

Agenda Report

TO: CITY COUNCIL

DATE: MAY 1, 2000

FROM: CITY MANAGER

SUBJECT: STATUS REPORT ON THE GENERAL PLAN HOUSING ELEMENT,
WITH THE GENERAL PLAN LAND USE ELEMENT UPDATE AND
ZONING CODE REVISION

RECOMMENDATION: It is recommended that the City Council review and receive the following status report.

BACKGROUND: This report describes activities and issues related to preparation of the revised Housing Element of the General Plan (2000-2005), along with an update on events for the General Plan Update, Zoning Code Revision, and related activities.

The Housing Element for 2000-2005 is being prepared in a unified process coordinated by staff of the Planning and Permitting Department and the Housing and Development Department, to develop the primary policy and implementation documents for housing in the city. The documents are: General Plan Housing Element (2000-2005), Five-Year Implementation Plan (1999-2004, required by the State of California), and the Five-Year Consolidated Plan (2000-2005) and Five-Year Public Housing Authority Plan (both required by the federal Department of Housing and Urban Development). A series of five *Housing 2000* meetings has been held with stakeholders and others with an interest in housing policy in the city. The *Housing 2000* meetings provided a forum for discussion of several housing issues that will be addressed in the housing documents.

Housing 2000 Workshops

Five *Housing 2000* workshops have been held for discussion of the housing issues and programs that are addressed in the City's major housing documents.

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| February 22, 2000 | Provided an overview and presented an assessment of housing needs; |
| March 7, 2000 | Described existing housing programs; |
| March 21, 2000 | Continued discussion of existing housing problems and of gaps that need to be addressed; |

- April 11, 2000 Identified preliminary goals, objectives, and programs;
- April 25, 2000 Reviewed draft policies and programs.

Workshop participants have included a variety of people with an interest in housing, especially housing that is affordable to lower-income and moderate-income households and housing for people with special needs, including seniors.

The issues raised in the workshops will be addressed in a draft Housing Element, as well as in the other documents. The Planning Commission will hold a public hearing on the draft Element during June, after presentations of the Element to the Senior Commission, Human Services Commission, Northwest Commission, and Community Development Committee during May and June. The Council will consider the Housing Element, which will incorporate comments from the State Department of Housing and Community Development, in a public hearing early in Summer 2000. The Council Legislative Committee will have the opportunity to preview housing policies proposed in the Housing Element and other documents during May and June.

Housing Issues

Workshop participants have discussed a wide range of housing issues, including rising costs, housing for seniors and others with special needs, and the effects of escalating market demand on various Pasadena neighborhoods. The demand for housing and the attendant costs have increased dramatically during the past three years. Recent increases in the market rates for housing, both ownership and rental, have created additional pressure on people with limited resources. Further, the sizes of subsidies necessary to make new housing affordable have increased, but the available funding has not grown proportionately. And as the demand for rental housing has increased, units have become less available for those with Section 8 vouchers.

The demand for additional housing at all income levels is much greater than the supply that has been constructed during the past decade. In 1990, there were 53,032 dwelling units and a population of 131,591 people. In 1999, the estimated population had grown to 142,500, but the number of units had increased only to 54,236. Recently, private developer interest and non-profit efforts with new housing have focused primarily on producing upscale apartments in the Central District and housing for seniors.

The need for additional housing extends, however, across all income levels and family types. The city's households include a substantial number with very low and low incomes. There are approximately 53,000 households in the city:

- 27 percent are "very low income" (income of less than 50 percent of County median);
- 16 percent are "low income" (income between 50 and 80 percent of the County median);

- 19 percent are "moderate income" (income between 80 and 120 percent of County median);
- 38 percent are above moderate income (income above 120 percent of County median).

(The Los Angeles County median income for a household of four people is \$52,100.)

If the city is to continue offering a diversity of housing opportunities for all Pasadena households, two difficult topics require attention. The first relates to new construction in the city; the second recognizes new pressures on neighborhoods that historically have provided opportunities for lower- and moderate-income families.

First, with the knowledge that several hundred new downtown housing units are in the pipeline, workshop participants have discussed the need to leverage the very high interest in building upscale units to increase the number of units that are affordable to lower- and moderate-income residents. One possibility is requiring all residential development projects that involve a contractual relationship with the City (financial assistance or development agreement, for instance) to include units that are affordable at lower or moderate income levels. The mandatory inclusion of affordable units may increase use of the 25 percent, or 50 percent, bonus to project density the City allows for projects that include a specified share of lower-income or senior housing. (During the past five years, no density bonus units have been built. Currently, eleven affordable units using density bonus are under construction.) In most cases, the value of the density bonus is not equal to the cost of including affordable units, however, so costs will be absorbed elsewhere in the housing system. Local housing subsidy funds will not be sufficient for the number of affordable units that would be included. Staff will review the experience of other communities and the benefits and possible consequences of a mandatory inclusion program before making a recommendation to the Council.

A closely related proposal would require that nonresidential development pay a portion of the cost of providing housing for those who will work in the businesses on the site. In many cases, new businesses will require workers with lower or moderate incomes. The success of local businesses is enhanced by the local availability of employees. New employment increases the demand for housing in the area. Production of housing that is affordable for those employees could be assisted by payment of a fee based on the type and floor area of the nonresidential development. In addition, such a fee would help maintain parity in the sale value of land in the Central District, where both residential and nonresidential developers may be bidding for the same parcels. (If only the residential developer is required to carry the additional costs of affordable housing, residential developers may be at a disadvantage in bidding for development sites.)

Second, market interest in Pasadena's existing housing is increasing the desirability of neighborhoods and cost of housing where it has been less expensive in recent years.

residents, particularly lower income residents, being displaced by rising housing values and costs.

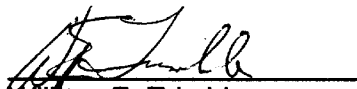
Upcoming Activities/Next Steps

Future meetings concerning the Housing Element are described above. A second citywide community meeting on the Land Use and Mobility Elements, Zoning Code Revision and Central District Specific Plan is being planned for late Spring 2000. The focus of this meeting will be on developing options to address the key planning and traffic issues that have been identified, as well as integrating the policies of the Housing Element.

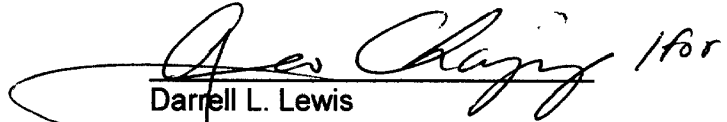
Respectfully submitted,


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