

# Agenda Report

December 16, 2013

**TO:** Honorable Mayor and City Council

**THROUGH:** Economic Development & Technology Committee (December 2, 2013)

**FROM:** Housing Department

**SUBJECT:** AMENDMENT OF INCLUSIONARY HOUSING REGULATIONS

**RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Find that the proposed amendments to the Inclusionary Housing Regulations are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule); and
- 2) Approve certain amendments to the Inclusionary Housing Regulations as described in this agenda report.

The subject recommendation was discussed and approved by the Economic Development and Technology Committee at its meeting of December 2, 2013.

**ADVISORY BODY RECOMMENDATION:**

The subject recommendation is scheduled to be considered by the Northwest Commission at its regular meeting of December 12, 2013. Staff will report orally to the City Council on the action taken by the Northwest Commission.

**BACKGROUND:**

Under the City's Inclusionary Housing Requirements (Chapter 17.42 of the Zoning Code), a residential project of ten or more units is required to provide 15% of the project units as affordable housing restricted to certain income levels (15% moderate income units in for-sale projects and 10% low income/5% moderate income in rental projects).

Furthermore, alternatives to providing the affordable units within the project are available under the Inclusionary Housing Requirements: a) payment of an In-Lieu Inclusionary Fee; b) donation of land equivalent to the value of the applicable In-Lieu Inclusionary Fee; or c) providing the affordable units at another residential building ("Off-Site units"). However, the Inclusionary Housing Regulations (the "Regulations") set forth certain standards and restrictions for Off-Site units, including Section 3.b which stipulates that for residential projects located outside of Inclusionary Sub-Area B that opt to provide Off-Site units, those units may not be located within Sub-Area B. Sub-

Area B encompasses the Northwest Pasadena area. The maps of Inclusionary Sub-Areas are attached.

With the recent loss of Redevelopment and the associated funding for low and moderate income housing, the City's ability to address blighted properties has been severely limited. However, through the strategic use of Inclusionary Housing funds the City can further its goal of creating affordable housing as well as addressing blight. The most recent example of this is the Washington Classics affordable housing project. Using Inclusionary Housing funds this project removed an undesirable liquor store use and replaced it with a six-unit affordable homeownership project. In that instance the Inclusionary Regulations allowed Inclusionary funds to be applied to the project (located in Sub-Area B) because it did not exceed the affordable housing "over-concentration" criteria set forth in the Inclusionary Regulations. Specifically, Inclusionary funds may not be used to develop projects in Sub-Area B if there are 40 or more deed restricted affordable rental units within a one-eighth mile radius of the proposed project, or 100 or more deed-restricted affordable rental units within a one-quarter mile radius of the proposed project.

Similarly, a regulatory mechanism to expand opportunities to construct off-site affordable housing units in Sub-Area B can provide a needed tool to address blight while expanding affordable housing opportunities. Accordingly, to enable the City's Inclusionary housing program to address legal, non-conforming land uses that create blighted conditions in the Northwest Pasadena area, and to further improve the effectiveness of the program to address the City's need for affordable housing, staff propose adoption of certain amendments to the Regulations as discussed below.

Staff discussed these issues with the Economic Development and Technology Committee at its meeting of December 2, 2013. The subject recommendations are the result of those discussions, which focused on the degree of regulatory flexibility to address blight in Northwest Pasadena while at the same time preserving the goal of distributing Inclusionary affordable housing development throughout the City.

**AMENDMENTS TO INCLUSIONARY HOUSING REGULATIONS:**

- A) Section IV.B.3.b of the Regulations shall be amended to allow residential projects located in any Sub-Area to provide Off-Site units in Inclusionary Sub-Area B, provided that:

The Off-Site units are located within a homeownership project developed on a property which development eliminates a nuisance, legal non-conforming use, and which the nuisance, legal nonconforming use comprises at least 15% of the total site area of the entire project site.

- B) Section IV.B.4 of the Regulations shall be amended to prohibit Off-Site for-sale units if the residential project that is subject to the Inclusionary Housing Requirements is a rental project (however, a for-sale residential project that provides rental Off-Sites units is acceptable). This restriction shall not apply to

Off-Site for-sale units located in Sub-Area B pursuant to Section IV.B.3.b as amended above.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City's General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Objectives.

**ENVIRONMENTAL ANALYSIS:**

The proposed action has been determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed amendments to the Inclusionary Housing Regulations have been deemed to not have the potential for significant effect on the environment.

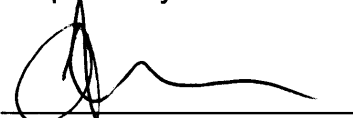
**FISCAL IMPACT:**

Approval of the proposed amendments to the Inclusionary Housing Regulations will have no fiscal impact on the City.

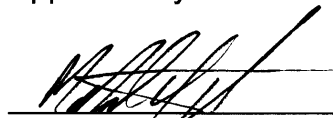
Respectfully submitted,

  
WILLIAM K. HUANG  
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Prepared by:

  
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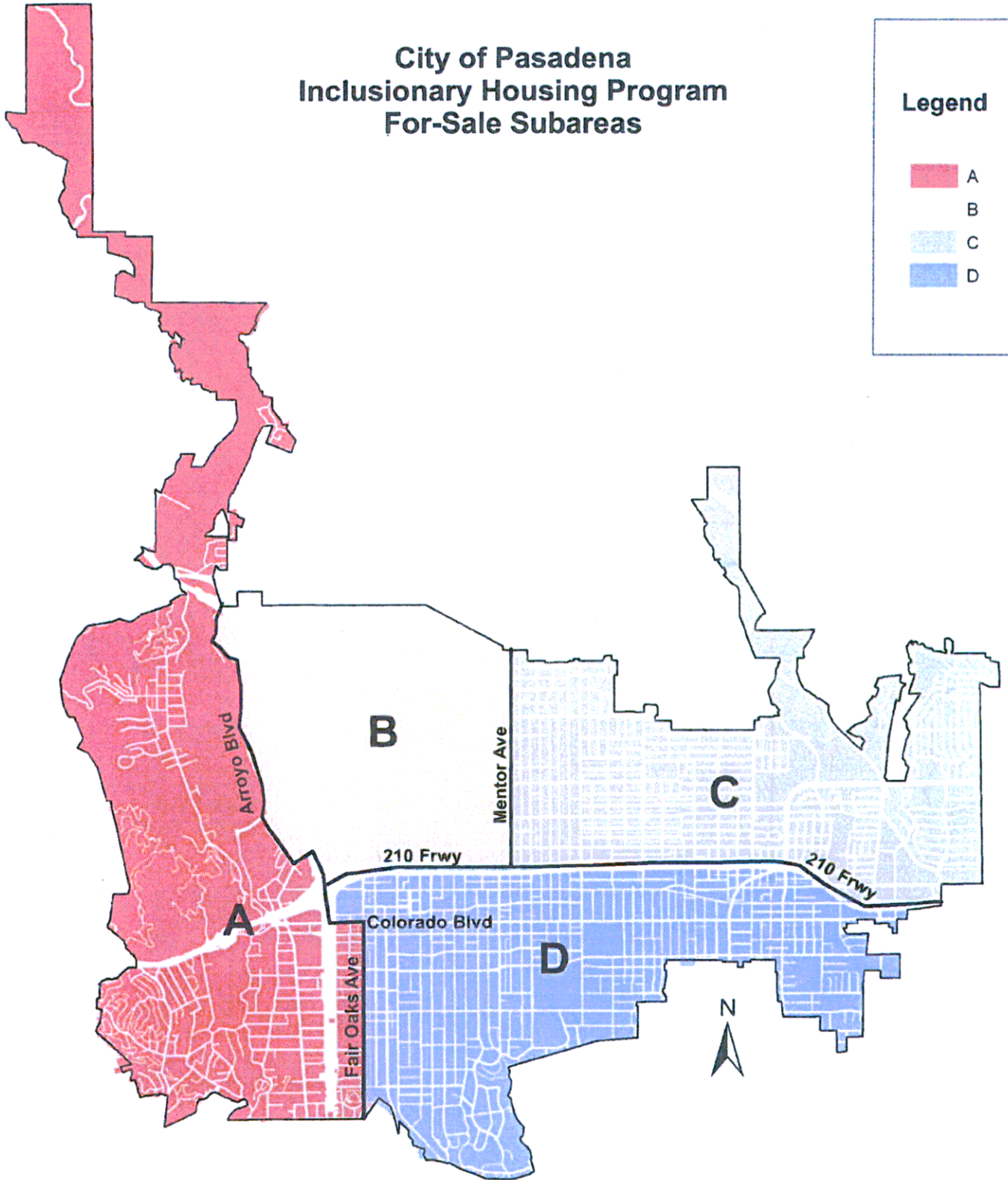
Approved by:

  
MICHAEL J. BECK  
City Manager

# City of Pasadena Inclusionary Housing Program For-Sale Subareas

## Legend

- A
- B
- C
- D



# City of Pasadena Inclusionary Housing Program For-Rental Subareas

**Legend**

- A
- B
- C
- D

