

# **CORRESPONDENCE**

**Reese, Latasha**

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**Subject:** FW: Inclusionary Housing Ordinance

Begin forwarded message:

**From:** Stephen Hill <[stephen2112hill@gmail.com](mailto:stephen2112hill@gmail.com)>

**Date:** September 19, 2018 at 11:29:34 AM PDT

**To:** [mjomsky@cityofpasadena.net](mailto:mjomsky@cityofpasadena.net)

**Subject:** Inclusionary Housing Ordinance

Mr Jomsky

My name is Stephen Hill and I live at 1405 North Marengo Av. here in Pasadena. I am also in the section 8 program for 12 years now and would like to have my voice heard on the subject of low income housing.

I support the "Inclusionary Housing Ordinance" and increasing the "In-Lieu" fees, specifically the "Extremely Low Income" into the mix of Inclusionary Housing

I was suddenly homeless In 2004 while trying to graduate from DeVry, got into an accident and fell into depression and neglect...I came back to Pasadena because I lived here for 20 years growing up and felt comfortable here.

I came back and got into the Union Station Foundation and Sources (their work/housing program) Later I went to Passageways got some help for mental issues long ignored and soon got disability and Section 8 with the help of HUD and Pacific Clinics.

Pasadena and these aforementioned groups and agencies SAVED MY LIFE literally! I am still trying to get back to school and work and I couldn't have done it without your help.

So needless to say I support any new rules/regs/ordinances and or laws that would assist people of Low Income especially housing.

Thank You Mark and I hope to see you @ city hall next week!



# Pasadena's Density Crisis

09/17/17

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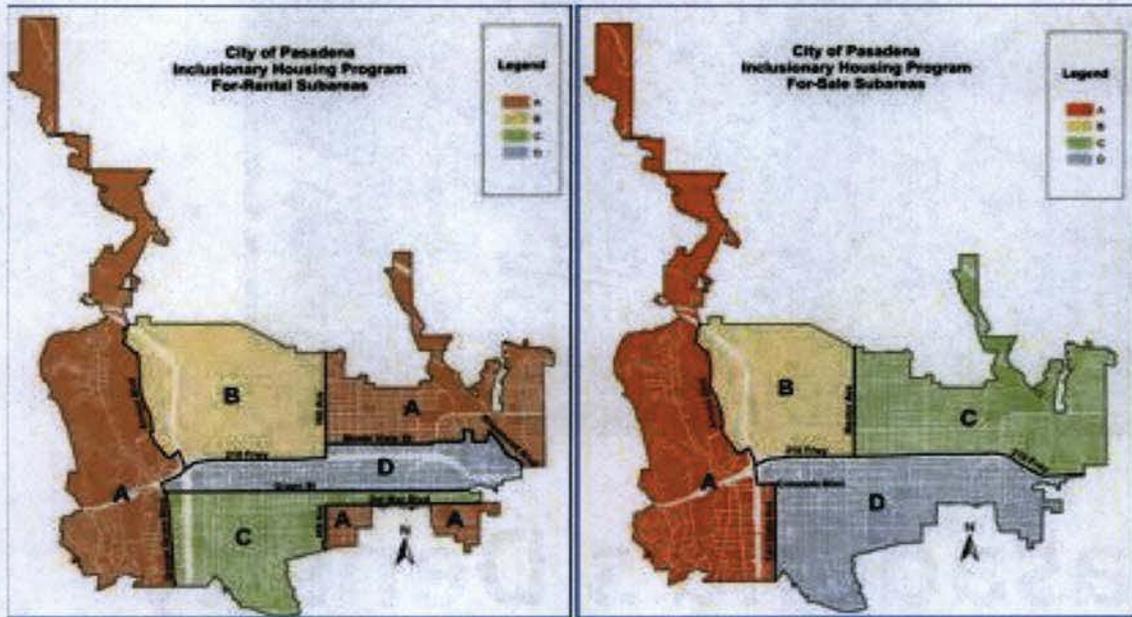
Erika Foy

## Overview

A recent analysis by Pasadena's Affordable Housing Department proposes to change our city density by increasing certain fees paid by developers to build in our city. These fees, called "in-lieu fees" or ILF, are charged by the city of Pasadena when builders opt out of providing low income housing in their developments or utilizing density bonus programs from the state. The city is currently considering analysis by David Paul Rosen and

Associates, which proposes to increase the ILF by 128% for any development with more than 10 units in the Central District and a few outlying areas called "Area D."

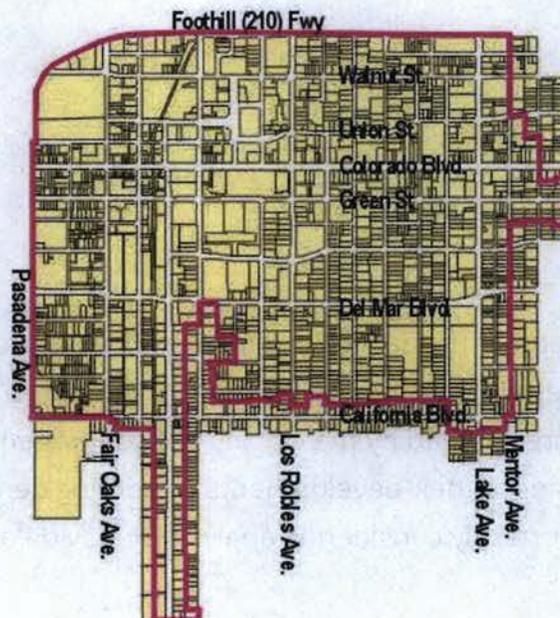
Areas in question:



Map 1

Map 2

Area D on Map 2 encompasses the entire Central District in addition to neighborhoods just above the freeway, and those east of Lake. Most of this report will be focusing on for-sale area D (shown in blue on Map 2).



The Central District, composed of the area above in purple, is included in its entirety in Area D on the preceding map. It is important to note that the City of Pasadena allows for a 50% density bonus instead of ILF for developers here, specifically the area north of Del Mar and west of Lake.

## In-Lieu Fees and Density Bonuses: What are they and why do they matter?

When developers or property owners decide to build a housing development in Pasadena, they are given the option of building the property as they wish or taking advantage of a state law that provides a density bonus when affordable housing is included on-site. Here are the developer's basic choices:



### Ordinance Basics

Housing & Career Services Department

- **Developer has options**
  - > Provide Inclusionary units within the development
  - > Provide the units on another property ("off-site")
  - > Pay Inclusionary In-Lieu Fee
  - > Donate land w/ value equivalent to the fee
- **Incentives to provide Inclusionary units on-site**
  - > Density bonus: Inclusionary units can be credited towards affordable units required for density bonus
  - > Residential Impact Fee: \$910 vs. \$20,000 per unit
  - > Building Permit Fee partially waived
  - > Traffic Impact Fee discounted

By adding affordable housing, the developer receives a density bonus—the ability to build up to 35% more units on site, depending on the original number of units planned. This bonus is awarded regardless of zoning laws in any given area. This means that the developer can potentially build a property up to 35% larger than would normally be allowed in a given zone. The increase in density helps the developer make up for the financial loss they will incur to provide the affordable units.

Density bonus chart:

**Table 4-3.2 - Increase in Allowable Density for Moderate-Income Ownership Units**

Percentage of Moderate-Income Units	Percentage Density Bonus
10	5
11	6
12	7
13	8
14	9
15	10
16	11
17	12
18	13
19	14
20	15
21	16
22	17
23	18
24	19
25	20
26	21
27	22
28	23
29	24
30	25
31	26
32	27
33	28
34	29
35	30
36	31
37	32
38	33
39	34
40	35

4. The density bonus for a project for persons aged 55 and older, and those residing with them, shall be 20 percent.
- c. **Density bonus of up to 50 percent in Central District.** Projects in Central District subdistricts CD-1, CD-2, CD-3, and CD-4 may be granted a density bonus of up to 50 percent above the maximum density, according to the following formula: for each additional percentage point of very low income units above 11 percent, a bonus of 2.5 percent may be granted, for each additional percentage point of low-income units above 20 percent, a bonus of 1.5 percent may be granted, and for each percentage point of moderate-income units above 40 percent, a bonus of one percent may be granted. A Conditional Use Permit (Section 17.61.050) shall be required for any density bonus exceeding 35 percent.

An in-lieu fee (ILF) is a cash payment the developer can opt to pay to the city instead of building additional low income units on a property. Currently, the Pasadena council and

staff achieve the goal of dense urban housing by implementing high fees, effectively forcing developers to use the density bonus instead of paying the ILF. By increasing the ILF in Area D by 128%, developers will really have no choice but to opt for the density bonus.

Proposed ILF increases:

	<b>Adopted FY 2016 Rate</b>	<b>Proposed Rate</b>	<b>Percent Change</b>
<b>10-49 Rental Units</b>			
Sub-area A	TBD	<b>35.37</b>	NA
Sub-area B	1.14	<b>19.97</b>	1652%
Sub-area C	25.21	<b>32.89</b>	30%
Sub-area D	22.92	<b>35.37</b>	54%
<b>50 + Rental Units</b>			
Sub-area A	TBD	<b>49.12</b>	NA
Sub-area B	1.14	<b>27.74</b>	2333%
Sub-area C	34.39	<b>45.68</b>	33%
Sub-area D	32.1	<b>49.12</b>	53%
<b>10-49 For Sale Units</b>			
Sub-area A	43.56	<b>47.01</b>	8%
Sub-area B	16.04	<b>19.01</b>	19%
Sub-area C	26.36	<b>29.66</b>	13%
Sub-area D	20.63	<b>47.01</b>	128%
<b>50 + For Sale Units</b>			
Sub-area A	60.75	<b>65.30</b>	7%
Sub-area B	21.78	<b>26.40</b>	21%
Sub-area C	36.68	<b>41.20</b>	12%
Sub-area D	28.65	<b>65.30</b>	128%

The intended effect of increasing the ILF is to encourage a big shift towards more dense projects with on-site affordable units. Developers must increase the density to cover the cost of the on-site affordable units because the ILF costs make no financial sense. Projects in most of the Central District can be allowed up to 50% more density. (See Table 4-3.2 on page 3.)

The city has spent considerable time and financial resources defining the priorities of its residents: maintaining a small-town feel, protecting historic architecture, and tree preservation. By encouraging on-site affordable units with high density bonuses, the city is compromising many of Pasadena's most important attributes as defined by its residents. Moreover, the city appears to be ignoring residents' desires with this proposed ILF

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increase. Our fear is that any zoning change seen in the General Plan will be high density because of the city's support of this increased fee.

Increasing inclusionary in-lieu fees will have lasting negative effects on our city's development and density issues. We submit that the cost of this adjustment would disincentivize developers from using the ILF to build modest properties, instead developing high-density buildings in areas that are already in danger of being overdeveloped in order to avoid the ILF. This increased density will add traffic and change the character of our beloved neighborhoods. We recommend that the ILF remain nearer to current levels so that it may continue to be a viable option for developers to allow the developers to continue to use that option.

### **Case Study: 245 South Los Robles**

One of the most recent properties approved for a density bonus by the city, 245 South Los Robles, was originally zoned for 105 units. After applying for the state-offered density bonus, the builders were allowed to add 26 units to their plans, bumping up their project to 131 units under the condition that 8 out of 131 units would be very low income housing. These low income housing units were to cost the developer \$5.5 million to build.

If the developer decided to pass on providing affordable housing and stay at 105 units, they would have to pay an ILF to the city of approximately \$3,000,000. This money would be placed in an Inclusionary Housing Trust Fund to fund future low-income housing projects. Alternatively, the developer could satisfy the fee by rehabilitating units on another site under the condition that those units not reside north of the 210 or west of Lake Ave.

If the ILF is increased by 128% as proposed, the cost to the developer would be high enough to practically guarantee they take the density bonus option instead of paying an outsized fee.

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## The Problem with Increasing ILF

By incentivising developers to invest in the Central District and provide affordable units on site, the city is neglecting the need to provide affordable housing units *throughout* Pasadena. The land the city has targeted for urban development is already extremely expensive. For example, the South Los Robles project can only provide eight units for the astronomical cost of \$5.5M. We propose that the money could be better spent helping a larger group of people improve their living space rather than just eight. Outside research confirms this opinion.

According to the [\*Wall Street Journal\*](#), "... planners and academics warn that such approaches have their limits. Housing-assistance programs often help the neediest, while leaving a large swath of the population shut out. And requirements that builders set aside affordable units or pay into a fund to build such units come with their own challenges, notably that growth in affordable housing comes to rely on a much larger increase in market-rate housing." So while these programs help, they do not solve our issues, and the fact remains that the city must find alternative ways to build the housing they need.

## What Residents Want: Outreach Summary Report and General Plan Follow-Up Survey

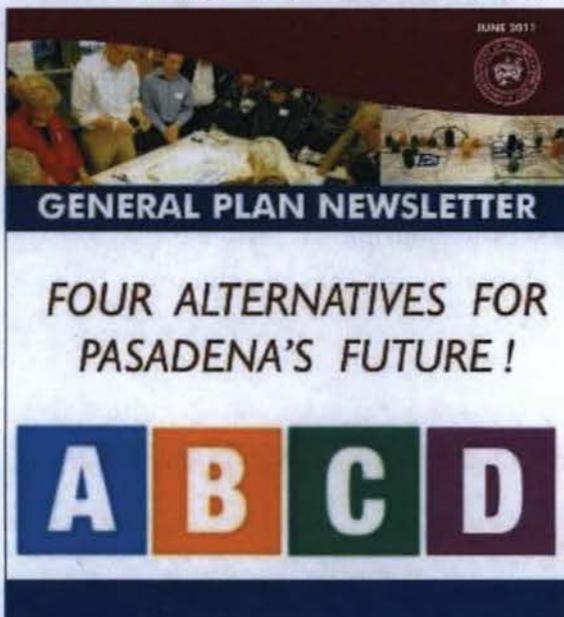
In a 9-month outreach effort, 3,000 participants, residents, community leaders, and business owners were questioned about the future of Pasadena in relation to the General Plan. Residents gave thorough input in every aspect regarding development and what was most important to them in the next 20 years. Comments related to density, design, and traffic presented some of the most pressing themes for residents. In 2010, these were summarized in the Outreach Summary Report, which can be read in its entirety [here](#).

The report found that the majority of participants were concerned that worsening traffic, density, and design of future developments would negatively impact their quality of life. These same residents overwhelmingly agreed that they wanted a "small town feel, good neighborhoods, historic architecture, and tree preservation" in their city, that these factors

must be maintained, and that any future changes should not threaten the way of life in Pasadena.

In 2011, a city-wide mail and web survey of residents and businesses was administered to continue the General Plan conversation. This survey focused on the following:

- Assessing the level of prioritization, support, and agreement with the guiding principles, themes, and objectives of the City's General Plan;
- Determining preferences for each of the four land use alternatives within the City's six planning areas and the factors influencing each preference; and
- Determining the support for the existing mobility objectives.



The most important part of the survey focused on asking residents their preferences between four land use options, identified as alternatives A, B, C and D. It is important to note that none of the alternatives presented reflect any of the density, height, quality, or architectural guidelines that are of paramount concern to the residents surveyed in the initial Outreach Report.

### Land Use Alternatives

<b>Alternative A</b>	Focuses on reducing future growth in the Central District and increasing capacity in East Pasadena and along major streets
<b>Alternative B</b>	Focuses on improving the City's economic vitality by allowing new buildings and uses that would help create new jobs
<b>Alternative C</b>	Focuses future growth around Gold Line stations and along major streets where services, shopping, jobs and bus lines exist
<b>Alternative D</b>	Focuses on reducing future growth citywide

Alternative C was the most preferred alternative within each planning area, followed by Alternative B (except in the Central District, where Alternative D was second).

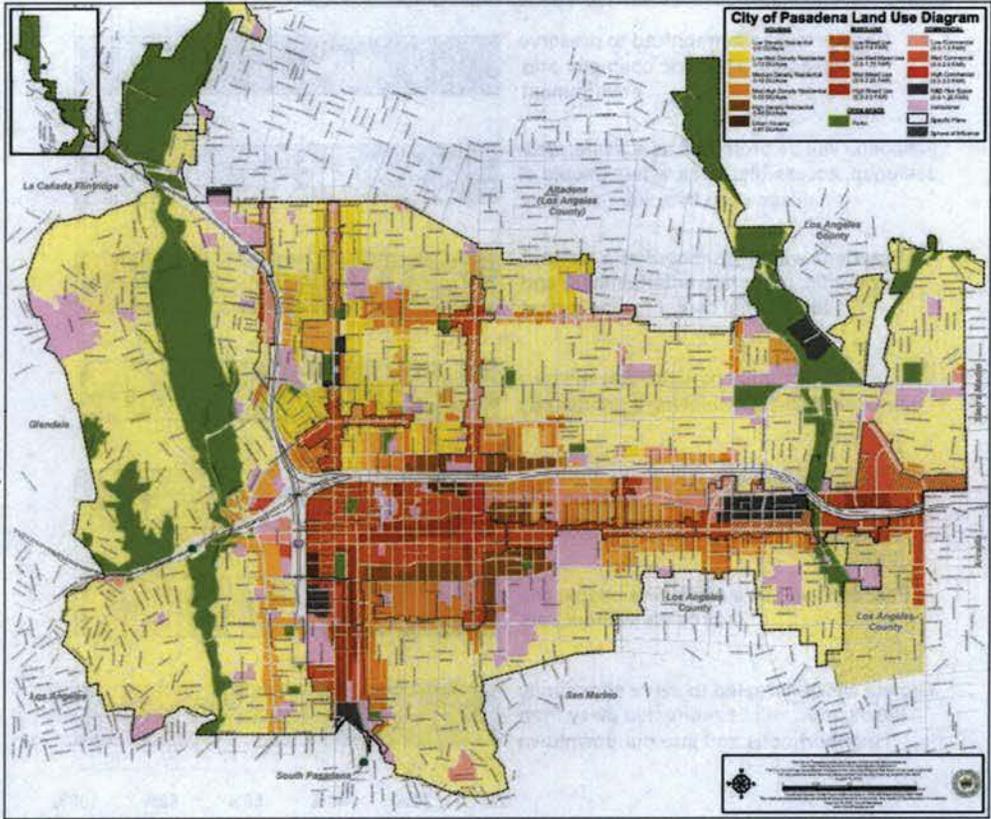
#### Land Use Alternative Survey Results:

- Alternative C (focus future growth around Gold Line Stations and major intersections) was the most preferred alternative within each planning area.
- Alternative B (focus on improving the local economy) was the second preference in all areas except the Central District, where Alternative D was second.
- Preferences for the Central District were more diverse, with Alternatives B, C, and D (reduce development capacity throughout the city) all receiving between 20 and 30 percent support.
- Alternative A (redirect growth away from the Central District and into other areas of the City) had the lowest level of support in all planning areas.
- No alternative received more than one-third of the response for any of the planning areas.
- The two most frequent factors that guided the preferred land use alternative were "jobs, shopping, and housing close to transit" and "increasing jobs."

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## How Increasing the ILF Relates to the Expectations of City Residents

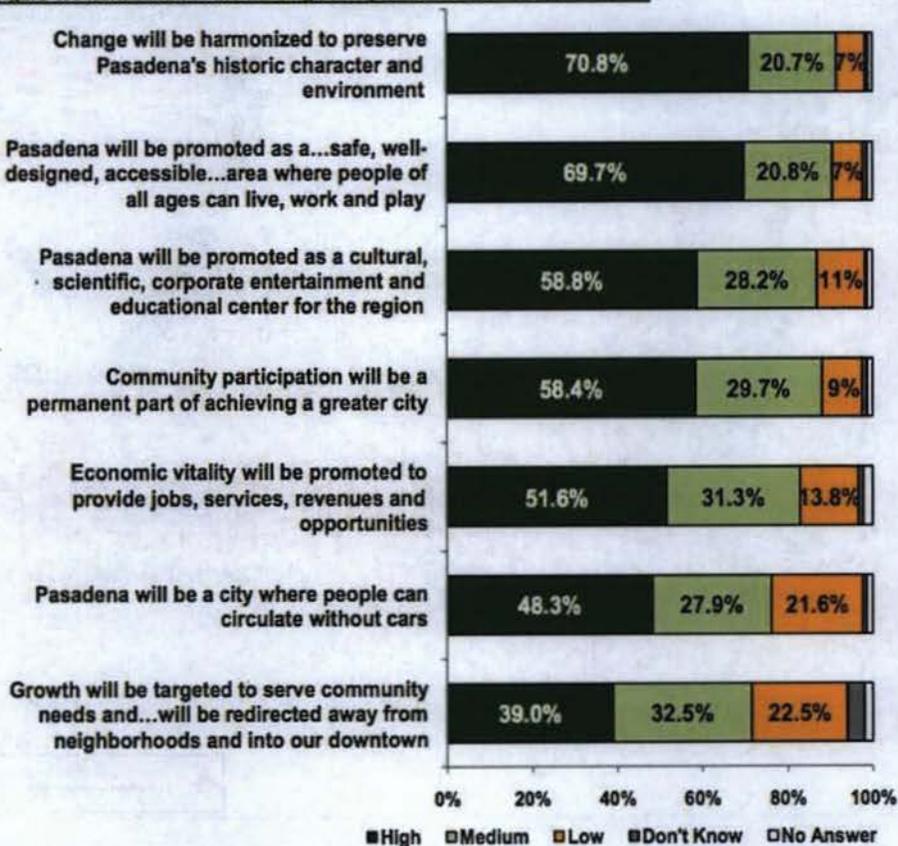
There is a major concern about what effect offering a density bonus to developers will have on the density and quality of life in Pasadena. The proposal to increase ILFs to such a large degree feels punitive and it contradicts the results from the Outreach Report and the Follow-up Survey. The concern is that the city is following the Four Alternatives without appropriate reference to the General Plan. Areas already targeted for higher density (seen in red on the following map) are bearing the burden of even higher density projects facilitated by density bonuses. If the ILF is increased so dramatically, the city will basically be forcing developers to build as densely as possible.



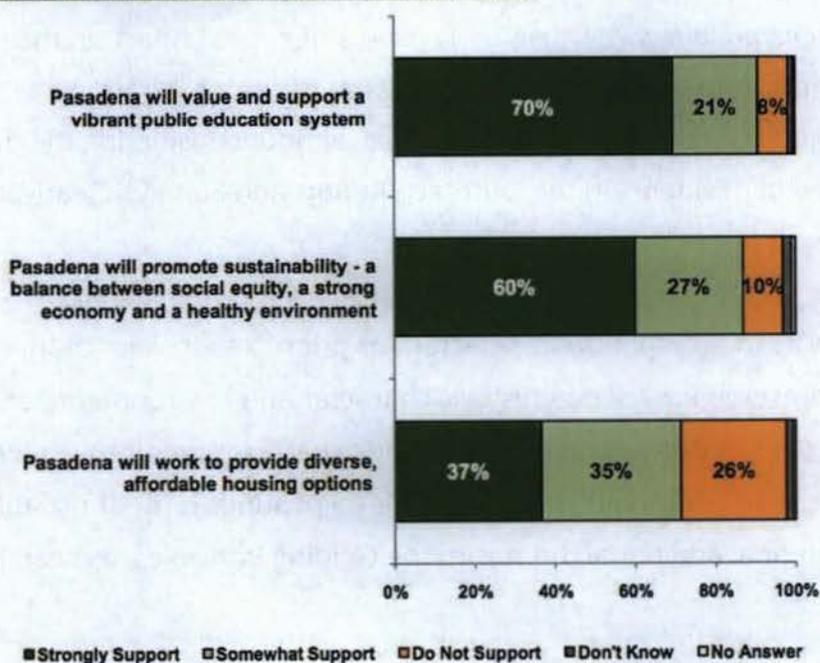
Larger, more dense buildings will absolutely have a negative impact on the quality of life of Pasadena residents. And troublingly, it appears that decisions regarding design and density are solely based on the four land use alternatives without considering the more subtle priorities selected by residents in the Outreach Report and Survey. Clearly, this is not what residents desire.

The highest priority that respondents selected for prioritization was "change will be harmonized to preserve Pasadena's historic character and environment," as seen in Figure 1 below. Higher density does not promote historic character or improve environment. It is also worth noting that respondents rated their level of support for affordable housing as the lowest of potential additional themes to the Guiding Principles, as seen below in Figure 2.

**Figure 1: Prioritization of the Guiding Principles of Pasadena's General Plan**



**Figure 2: Support for Additional Themes to the Guiding Principles**



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## Alternatives to the ILF Increase

If the city maintains ILF fees at current rates and focuses on schools and attractive housing in multiple areas, we can prevent a scenario where all new affordable housing will be in densely populated mega-developments that contribute to traffic headaches and un-neighborly communities. In addition, it would provide a solution consistent with the wishes of residents, as demonstrated by survey responses.

One affordable housing strategy is to improve schools in lagging areas. As Joel Kotkin, columnist and Executive Director of Opportunity Urbanism, suggests, “If the quality of individual schools becomes more equal across a city ... it won’t see prices continue to rise in some neighborhoods while stagnating in others—at least not to the extremes of recent years.”

Another strategy the city could employ is creating developments in multiple areas. Some of the most prized affordable housing developments throughout our city including Fair Oaks Court, Washington Parks Classic, Euclid Villa, Orange Grove Gardens, Hudson Oaks, and Herkimer Gardens are wonderful examples of the type of developments residents desire for their city while using ILF funds. They are attractive, architecturally outstanding, and provide for a unique neighborhood experience. They are gems to make any city resident proud and they reflect every aspect desired in the original Outreach Summary report (photos below).







## In Summary

The residents of Pasadena have clearly stated their preferences for a small-town feel, less traffic, historic architecture, and tree preservation, and we would like to see the proposed policies reflect those preferences. We question how the residents' stated passion to keep their way of life is being supported by city staff and council, and we request that the city not ignore the Outreach Report or Survey results.

We strongly recommend that the city council and staff not increase in-lieu fees and instead allow future ILF income to be spent throughout the city rather than indirectly spending that money on high-end developments. There are two clear reasons for this: first, the fees could

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be used in a more thoughtful plan for the entire city, and second, the increased density is not in line with the stated priorities of the residents.

We disagree with the policy of forcing developers to create on-site affordable housing in Area D, which will only benefit a few people, when we could be working towards helping a larger number of people throughout the city of Pasadena. Areas A, B, and C are good potential areas to help residents and improve living standards in a more cost-effective way.

There have been no new rental developments in Area A since 2001 (see Area chart on page 1). Similarly with condominiums, there have been no new projects in Area A and only three for Area C between 2009-2014. Why won't the city work to incentivize developers to help these residents in A, B and C improve their living standards?

In our opinion, the city needs to stop trying to force density and traffic in our already dense Central District. If developers are allowed to pay into a larger fund, the money from the ILF can provide capital for improvements throughout the city and not just one area. This can be done in a well-planned manner rather than ad hoc by development.