

Agenda Report

DATE: OCTOBER 22, 2001
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: AMENDMENT TO THE SCHEDULE OF TAXES, FEES, AND CHARGES (INCLUSIONARY HOUSING IN-LIEU FEE SCHEDULE)

RECOMMENDATIONS

It is recommended that the City Council:

1. Adopt a resolution amending the Inclusionary Housing In-lieu Fee Schedule and
2. Adopt a resolution amending the FY 2001-2002 Schedule of Taxes, Fees, and Charges to include the In-lieu Fee Schedule, as amended.

EXECUTIVE SUMMARY

This action will establish as part of the city Schedule of Taxes, Fees, and Charges the in-lieu fees to be charged by the City during the current fiscal year to implement Section 17.71.050 of the Pasadena Municipal Code (Inclusionary Housing Ordinance) which allows a developer to satisfy the requirements of the Inclusionary Housing Ordinance by payment of a fee in-lieu constructing inclusionary housing units. The in-lieu fees pertain to Residential Developments, as that term is defined in Section 17.71.020 of the Ordinance shall take effect 60 days from date of adoption. Collected in-lieu fees shall be deposited in the Inclusionary Housing Trust Fund and will be used for the specific purpose of assisting in the development of housing that is affordable to low and moderate-income households.

BACKGROUND

On July 16, 2001, the City Council adopted the Inclusionary Housing Ordinance requiring residential and mixed-use projects of ten or more units provide that 15 percent of all newly constructed units be affordable to low and moderate-income households. The Ordinance supplements and encourages the availability of affordable housing in the city. The Ordinance also provides alternatives to constructing the required "inclusionary units" on the primary development site. The three alternatives are: construct the units on another site, donate a site for the construction of such units, or pay a fee in lieu of building the units. On September 10,

2001, the City Council adopted a resolution setting the amount and schedule for in-lieu fee payments as an alternative to the construction of the inclusionary units. However, at that time, the City Council did not provide for an amendment of the Schedule of Taxes, Fees, and Charges to reflect this new fee.

The Schedule of Taxes, Fees, and Charges is the catalog of city fees and ensures an annual review to determine whether fees should be adjusted, and if so, how much. Annually, each department, with the assistance of Finance staff, conducts a review of the fees and makes recommendations for fee increases or decreases, to ensure that fees charged fully and accurately reflect the related costs.

The In-Lieu Fee Schedule was determined pursuant to the financial analysis performed by Keyser Marston Associates, Inc (KMA) and will be adjusted annually based on related real estate market changes. The In-lieu Fee Schedule was derived from the In-lieu Fee Analysis, dated April 2, 2001, and Supplemental Analyses, dated April 9, 2001, April 23, 2001, and August 23, 2001 prepared by KMA. Additionally, subsequent to the City Council's action adopting the In-Lieu Fee Schedule on September 10, 2001, it was noted that the in-lieu fees for Rental Sub areas C & D were inadvertently transposed. The necessary adjustment to the fee schedule are detailed in the KMA Supplemental Report dated September 12, 2001 (Attachment A). The corrected in-lieu fees are set forth in the attached In-lieu Fee Schedule (Exhibit A & B) and displayed by tenure (ownership & rental), geographic area and project size (small projects - 10-49 units; large projects - 50+ units).

Additionally, due to the limited availability of information for newly constructed multi-family rental developments within Sub-areas A of the Rental Sub-area Map, the applicable in-lieu fee for this sub area will be determined upon the application for a discretionary approval of a rental housing development of ten units or more.

FISCAL IMPACT

The In-lieu Fee Schedule is new to the Schedule of Taxes, Fees, and Charges for this year. The amount of in-lieu fees that will be deposited into the Inclusionary Housing Trust Fund during the remainder of this year cannot be determined at this time and will depend on the receipt of the applicable discretionary approval(s) for currently proposed residential developments.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Prepared by:



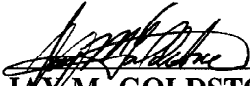
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