)	\$4,400	\$125,000 cap (3%)
712 Walnut - 28 3 very low (10.7%)	\$3,000,000	\$11,821 (.39%)	\$3,940	\$12,000 (.4%)	\$4,000	\$12,000 (.4%)
33 S. Wilson - 45 4 very low (8.8%)	\$2,000,000	\$11,180 (.56%)	\$2,795	\$16,000 (.8%)	\$4,000	\$16,000 (.8%)
775 E. Union - 98 3 low 1 mod (4.0%)	\$3,700,000	\$5,287 (.14%)	\$1,322	\$11,000 (.3%)	\$2,750	\$11,000 (.3%)
TOTAL	\$13,767,987	\$202,503 (1.5%)	\$2,087	\$417,400 (3%)	\$3,910	\$256,400 (1.9%)

The data in Table #2 provides a comparison of the current and proposed plan review, building permit and construction tax fee waivers and proposed maximum limit of \$125,000. The \$125,000 cap per project provides a safeguard against uncontrolled financial impacts to the General Fund and Building Fund but maintains consistency with fee waivers previously obtained for 100% very low-income housing projects with 30 or more affordable units. The aforementioned waivers do not include the discounted Residential Impact Fee.

ATTACHMENT F

ANALYSIS OF TENANT PROTECTION CONTROLS (TPC)

Under California law, landlords have the ability to evict tenants with a three-day notice on various at-fault and non-fault grounds. However, landlords are prohibited from evicting tenants based on retaliation for tenant actions, tenant harassment, or discrimination. State law is generally silent on evictions requiring 30 and 60 day notices. Landlords can simply not renew leases or evict tenants for any reason. Tenant Protection Controls (TPC) ensures that landlords follow a fair and equitable process to evict renters from housing with proper cause and/or notice. In a tight rental market, the financial incentives for landlords to evict tenants, particularly long-time tenants living in units where rents could be substantially below market rents, can pose a significant negative impact on lower-income households with limited or no assistance to secure alternate affordable housing opportunities.

State law, which generally governs the field of landlord-tenant relationships with respect to eviction rights, allows the termination of a tenancy under 3-day, 30-day, and 60-day notices. In certain cases, eviction notices must specify longer periods of time. Other exceptions are tenancies governed by lease agreements, where a landlord and tenant agree to specified rental conditions for a specified time period. Evictions generally occur only if the tenant does not pay rent or substantially violates the rental or lease agreement. The type and length of eviction notice depends on whether the eviction is for “at-fault” or “no-fault” reasons. Generally, at-fault evictions are issued for specific violations committed by the tenant, while “no-fault” evictions refer to actions initiated by the landlord where the tenant is not at fault. (Exhibit II – Noticing Requirements and Grounds for Evictions)

Tenants have limited recourse in contesting evictions. If a tenant refuses to vacate the unit or contest the eviction, the landlord files an Unlawful Detainer (UD) with the municipal court in accord with State noticing requirements. At trial, the landlord must prove that the notice contained appropriate language and was lawfully served. The tenant’s only defense will be to provide evidence that the eviction notice violated procedural grounds or the eviction was based on retaliation or discrimination. However, if a tenant loses a UD hearing, the UD is picked up by credit agencies, remains on a tenant’s credit report, and can be used to refuse to rent units to prospective tenants.

Jurisdictional Practices

To provide a basis for understanding Tenant Protection Controls, cities with such controls and those with rent control were surveyed. In California, 13 jurisdictions have enacted formal rent control ordinances, and 11 of these jurisdictions have adopted Tenant Protection Controls. Only one city, Glendale, has adopted Tenant Protection Controls without a rent control ordinance in place. San Diego does not have rent control but is also considering TPCs.

- Berkeley*
- Beverly Hills*
- East Palo Alto*
- Hayward*
- Los Angeles*
- Los Gatos
- Oakland*
- Palm Springs*
- San Francisco*
- San Jose
- Santa Monica*
- Thousand Oaks*
- West Hollywood*

* Cities with Tenant Protection Controls

Those jurisdictions with mandatory rent control ordinances typically include requirements for “just causes” for evictions. The City of Los Angeles, for example, designates its legal reasons for eviction in the Rent Stabilization Ordinance. However, the City of Glendale does not provide for rent control but does have a Just Cause for Eviction Ordinance (Exhibit III – Tenant Protection Controls Comparison Los Angeles and Glendale) Just Cause Eviction Ordinances protect tenants from retaliatory or arbitrary evictions, already prohibited by California law, by requiring the showing of a just cause (as defined in the ordinance) when a landlord wishes to evict a tenant.

The most common Tenant Protection Controls include: 1) jurisdictional policy statements; 2) specific grounds for at-fault and no-fault evictions; 3) noticing process and monitoring; 4) enforcement; 5) relocation assistance; and 6) public education. Table 1 below summarizes the most pertinent provisions of Tenant Protection Control Ordinances in Los Angeles, Glendale, Santa Monica, Berkeley, and West Hollywood.

**TABLE 1
SUMMARY OF TEANT PROTECTION CONTROLS
SAMPLE OF JURISDICTIONS IN CALIFORNIA**

Ordinance Provisions	Los Angeles	Glendale	Santa Monica	Berkeley	West Hollywood
TPCs contain Fair Housing Policy	Yes	Yes	Yes	Yes	Yes
TPCs restrict grounds for eviction	Yes	Yes	Yes	Yes	Yes
Eviction notice must state cause	Yes	Yes	Yes	Yes	Yes
City reviews tenant eviction notice	Yes (no-fault only)	No	N/A	Yes (All notices)	Yes (Ellis Act & Owner Occupancy)
TPCs extends length of time for eviction	No	No	No	No	No
Mediation required prior to actual eviction	No	No	No	No	No
City prosecutes TPCs violations	No, except harassment, retaliation, discrimination	No	No, except harassment, retaliation, discrimination	N/A	No, except harassment & retaliation
TPCs requires re-location assistance	Yes (no-fault only)	Yes (no-fault only)	Yes (no-fault only)	Yes (no-fault only)	Yes (no-fault only)
TPCs program is publicized	Primarily Website and fliers	Primarily Website and fliers	Primarily Website and fliers	Primarily Website and fliers	Primarily Website and fliers

Enforcement

Interviewees did note that TPCs without enforcement is ineffective. However, none of the five jurisdictions surveyed prosecutes landlords for violations of TPC provisions. Attorneys

indicated the reason as being that just cause is viewed mainly as a “substantive defense” in an unlawful detainer action, personal to a tenant. As a result, TPCs are often structured so that tenants can self-police the process, such as through noticing requirements. Cities do, however, prosecute landlords for certain actions that lead to eviction, such as tenant harassment and retaliatory evictions (e.g., Los Angeles, Santa Monica and West Hollywood). In any case, jurisdictions must also be careful that enforcement provisions do not conflict with State law. For example, the State Supreme Court struck down, on preemption grounds, a local provision changing the presumption and burden of proof in regard to retaliatory evictions. A Mountain View case was also struck down due to lengthy noticing requirements for rent increases. Consequently, based on the existing State law which requires 60 days notice for rent increases, staff is not recommending further consideration of the Task Force’s recommendation that landlords give tenants a 90 days notice for rent increases of more than 10% per year.

Mediation

Mediation or financial penalties are often considered to implement TPCs and prevent unlawful detainers. However, no jurisdiction surveyed required mediation during the eviction process, although voluntary mediation was often an option for several cities. Some argue that mediation usually works well in the initial stages of the problem, but is often less effective by the time an eviction notice is filed. However, any effective Tenant Protection Controls should be accompanied by the availability of mediation. Fines could also be assessed for failure to respond to the mediation request or participate in some fashion. Under State law, however, it is unclear whether mediation for rent increases or evictions is allowed, and if allowed, whether mediation must occur within the timeframes allowed for rent increases or evictions specified in State law.

Relocation Assistance

None of the cities surveyed assessed financial penalties. Instead, most of the jurisdictions require the landlord to pay relocation benefits for no-fault evictions such as owner occupancy, Ellis Act removals, or vacation due to demolition, major repairs or government order to vacate. However, a critical question becomes the amount of relocation assistance given the number of occupants, income levels, and type of eviction. By example, Santa Monica requires relocation assistance ranging from \$3,400 to \$6,000 based on the number of bedrooms. Seniors and disabled persons often receive more. Los Angeles requires the landlord to pay a fixed amount (\$2,000) for eligible tenants and a greater fixed amount for qualified tenants (\$5,000). Qualified tenants include seniors, the disabled, and those with dependents, which reflects a public policy concern for these household types. Glendale requires landlords to pay a relocation fee in the amount of two (2) times the amount of the current fair market rate as established by HUD for a rental unit of a similar size, plus \$1,000. No jurisdiction has a buyout provision, whereby the landlord can evict for a fee.

Public Education

Jurisdictions also provide various means to inform the public about Tenant Protection Controls. Most cities with rent control publicize the TPCs on the city web pages and provide guidelines for tenant-landlord relations. Some jurisdictions also annually mail a notice to all property owners and tenants regarding the maximum allowable rents for their particular unit (e.g., East Palo Alto). Still others provide an on-line system, where any property owner can check the maximum allowable rent for a particular housing unit (e.g., Santa Monica).

Condominium Conversion

"Condominium conversion" means the conversion of existing developed real property into a condominium, a community apartment project, or a stock cooperative. When a building is converted to condominium ownership, the purchaser buys a converted apartment. At the same time, the purchaser, together with the other unit owners, buy an "undivided interest" in the common elements of the building or development. Common elements generally include the land on which the building stands, the lobby, public halls, driveways, access roads and parking areas; and the electrical, mechanical, heating and air conditioning systems that service the building.

Conversion may also result in the removal of affordable housing rental units. Condominium conversion ordinances typically seek to mitigate the resulting loss of affordable housing by various means (i.e., prohibiting conversion of existing multiple family rental units, prohibiting conversions when the vacancy rate falls below a fixed percentage, limiting the total number of conversions within a one-year period, etc.).

Upon examination of nearly a dozen cities from San Francisco to Seattle with condominium conversion ordinances Santa Barbara was found to be the closest match to Pasadena. Since 1979 Santa Barbara has had a revision to its Municipal Code that regulates conversion of apartments to condominiums, community apartments, and stock cooperatives during times of a rental housing shortage. With respect to Tenant Protection Controls the main provisions of the Santa Barbara Condominium Conversion Code focuses on the number of condominium conversions permitted annually and the areas of tenant protections cited below:

- notice of intent
- tenant's right to purchase
- vacation of units
- tenant's right of lease termination
- special tenant cases
- increase in rents
- moving expenses
- notice to new tenants
- notice of final map
- notice of Department of Real Estate Report

In Pasadena, there have been very few condominium conversions over the past few years. By updating the Pasadena Municipal Code Title 16.46 now, the City will be able to control the potential impact/loss of affordable housing if market shifts and the economic benefit for implementing condominium conversions surpass that of continued operation of existing rental projects. Additionally, since the number of conversions has been very low, it doesn't appear that there will be significant economic impacts from the proposed amendments. In cities examined where economic impacts were noted, there was a significant stock of large, older rental buildings and an economic climate that lead to a rapid conversion of the units.

EXHIBIT I

SAMPLE ARGUMENTS FOR AND AGAINST TENANT PROTECTION CONTROLS

Issue	Proponent Arguments	Opponent Arguments
Are Eviction Controls Such as TPCs Necessary	Tenant Protections would help send a message, coupled with clear standards or causes for evictions or ethical behavior and would represent a structural barrier to unethical landlords.	Tenant Protections are unnecessary because there is usually a valid reason for an eviction. Evictions are not profitable for landlords and can be expensive, particularly if invalidated by the courts. TPCs do not prevent a few bad landlords from harassing and evicting tenants. Instead, but rather penalizes the majority of landlords by making it more difficult and expensive to evict problem tenants. Targeting efforts at bad landlords is more effective than adding layers of regulations.
Effect on Harassment of Tenants by Landlords	Eviction authority is often used by property managers/landlords to threaten and intimidate tenants who request repairs, complain about the excessive behavior of the managers, or organize other tenants to make demands. Tenant Protection Controls can deter intimidation and retaliation by compelling the property managers to cite a legitimate cause for eviction. Requiring the landlord to give a reason for eviction gives the tenant a chance to defend oneself.	Since landlords will still have the right to issue notices to vacate, some landlords will continue to use eviction authority to intimidate tenants. The only difference under TPCs is that the landlords will need to cite a reason for the eviction. As in the existing system, the tenant will have to decide whether to stay and contest the illegal evictions in court or to move. Adding this layer of regulation does not change the dynamics of the problem.
Effect on the Housing Situation and Housing Conditions in Pasadena	Without Tenant Protection Controls, the City's ability to preserve the affordable housing stock is compromised. Pasadena is becoming more a community of renters. Widespread evictions create a sense of insecurity among renters. Tenant Protection Controls give renters a sense of stability and community, increases the willingness on the part of the tenants to better maintain the units and complex, thereby increasing property values.	Property owners use 30-day notices to evict bad tenants only sparingly. The loss in rental income is a necessary cost to preserve the neighborhood. A failure to rid properties of bad tenants drives property values down. As a result, owners defer maintenance to avoid further capital investment, causing once thriving neighborhoods to become blighted. In 1998, HUD eliminated TPCs from the Section 8 Program in part because the requirements made property owners unwilling to participate in the program.

**SAMPLE ARGUMENTS FOR AND AGAINST
TENANT PROTECTION CONTROLS**

Issue	Proponent Arguments	Opponent Arguments
Effect on Eviction of Problem Tenants	<p>Tenant Protection Controls provide a check on the wrongful use of eviction authority; they do not eliminate a landlord's right to make legitimate evictions. TPCs place the owners in a better position legally if challenged since documentation must be available to justify the eviction. TPCs do not prevent legitimate evictions and can be crafted to give ample reasons for a landlord to evict a problem tenant. Public housing and some rental complexes under contract with non-profits already have TPCs and are still able to evict problem tenants.</p>	<p>TPCs make eviction almost impossible even though legitimate reasons exist. If the landlord wants to evict a tenant for nuisance, proving nuisance in court is extremely difficult and expensive. Under TPCs, a landlord's ability to evict a tenant is practically reduced to two reasons: nonpayment of rent and engagement in illicit drug-related activities. Given that most tenants are unwilling to testify against a neighbor engaging in illegal activities for fear of retaliation, the 30-day notice to vacate is an important tool to remove bad tenants.</p>
Effect on Construction of Rental Housing	<p>Legal Services of the Law Foundation of Silicon Valley indicated that based on a review of building permits in cities with and without tenant protection control ordinances, the construction of both apartments and condos increases during periods of economic growth and decline during economic slowdowns. Construction is driven by economic growth, not by the presence of TPCs.</p>	<p>Opponents have argued that Tenant Protection Controls would reduce the amount of rental housing available because eviction controls make it more difficult for landlords to operate and manage their complex. As a result, property owners would choose to build other types of projects.</p>
Effect on the Legal Process	<p>TPC programs involve, by State law, the same summary proceeding and eviction process as UD's, except that the eviction notice must provide a permissible cause. When a tenant is served an UD (with permissible cause), the tenant has the same time period to provide a written response if he/she decides to contest the eviction. The court must schedule a hearing within 20 days if the landlord requests it. Thus, the real impact on the legal process is minimal if at all. In most cases, a tenant will not fight a 30-day notice and few additional legal cases will result. A tenant has a lot to lose if they fight the eviction. Even if the tenant wins, the fact that they challenged is identified on their credit report, making it difficult to obtain another unit. Housing advocates indicate that the average legal cost of an UD is \$2,000.</p>	<p>UD litigation can take months to resolve, during which time the tenant is not required to pay rent. A ruling against the tenant does not ensure that back rent will be paid. Eviction controls also carry civil liability for failure to strictly comply with complicated requirements. It is very easy for "mom and pop" landlords to make innocent technical mistakes, fail to comply with these controls, and be exposed to serious and costly liability for wrongful eviction. If the tenant seeks legal help, the attorney will attempt to delay the process as long as possible and make litigation as expensive as possible. To avoid the time and legal expense of a trial, many landlords will settle and often agree to pay some portion of the tenant's legal fees. The average legal cost of an UD is \$20,000 to \$40,000.</p>

EXHIBIT II

NOTICING REQUIREMENTS AND GROUNDS FOR EVICTIONS

The following text and Table summarize noticing periods and reasons for eviction allowed under the California Codes.

- **Three-Day Notice.** State law allows a landlord to terminate a tenancy after a three-day notice for at-fault reasons, where the tenant is at-fault. Under this provision, the landlord may issue a three-day notice for failure to pay rent, violation of a rental or lease agreement, unlawful use of property or property damages, or committing a nuisance. These evictions apply to conditions where the tenant is at fault.

- **30-day Notice.** Pursuant to California Civil Code, any month-to-month tenancy can be terminated by a 30-day written notice from either the tenant or landlord (if the tenant has occupied the unit for less than one year) or the eviction is for the owner occupancy for a condominium. Lease agreements cannot typically be terminated with a 30-day notice.

- **60-day Notice.** State law has additional protections for long-standing good tenants. If the tenant has occupied the unit for more than one year and has not violated any provisions under the 3-day notice, State law was amended effective January 1, 2002 to require a 60-day notice for evicting tenants.

PERMISSIBLE AND IMPERMISSIBLE GROUNDS FOR EVICTIONS

Permissible Grounds		Impermissible Grounds
At-Fault	No Fault	No Fault
Nonpayment of rent	Where landlord goes out of the rental business	Retaliation for the tenant's exercise of his legal rights
Violation of rental or lease agreement	Conversion of the unit to owner-occupancy	Harassment of tenants ¹
Unlawful use of property (e.g. dealing drugs)	Relocation to make substantial repairs	Discrimination based on protected status
Material damage of the property (committed "waste")	Demolition of the unit	Self help evictions, by locking out tenants from the units, shutting off utilities, or other "self-help" means
Substantial interference with other tenants (committed "nuisance")	Expiration of Lease or Fixed Term Agreement	

EXHIBIT III

**TENANT PROTECTION CONTROLS COMPARISON
CITY OF LOS ANGELES AND CITY OF GLENDALE**

Rent Stabilization Ordinance § 151.09 of the City of Los Angeles sets forth twelve (12) legal reasons for evictions. The City of Glendale's Just Cause for Eviction Ordinance (passed by the Glendale City Council on August 20, 2002, and amended on January 21, 2003) establishes ten (10) legal reasons for evictions. The provisions of the two ordinances are set forth below in a comparative chart, with the analogous provisions side-by-side:

City of Los Angeles Rent Stabilization Ordinance § 151.09	City of Glendale Just Cause for Eviction Ordinance
A landlord may bring an action to recover possession of a rental unit only upon one of the following grounds:	A landlord may bring an action to recover possession of a rental unit only upon one of the following grounds:
The tenant has failed to pay the rent to which the landlord is entitled, including amounts due under Subsection D of Section 151.06.	The tenant has failed to pay the rent to which the landlord is entitled.
The tenant has violated a lawful obligation or covenant of the tenancy, other than the obligation to surrender possession upon proper notice, and has failed to cure such violation after having received written notice thereof from the landlord.	The tenant has violated their lease or rental agreement, and has failed to comply after having been given lawful notice.
The tenant is committing or permitting to exist a nuisance in or is causing damage to, the rental unit or to the appurtenances thereof, or to the common areas of the complex containing the rental unit, or is crating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of the same or adjacent buildings.	The tenant is committed or permitting to exist a nuisance or is causing damage to the rental unit or to the property. A nuisance is anything that creates an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of the same or adjacent buildings.
The tenant is using or permitting a rental unit to be used for any illegal purpose.	The tenant is using or permitting a rental unit to be used for any illegal purpose. This includes committing any such acts within a 1,000 feet radius of the boundary line of the property.
The tenant has refused the landlord reasonable access to the unit for the purpose of making repairs or improvements, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the rental unit to any prospective purchaser or mortgagee.	The tenant has refused the landlord reasonable access to the unit for purpose of making repairs or improvements, inspection, or for the purpose of showing the rental unit to any prospective purchaser or mortgagee.
The person in possession of the rental unit at the end of a lease term is a subtenant not approved by the landlord.	The person in possession of the rental unit at the end of a lease term is a subtenant not approved by the landlord.
The landlord seeks in good faith to recover possession of the rental unit for the use and occupancy by: a) the landlord, or the landlord's spouse, children, or parents, provided the landlord is a natural person and not a corporation or partnership; or b) for a resident manager, provided that: no	The landlord seeks in good faith to recover possession of the rental unit for use and occupancy by: a) A resident manager (provided that no alternative vacant unit is available or the building does not have an existing resident manager). b) The landlord, or the landlord's spouse,

<p>alternative vacant unit is available for occupancy by a resident manager; except that where a building has an existing resident manager in order to replace her/him with a new manager.</p>	<p>grandparents, brother, sister, father-in-law, mother-in-law, daughter-in-law, children, or parents.</p>
<p>The landlord seeks in good faith to recover possession so as to demolish, or perform other work on the building or buildings housing the rental unit or units and (i) such work costs not less than the product of (a) \$10,000 times (b) the number of units to be rehabilitated and (ii) such work necessitates the removal of the rental unit or units from rental housing use for not less than 45 days, except that if the landlord seeks to recover possession for the purpose of converting the unit into a condominium, cooperative, or community apartment the landlord must have complied with the notice requirements of Government Code Section 66247.1.</p>	<p>The landlord seeks in good faith to recover possession so as to demolish, or perform other work on the building or unit, if: (i) the work costs at least eight (8) times the amount of the monthly rent times the number of rental units being worked on, and (ii) such work makes the unit uninhabitable for more than thirty (30) days. If a landlord is converting the unit to a condominium, separate noticing regulations apply.</p>
<p>The landlord seeks in good faith to recover possession in order to remove the rental unit permanently from rental housing use.</p>	<p>The landlord seeks in good faith to recover possession in order to remove the rental unit permanently from rental housing use.</p>
<p>The landlord seeks in good faith to recover possession of the rental unit in order to comply with a governmental agency's order to vacate, order to comply, order to abate, or any other order that necessitates the vacating of the building housing the rental unit as a result of a violation of the Los Angeles Municipal Code or any other provision of law.</p>	<p>The landlord seeks in good faith to recover possession of the rental unit in order to comply with a governmental agency's order to vacate.</p>
<p>The tenant, who had a written lease or rental agreement which terminated on or after the effective date of this Chapter, has refused, after a written request or demand by the landlord to execute a written extension or renewal thereof for a further term of like duration with similar provisions and in such terms as are not inconsistent with or violate of any provision of this Chapter or any other provision of law.</p>	<p>No analogous provision.</p>
<p>The Secretary of Housing and Urban Development is both the owner and plaintiff and seeks to recover possession in order to vacate the property prior to sale and has complied with all tenant notification requirements under federal law and administrative regulation.</p>	<p>No analogous provision.</p>

EXHIBIT IV

MODIFICATIONS FOR PASADENA MUNICIPAL CODE TITLE 16, CHAPTER 16.46 STANDARDS FOR CONVERSION PROJECTS (CONDOMINIUM CONVERSIONS)

16.46.050 Relocation allowance for displaced tenants.

....Provision of relocation assistance in the amount of \$2,500 for adult households and \$3,500 for households with dependents, disabled or senior members including any tenant who relocates from the building to be converted after approval of the condominium conversion by the City, except when the tenant has given notice of intent to move prior to receipt of notification from the subdivider of the intent to convert

16.46.060 Relocation counseling.

....Relocation counseling and assistance plan for all existing tenants

16.46.070 Notices of Tenant Intent.

....Approval by the Planning and Development Department of the form of notice

- Name and address of current owner;
- Name and address of the proposed subdivider;
- Approximate date on which the tentative map/conversion permit application is proposed to be filed;
- Tenant's right to purchase condominium, if applicable;
- Tenant's right of notification to vacate;
- Tenant's right of termination of lease;
- Statement of limitations on rent increase;
- An explanation of all provisions made by the subdivider for special cases;
- An explanation of all provisions made by the subdivider for moving expenses of displaced tenants;
- Tenant's right to receipt of notice for each hearing and right to appear and be heard at any such hearing; and

....Process for delivery of notices

- personal delivery, or
- mailing the notice, postage prepaid, by certified letter with return receipt requested, and.
- evidence of compliance submitted with the application for conversion

16.46.080 Notice to new tenants.

....Approval of the form of the notice by the Planning and Development Department, penalties for failure by a subdivider to give such notice including denial of the proposed conversion and financial reimbursement to tenants for actual moving expenses, first month's rent on the tenant's new rental unit

Tenant's Right to Purchase.

....As provided in Government Code Section 66427.1 (d) any present tenant or tenants of any unit shall have exclusive right to contract for the purchase of the unit occupied or equivalent unit at a price no greater than the price offered to the general public or terms more favorable to the tenant, whichever is less for at least ninety (90) days from the date of issuance of the Subdivision Public Report or commencement of sales;

....Present tenant or tenants shall have the right of first refusal to purchase the unit occupied or equivalent unit at the same price as that offered by a buyer and accepted by the applicant,

the tenant must exercise the tenant's right of first refusal within forty-five (45) days of receipt of notice from the applicant.

....If tenant exercises his/her right to purchase the subdivider is not required to provide moving expenses as outlined in Subsection G of this Section, except to the extent required by State law.

....The manner in which any exclusive right to contract or right of first refusal shall be exercised shall be in accordance with regulations established by resolution of the City Council.

Vacation of Units.

....Each non-purchasing tenant, not in default under the obligations of the rental agreement or lease under which the unit is occupied, shall have not less than one hundred eighty (180) days from the date of approval of the conversion by the Subdivision Committee or, if an appeal is filed, by the City Council to find substitute housing and to relocate. Applicant shall give written notice of the approval containing an explanation of any and all conditions of approval, which affect the tenants to each tenant within fifteen (15) days of the approval. Such notice shall be prepared in accordance with established procedures.

Tenant's Right of Termination of Lease.

....Any present tenant or tenants of any unit shall be given the right to terminate their lease or rental agreement without penalty, following the receipt of the notification from the owner of the intent to convert.

Special Cases.

....special case tenant shall be persons who are over age 62, handicapped, low income, a single parent with custody of minor children, or otherwise likely to experience difficulty finding suitable replacement housing. The subdivider shall afford special consideration to each "special case" tenant which special consideration, at a minimum, shall include the following:

- Each special case tenant shall be allowed an additional period of time, not exceeding six (6) months beyond the period specified in Subsection C of this Section, in which to relocate.
- A tenant with school age children shall not be required to vacate the unit prior to the end of the school year in which the one hundred eighty (180) day period specified in Subsection C begins to run.

Increase in Rents.

....From the date of approval of the application to convert until the date of conversion, no tenant's rent shall be increased more frequently than once annually nor at a rate greater than the rate of increase in the Consumer Price Index (all items, Los Angeles - Long Beach), on an annualized basis, for the same period. This limitation shall not apply if rent increases are provided for in leases or contracts in existence prior to the filing date of the application to convert.

ATTACHMENT G

PASADENA AT-RISK HOUSING PROJECTS

Apartment Name/Address	Tenant Type	Asst Units	Mortgage Financing	Earliest Conversion	Current Rents
Green Hotel	Senior	138	236(j)(1)	1994	BMR/Section 8
Northwest Manor 1*	Family	88	236(j)(1)	1993	BMR/Section 8
Pilgrim Tower North*	Senior	205	236(j)(1)	1995	BMR/Section 8
Villa Raymond	Family	61	236(j)(1)	1993	BMR/Section 8
Villa Yucatan*	Family	14	236(j)(1)	1994	BMR/Section 8
Washington Homes*	Family	20	236(j)(1)	1993	BMR/Section 8
Pilgrims Tower East*	Senior	157	236(j)(1)	----	----
Hudson Gardens	Senior	41	CHFA	2003	Unknown
La Pintoresca*	Senior	64	221(d)(3)	2020	
Magnolia Town	Family	5	221(d)(4)	2022	Yes

* Non-profit ownership

ATTACHMENT H

DRAFT HOUSING PRESERVATION STRATEGY

VISION

All Pasadena residents have an equal right to live in decent, safe, and affordable housing in a suitable living environment for the long-term well-being and stability of themselves, their families, their neighborhoods, and their community. The housing vision for Pasadena is to maintain a socially and economically diverse community of homeowners and renters who are afforded this right.

GOAL

To Improve And Preserve The Quality Of Neighborhoods & Affordable Housing

POLICIES

1. Encourage the preservation of existing affordable housing
2. Require new and substantially rehabilitated housing to include moderate and lower income units
3. Support the conservation of publicly subsidized housing and rental housing affordable to lower income households
4. Provide rental assistance to address housing overpayment among special needs groups and the very-low- income population
5. Support innovative strategies for the adaptive reuse of residential, commercial, and industrial structures for housing
6. Promote the construction and rehabilitation of suitable and adequate housing for special needs groups and others in need of housing assistance

PRESERVATION PROGRAMS

Preservation Programs	Five Year Objective	Funding Source
Multi-Family Rental Rehabilitation Program		
PCDC provides loan assistance for the rehabilitation of multi-family rental properties that are occupied by very low and low- income tenants paying affordable rents. Focus has recently been on larger projects, such as Garfield Apartments and Kings Villages.	Rehabilitate 750 units	HOME CDBG
Single-Family Rehabilitation Programs		
PCDC provides funds for the acquisition, rehabilitation, and purchase of single-family to low and moderate- income households. Heritage Housing Partners (HHP) performs the acquisition/rehab of historic homes and providing 2nd deed of trust for low and moderate-income home buyers. PNHS administers a below-market interest rate	Rehabilitate 100 units (Major) Rehabilitate 350 units (Minor)	Fannie Mae Housing Trust Funds HOME Cal HOME New Market Tax Credits

Preservation Programs	Five Year Objective	Funding Source
rehabilitation loan program for single-family homes .		
Homebuyer Assistance		
PCDC offers several homeownership opportunities programs aimed at assisting low and moderate-income households with home purchases including assisting in the stabilization of neighborhoods	Assist the purchase of 100 units	Fannie Mae HOME Housing Trust Funds
Rental Assistance		
PCDC administers the Section 8 Housing Choice Voucher Program, which provides rental vouchers to very low-income renters. The PCDC also provides temporary rental assistance for 24 months to displacees due to government action or health/safety hazards, victims of domestic violence, and temporary homelessness.	Provide annual rental assistance to 1,350 households/units	Section 8 Housing Choice Voucher HOME
Permanent Supportive Housing		
The PCDC administers three supportive programs – Family Self Sufficiency, Shelter Plus Care, and Housing for Persons With Aids. PCDC also supports the provision of permanent supportive housing through licensed community care facilities, sober living facilities, and AIDS homes.	Provide annual rental assistance to 1,000 households/units	Shelter Plus Care HOPWA ESG Supportive Housing Program HOME
Housing Preservation		
The PCDC has/shall assist existing property owners and nonprofit developers initiate strategies to preserve units at-risk of losing affordability through the use of acquisition/rehabilitation financing, purchase of affordability covenants, or purchase of candidate housing projects by local nonprofit agencies.	Preserve 200 At-Risk units Purchase 100 affordable housing covenants Assist local non-profit developers to purchase 100 units	HELP HOME Low Income Housing Tax Credits California Preservation Cal HOME Mark-to-Market/Mark-up-to-Market program
Rental Housing Protections		
The Housing Rights Center has/shall implement increased tenant protections designed to balance the relationship between landlords and tenants, assist tenants retain their housing and guard against displacement due to abrupt changes in the rental housing market.	Assist 2,500 households	CDBG Housing Trust Funds



ATTACHMENT I

Memorandum

To: Richard Bruckner, Director of Planning and Development, City of Pasadena

From: Ross S. Selvidge, Ph.D.

Date: March 8, 2004

Subject: **Preliminary Review of Affordable Housing Linkage Fee Issues for Non-Residential Development in Pasadena**

At your request, Kosmont Partners has conducted a preliminary review of several issues relating to affordable housing linkage fees for non-residential development in Pasadena. The following is a summary of the findings of that review.

SUMMARY OBSERVATIONS

The adoption of an affordable housing linkage fee program for non-residential development in Pasadena would be both problematic and unlikely to make a significant contribution to the production of affordable housing in the City. If there is any further discussion of the issue in the City, it is critical that the following important points be given very careful consideration:

1. Any nexus analysis that attempts to estimate linkage fee amounts for Pasadena would necessarily be based on a large series of assumptions and factors for which there are inadequate reliable data.
2. There is not a directly proportional relationship between historic increases in employment and net new development in Pasadena.
3. Linkage fees would greatly increase Pasadena's current level of development fees which are already significantly higher than in many competing jurisdictions.
4. Linkage fees would put non-residential development in Pasadena at a disadvantage compared to residential development and would constitute a threat to the balance of development in the City. This is because the large surge in residential development in Pasadena is using up parcels that otherwise could be used for non-residential development. Linkage fees on non-residential development in Pasadena would exacerbate that trend.

AFFORDABLE HOUSING LINKAGE FEES FOR NON-RESIDENTIAL DEVELOPMENT

Linkage fees on non-residential development for funding affordable housing are utilized in some jurisdictions as one source of financing for affordable housing programs. Those fees are typically levied on a per square foot basis (at different rates for different types of land use) on new development. It is uncommon for fees to be levied on all types of new non-residential development. In the limited number of California jurisdictions with linkage fees, the fees generally range from approximately \$1.00 to \$15.00 per square foot of new building space developed depending on the jurisdiction and land use category.

The political justification used by those favoring the imposition of linkage fees can be distilled down to the following: If new non-residential development brings new employees into a jurisdiction whose pay scales make them unable to afford market rate housing in that jurisdiction, it should be the responsibility of the new development itself (not the jurisdiction or any other public entity) to bear the economic burden of the public policy objective of subsidizing the difference between market rate housing and the cost of the below market rate housing for those new lower-income employees who would live in the jurisdiction.

Establishing linkage fee amounts requires a very sophisticated “nexus” analysis to assure that the amount of the fees levied do not exceed the dollar difference between market rate housing and the below market rate housing that lower paid employees of a new development are expected to be able to afford. To properly conduct a nexus analysis, it is necessary to make a large series of sequential assumptions concerning many factors such as employee density, income levels, likely place of residence, etc. Data and information for many of those key factors on which the assumptions should be based is very often unavailable in a definitive or reliable form. To be kept current, linkage fee schedules should also be updated frequently when, at a minimum, market rate housing costs adjust and employee income levels change over time.

CALIFORNIA CITIES WITH LINKAGE FEES

California cities with linkage fees tend to be concentrated in Northern California. They are present in such established cities as San Francisco, Berkeley, Oakland, Alameda, Sacramento, Menlo Park, Mountain View, and Palo Alto. They are also present in some recently high growth cities such as Sunnyvale, Pleasanton, and Cupertino. In Southern California, linkage fees are present in San Diego and Santa Monica. The City of Long Beach has studied but not adopted linkage fees.

EMPLOYMENT IN PASADENA

County Business Patterns published by the U.S. Census Bureau has annual employment data from 1994 through 2001 for Pasadena. According to those data, there were approximately 84,000 jobs in Pasadena in 1994 and an increase of over 8,000 jobs to a total of approximately 93,000 jobs by 2001. That is equivalent to an annual increase of 1.4%.

While that job growth occurred during a strong extended period of economic expansion, it followed a period of very significant job loss and was a time during which there was only



one new major office project developed in the City. Office development is the most common land use on which linkage fees tend to be levied. It is likely that a significant proportion of that job growth in Pasadena was recovery of jobs lost during the recession of the early 1990s and not attributable to development of new office or other types of non-residential land uses. Consequently, the relationship between employment growth and new development is far from directly proportional in Pasadena.

EXISTING DEVELOPMENT FEES FOR PASADENA AND OTHER CITIES

If Pasadena were to adopt linkage fees, it would add an additional cost to non-residential development projects in the City. To understand how this might affect the competitive position of Pasadena compared to other cities, the development fees for a hypothetical 50,000 square foot office project were estimated for Pasadena and four other cities with which it might compete for development (Burbank, Glendale, Long Beach and Monrovia). Exhibit 1 attached presents a tabulation of the estimated development fees for Pasadena and the other cities.

At approximately \$608,000, total development fees in Pasadena for the hypothetical office project are the highest of all five cities. That is \$148,000 (or 32.2%) higher than the fees for Burbank which is the next most expensive city and \$494,000 (or 434.2%) higher than the fees for Glendale which is the least expensive city. These fee amounts and differentials should be viewed in the context of an estimated construction cost for the project of approximately \$9.2 million.

If Pasadena were to levy a linkage fee on new office development of only \$5.00 per square foot of building (at the lower end of the range of the office linkage fees levied in cities in California that have such fees), it would add \$250,000 to the project costs. That is equivalent to a 2.7% increase in the construction costs and a 41.1% increase in the development fees component which is already the highest in comparison with other cities. This would make total Pasadena development fees nearly 86.5% higher than those of Burbank, the next most expensive city.

**EXHIBIT 1
PASADENA COMMERCIAL DEVELOPMENT FEE COMPARISON
OFFICE BUILDING**

	Pasadena	Burbank	Glendale	Long Beach	Monrovia
Value:	\$9,200,000				
Area:	Gross Building Sq Ft - 50,000				
	Subterranean Parking Sq Ft - 52,500				
A. Plan Check					
1. Building	\$56,711	\$22,728	\$41,067	\$34,028	\$35,539
2. Processing Fee	23	0	0	0	0
3. Planning/Zoning	10,090	480	0	2,460	1,345
4. Design & Historic Review	2,268	0	910	0	0
5. Code Compliance	5,955	0	0	0	0
6. Environmental	1,877	300	1,255	2,700	260
7. Fire Department	13,798	0	0	0	39,234
8. Public Works Dept.	17,013	0	0	0	0
9. NPDES	0	0	0	12,903	0
Subtotal	\$107,735	\$23,508	\$43,232	\$52,091	\$76,378
B. Permits, Tax, Impact Fees					
1. Processing/Filing Fee	\$23		\$0	\$0	\$0
2. Building	56,711	34,967	48,314	40,050	35,561
3. Records Mgmt Surcharge/Microfilm	4,934	50	100	5,989	108
4. Construction Tax	176,640	0	0	0	0
5. SMIP Tax	1,932	1,932	1,932	1,932	1,932
6. New Commercial Impact Fee	151,500	294,000	0	0	0
7. Unified School District	16,500	13,500	17,000	17,000	14,700
8. Zoning Code Rewrite Surcharge	0	0	3,237	0	0
9. Waste Management Fee	0	0	0	0	500
10. NPDES	0	0	0	15,180	0
Subtotal	\$408,217	\$344,449	\$70,583	\$80,151	\$52,801
C. Other					
1. Fire Impact Fee	\$0	\$0	\$0	\$0	\$14,040
2. Transportation Fee	0	0	0	100,000	0
3. Art in Public Places	92,000	92,000	0	0	0
4. General Plan Cost Recovery	0	0	0	0	10,665
Subtotal	\$92,000	\$92,000	\$0	\$100,000	\$24,705
Total	\$607,952	\$459,957	\$113,815	\$232,242	\$153,883

Notes:

1. The calculation of environmental fees was based on the project requiring a mitigated negative declaration.
2. Plan check and permit fees for mechanical/electrical/plumbing were not within the scope of this survey because these fees require detailed fixture information. The omission of these fees will not materially affect the outcome of this survey.