

Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: JULY 9, 2001

FROM: CITY ATTORNEY

SUBJECT: AN ORDINANCE REQUIRING THAT RESIDENTIAL AND MIXED-USE PROJECTS OF 10 OR MORE UNITS INCLUDE A SHARE OF HOUSING UNITS THAT ARE AFFORDABLE TO LOW AND MODERATE-INCOME HOUSEHOLDS (INCLUSIONARY UNITS).

TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA AMENDING TITLE 17 (THE ZONING CODE) TO REQUIRE INCLUSIONARY HOUSING

PURPOSE OF ORDINANCE:

This Ordinance, as revised July 9, 2001 (red-lined version in Exhibit I compares changes from the June 25, 2001 version), implements and codifies the Inclusionary Housing Code Amendment approved by the City Council on April 23, 2001. The Inclusionary Housing Code Amendment to Title 17 requires newly constructed residential development projects and mixed-use housing projects with ten or more units to include a share of units that are affordable to low and moderate-income households (inclusionary units). The Amendment requires that the number of inclusionary units equal fifteen percent of the total number of units. As alternatives to constructing inclusionary units on the primary development site, an applicant may choose: (1) to construct the units on another site, (2) to pay a fee in lieu of constructing or providing the units, or (3) to donate a site for development.

ALTERNATIVE PROVISIONS OF PROPOSED ORDINANCE:

The City Council on April 23, 2001 also requested for its consideration, preparation of alternative provisions to the proposed ordinance consistent with the following Planning Commission recommendations: (1) newly constructed or substantially rehabilitated

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residential or mixed-use projects of ten or more units to include a share of units that are affordable to very low, low and moderate-income households (inclusionary units); and, (2) the number of inclusionary units equal fifteen percent of the total units for projects of 10-200 units and twenty percent of the total units for projects of 201 units or more. The alternative provisions have been prepared should the City Council choose to substitute these conditions for the proposed fifteen percent low and moderate-income inclusionary requirement. These provisions are reflected in Exhibit II. Based on a review of the financial implications of the alternative provisions staff is not recommending these changes. The impact on land value and housing development cost is significantly greater than the proposed fifteen percent low and moderate-income inclusionary housing requirement.

REASON WHY LEGISLATION IS NEEDED:

This legislation is needed to amend the Zoning Code in order to substantially advance the interest of affordable housing. Presently, the vast majority of new market rate multi-family rental developments and for-sale ownership units in Pasadena are not affordable to lower and moderate-income households. Moreover, market conditions, including the high cost of residential land, construction costs and financing costs make development of affordable housing difficult. This legislation requires newly constructed residential development projects and mixed-use housing projects with ten or more units to include a share of units that are affordable to low and moderate-income households (inclusionary units) and thus promote the provision of affordable housing opportunities.

PROGRAM, DEPARTMENTS, OR GROUPS AFFECTED:

The Planning and Permitting Department and Housing and Development Department will collectively implement the proposed ordinance.

ENVIRONMENTAL:

The Environmental Administrator has determined on the basis of an initial study on file with the Planning Division Office that the proposed Amendment could not have a significant effect on the environment. A Negative Declaration has been prepared.

REGULATIONS, IN-LIEU FEES AND AFFORDABLE HOUSING COST:

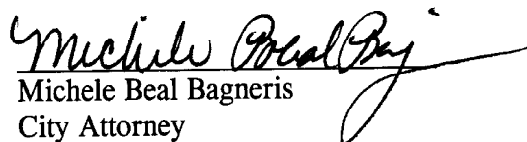
Transmitted for review under a separate cover are the draft Inclusionary Housing Code Amendment Regulations, In-Lieu Fee Schedule and Affordable Housing Cost Chart. The Regulations set forth the procedures for implementing the Inclusionary Housing Code Amendment and fully define each alternative including the specific criteria/standards necessary for their application. The In-Lieu Fee Schedule provides for the payment in lieu constructing the inclusionary units by tenure (ownership & rental), geographic area and project size (small projects - 10-50 units; large projects -

51+ units). The Affordable Housing Cost Chart stipulates the estimated affordable sale prices and rents in accordance with the Area Median Income for Los Angeles County by both number of bedrooms and household size. These items were presented to the Planning Commission for review and comment on June 27, 2001 and will be submitted to the City Council on July 16, 2001 for approval at the second reading of the Ordinance.


FISCAL IMPACTS:

It is anticipated that the land value for properties being marketed for residential development may decline from current sale prices based on the associated cost for compliance with the proposed Inclusionary Housing Code Amendment. The proposed cost of providing inclusionary units equates to a potential 23-29% reduction in land prices, an amount which is likely to be regained in 2.5-3 years by the continued appreciation of land values. Two financial alternatives are the dedication of land or payment of a fee in-lieu of constructing the inclusionary units. The actual payment of the applicable in-lieu fee or dedication of land is at the discretion of the Developer(s). The potential amount of new revenue or the value of real estate assets dedicated to the General Fund (Inclusionary Housing Trust Fund) cannot be determined at this time.

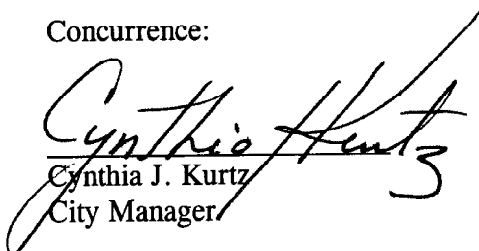
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