

**APPENDIX A  
MARKET DATA**

APPENDIX A - TABLE 1A

MARKET RENT COMPARABLES BY PROJECT (SUBAREA C)  
INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$ / SF
1 Terraces at Paseo Colorado 375 East Green Street, 91101	2002	391	1/1	\$1,670	520	\$3.21
			1/1	\$1,800	720	\$2.50
			2/1	\$2,700	1,025	\$2.63
2 San Pasqual Apartments 975 San Pasqual Street, 91106	1973 2000	86	1/1	\$1,425	800	\$1.78
			1/1	\$1,675	1,027	\$1.63
			2/2	\$1,775	1,065	\$1.67
			2/2	\$2,075	1,300	\$1.60
3 Monterra Del Mar 280 East Del Mar Blvd, 91101	1974 2000	123	1/1	\$1,345	660	\$2.04
			1/1	\$1,405	790	\$1.78
			2/1	\$1,540	975	\$1.58
4 Buena Vista Apartments 300 East Bellevue Drive, 91101	1973 2000	92	1/1	\$1,349	670	\$2.01
			1/1	\$1,349	800	\$1.69
			2/2	\$1,549	917	\$1.69
			2/2	\$1,579	962	\$1.64
			2/2	\$1,639	1,107	\$1.48
5 Monterra Del Rey 350 South Madison Avenue, 91101	1972 2000	84	1/1	\$1,440	820	\$1.76
			2/2	\$1,590	1,000	\$1.59
			2/2	\$1,630	1,050	\$1.55
6 Arpeggio at Pasadena 325 Cordova Street, 91101	2002	135	1/1	\$1,520	560	\$2.71
			1/1	\$1,695	629	\$2.69
			1/1	\$1,895	919	\$2.06
			2/1	\$2,150	1,036	\$2.08
			2/1	\$2,280	1,095	\$2.08
7 Archstone Pasadena 25 S Oak Knoll Ave, 91101	2004	120	1/1	\$1,671	682	\$2.45
			1/1	\$1,710	710	\$2.41
			1/1	\$1,796	750	\$2.39
			1/1	\$1,796	750	\$2.39
			1/1	\$1,897	770	\$2.46
			2/2	\$2,479	1,106	\$2.24
8 Monterra Del Sol 280 South Euclid Ave, 91101	1972 2000	85	1/1	\$1,415	700	\$2.02
			1/1	\$1,450	820	\$1.77
			2/2	\$1,640	990	\$1.66
			2/2	\$1,775	1,180	\$1.50
9 Old Pasadena Collection 65 W Dayton Street, 91105	2004	90	1/1	\$1,750	600	\$2.92
			1/1	\$1,895	600	\$3.16
			2/2	\$2,095	950	\$2.21
			2/2	\$2,395	950	\$2.52

	Sample Size	Average Unit Size	Minimum Rent	Maximum Rent	Median Rent	Weighted Average Rent / SF
One-Bedroom Units	21	728	\$1,345	\$1,897	\$1,671	\$2.22
Two-Bedroom Units	17	1,044	\$1,540	\$2,700	\$1,775	\$1.89

Source: Rentnet.com, 08/11/05.

APPENDIX A - TABLE 1B

MARKET RENT COMPARABLES BY PROJECT (SUBAREA D)  
INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
PASADENA, CALIFORNIA

Project	Year Built	Total Units	Unit Type	Monthly Rent	Unit Size (SF)	\$ / SF
1 Trio 44 N Madison, 91101	2005	304	1/1	\$1,825	791	\$2.31
			1/1	\$1,875	725	\$2.59
			2/2	\$2,465	1,108	\$2.22
			2/2	\$2,675	1,103	\$2.43
			2/2	\$2,715	1,198	\$2.27
2 Holly Street Village Apartments 151 East Holly Street, 91103	1994	374	1/1	\$1,585	550	\$2.88
	2003		1/1	\$1,730	667	\$2.59
			1/1	\$1,955	830	\$2.36
			2/1	\$2,260	963	\$2.35
			2/1	\$2,365	1,020	\$2.32
			2/1	\$2,505	1,099	\$2.28
3 City Place 801 East Walnut Street, 91101	2001	214	1/1	\$1,650	681	\$2.42
			1/1	\$1,740	800	\$2.18
			1/1	\$1,900	809	\$2.35
			1/1	\$2,190	914	\$2.40
			2/1	\$1,925	893	\$2.16
			2/2	\$2,430	1,104	\$2.20
			2/2	\$2,680	1,239	\$2.16
4 Arcappella Pasadena 160 E Corson Street, 91103	2002	143	1/1	\$1,499	562	\$2.67
			1/1	\$1,599	623	\$2.57
			1/1	\$1,850	917	\$2.02
			2/2	\$1,899	1,002	\$1.90
			2/2	\$2,200	1,032	\$2.13
			2/2	\$2,300	1,087	\$2.12

	Sample Size	Unit Size	Minimum Rent	Maximum Rent	Median Rent	Weighted Average Rent / SF
One-Bedroom Units	12	739	\$1,499	\$2,190	\$1,783	\$2.41
Two-Bedroom Units	12	1,071	\$1,899	\$2,715	\$2,398	\$2.21

Source: Rentnet.com, 08/11/05.

APPENDIX A - TABLE 2A

NEW ATTACHED OWNERSHIP PROJECTS (SUBAREA A)  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

<u>Name &amp; Address</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Unit Type</u>	<u>Base Price</u>	<u>SF / Unit</u>	<u>\$ / SF</u>
1 Delacey at Green Green St & Delacey Ave, 91105 Plex	2005	60	2/2	\$620,000	1,161	\$534
			2/2	\$675,000	1,244	\$543
			2/2	\$672,600	1,425	\$472
			2/2	\$730,000	1,448	\$504
			2/2	\$745,000	1,598	\$466
			2/2	\$755,256	1,598	\$473
			2/2	\$795,000	1,619	\$491
			2/2	\$970,000	2,020	\$480
			2/2	\$957,216	2,028	\$472
			2/2	\$1,026,128	2,174	\$472
			2/2	\$1,125,000	2,187	\$514

	<u>Sample Size</u>	<u>Average Unit Size</u>	<u>Minimum Price</u>	<u>Maximum Price</u>	<u>Average Price</u>	<u>Average Price/Sf</u>
2-Bedroom Units	11	1,682	\$620,000	\$1,125,000	\$824,700	\$490

Source: The Meyers Group, 06/30/05.

**APPENDIX A - TABLE 2B**

**NEW ATTACHED OWNERSHIP PROJECTS (SUBAREA C)  
INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
PASADENA, CALIFORNIA**

<u>Name &amp; Address</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Unit Type</u>	<u>Base Price</u>	<u>SF / Unit</u>	<u>\$ / SF</u>
1 Artisan Square N Altadena Dr & E Villa, 91107 Condo	2004	52	2/2.5	\$465,990	1,161	\$401
			2/2.5	\$475,990	1,247	\$382
			2/2.5	\$507,990	1,435	\$354
			2/2.5	\$560,025	1,498	\$374
			2/2.5	\$599,780	1,499	\$400
			2/2.5	\$612,990	1,717	\$357

	<u>Sample Size</u>	<u>Average Unit Size</u>	<u>Minimum Price</u>	<u>Maximum Price</u>	<u>Average Price</u>	<u>Average Price/Sf</u>
2-Bedroom Units	6	1,426	\$466,000	\$613,000	\$537,100	\$377

Source: The Meyers Group, 06/30/05.

**APPENDIX A - TABLE 2C**

**NEW ATTACHED OWNERSHIP PROJECTS (SUBAREA D)  
INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
PASADENA, CALIFORNIA**

<u>Name &amp; Address</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Unit Type</u>	<u>Base Price</u>	<u>SF / Unit</u>	<u>\$ / SF</u>
<b>1 El Molino Terrace</b> Corson St & S Lake Ave, 91101 Condo	2004	77	1/1	\$157,990	455	\$347
			1/1	\$251,990	655	\$385
			1/1+Den	\$291,990	850	\$344
			2/2	\$329,990	920	\$359
			3/2	\$423,990	1,285	\$330
<b>2 Quattro Blu</b> Delacey & Colorado Blvd, 91101 Condo	2004	53	2/2	\$551,780	1,121	\$492
			3/3	\$533,700	1,428	\$374
			2/3+Den	\$665,600	1,604	\$415
			2/3+Den	\$656,250	1,653	\$397

	<u>Sample Size</u>	<u>Average Unit Size</u>	<u>Minimum Price</u>	<u>Maximum Price</u>	<u>Average Price</u>	<u>Average Price/Sf</u>
<b>1-Bedroom Units</b>	2	555	\$158,000	\$252,000	\$205,000	\$369
<b>2-Bedroom Units</b>	3	964	\$292,000	\$551,800	\$391,300	\$406
<b>3-Bedroom Units</b>	4	1,493	\$424,000	\$665,600	\$569,900	\$382

Source: The Meyers Group, 06/30/05.

**APPENDIX B**  
**2005 AFFORDABLE RENTS AND SALES PRICES**

APPENDIX B - TABLE 1

AFFORDABLE RENT CALCULATION  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

	<u>1-Bdrm</u>	<u>2-Bdrm</u>
I. <b>2005 Los Angeles County Median Income</b>	\$44,100	\$49,600
II. <b><u>Low Income Rents</u></b>		
Household Income @ 80% Median	\$35,280	\$39,680
Income Allotted to Housing @ 30% of Income	\$10,580	\$11,900
Maximum Monthly Housing Cost	\$882	\$992
(Less) Monthly Utility Allowance <sup>1</sup>	(53)	(68)
<b>Maximum Monthly Rent</b>	<b>\$829</b>	<b>\$924</b>
III. <b><u>Moderate Income Rents</u></b>		
Household Income @ 120% Median	\$52,920	\$59,520
Income Allotted to Housing @ 30% of Income	\$15,880	\$17,860
Maximum Monthly Housing Cost	\$1,323	\$1,488
(Less) Monthly Utility Allowance <sup>1</sup>	(53)	(68)
<b>Maximum Monthly Rent</b>	<b>\$1,270</b>	<b>\$1,420</b>
IV. <b><u>Weighted Average Affordable Rents</u></b>		
Low Income Rents	\$829	\$924
Low Income Inclusionary Requirement	10%	10%
% of Total Affordable Units	67%	67%
Moderate Income Rents	\$1,270	\$1,420
Moderate Income Inclusionary Requirement	5%	5%
% of Total Affordable Units	33%	33%
<b>Weighted Average Affordable Rents</b>	<b>\$976</b>	<b>\$1,089</b>

<sup>1</sup> Assumes that the tenants will pay for interior utilities costs. Utility allowances based on current Pasadena Housing Authority estimates.



APPENDIX B - TABLE 2

AFFORDABLE SALE PRICE CALCULATIONS  
 MODERATE INCOME  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
I. 2005 Los Angeles County Median Income	\$44,100	\$49,600	\$55,100
II. <u>Moderate Income Sales Prices</u>			
Household Income as % of Median	110%	110%	110%
Household Income	\$48,510	\$54,560	\$60,610
Income Allotted to Housing @ 40% of Income	\$19,400	\$21,820	\$24,240
<u>Ongoing Expenses</u>			
Maintenance & Insurance	\$1,800	\$1,800	\$1,800
Utilities <sup>1</sup>	984	1,248	1,380
Property Taxes @ 1.1% of Affordable Price	2,240	2,530	2,840
<b>Total Ongoing Expenses</b>	<b>\$5,024</b>	<b>\$5,578</b>	<b>\$6,020</b>
<b>Income Available for Mortgage</b>	<b>\$14,376</b>	<b>\$16,242</b>	<b>\$18,220</b>
<u>Affordable Housing Price</u>			
Supportable Mortgage @ 6.31% Interest <sup>2</sup>	\$193,300	\$218,400	\$245,000
Home Buyer Down Payment @ 5% of Affordable Price	10,200	11,500	12,900
<b>Maximum Purchase Price</b>	<b>\$203,500</b>	<b>\$229,900</b>	<b>\$257,900</b>

<sup>1</sup> Assumes that the home buyers will pay for their interior utility costs as well as water, sewer and trash costs. Utility allowances are based on current Pasadena Housing Authority estimates.

<sup>2</sup> Based on the FNMA 30-year fixed mortgage interest rate plus a 50 basis points margin.

**APPENDIX C**  
**RENTAL IN-LIEU FEE WORKSHEETS**

APPENDIX C - TABLE 1

RENTAL PROJECT - SUBAREA C <sup>1</sup>

10% LOW INCOME AND 5% MODERATE INCOME ON-SITE INCLUSIONARY REQUIREMENT

INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION

PASADENA, CALIFORNIA

I. On-Site Inclusionary Requirement

A. Number of On-Site Inclusionary Units

Total Project Units	100
Inclusionary Requirement	15%
<b>Total On-Site Inclusionary Units (Round-up)</b>	<b>15</b>

B. Unit Distribution

	Total Project Units	% of Total Units	Inclusionary Units
One-bedroom Units	50	50%	8
Two-bedroom Units	50	50%	7
<b>Totals</b>	<b>100</b>	<b>100%</b>	<b>15</b>

II. Affordability Gap Calculation

A. Rents

	Market Rents	Wtd. Average Affordable Rents <sup>2</sup>	Difference
One-bedroom Units	\$1,800	\$976	\$824
Two-bedroom Units	\$2,360	\$1,089	\$1,271

B. Effective Gross Income

	100% Market Rate	15% Affordable	Difference
Rental Income	\$2,496,000	\$2,310,130	\$185,870
(Less) Vacancy Allowance @ 5% Income	(124,800)	(115,510)	(9,290)
<b>Effective Gross Income</b>	<b>\$2,371,200</b>	<b>\$2,194,620</b>	<b>\$176,580</b>

C. Operating Expenses <sup>3</sup>

	100% Market Rate	15% Affordable	Difference
General Operating Expenses	\$300,000	\$300,000	\$0
Property Management Fee	118,560	109,730	8,830
Property Taxes	322,900	295,000	27,900
Reserves	15,000	15,000	0
<b>Total Operating Expenses</b>	<b>\$756,460</b>	<b>\$719,730</b>	<b>\$36,730</b>

D. Net Operating Income

	\$1,614,740	\$1,474,890	\$139,850
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E. Affordability Gap

Net Operating Income	\$1,614,740	\$1,474,890	\$139,850
Capitalization Rate	5.5%	5.5%	
<b>Project Value</b>	<b>\$29,359,000</b>	<b>\$26,816,000</b>	<b>\$2,543,000</b>
Per Unit	\$293,600	\$268,200	\$25,400

III. In-Lieu Fee

Total		\$2,543,000
Per Square Foot of Gross Building Area <sup>4</sup>	85,000 Square Feet GBA	\$30

<sup>1</sup> Project size, unit distribution and market rent assumptions based on the Subarea C market research.

<sup>2</sup> See APPENDIX B - TABLE 1.

<sup>3</sup> General operating expenses equal \$3,000/unit. Property management fees equal 5% of effective gross income. Property tax set at 1.1% of the project value. Reserves equal \$150/unit.

<sup>4</sup> Assumes the following unit sizes: 700 Sf/1-Bdrm unit and 1,000 Sf/2-Bdrm unit.

APPENDIX C - TABLE 2

RENTAL PROJECT - SUBAREA D <sup>1</sup>

10% LOW INCOME AND 5% MODERATE INCOME ON-SITE INCLUSIONARY REQUIREMENT

INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION

PASADENA, CALIFORNIA

I. On-Site Inclusionary Requirement

A. Number of On-Site Inclusionary Units

Total Project Units	100
Inclusionary Requirement	15%
<b>Total On-Site Inclusionary Units (Round-up)</b>	<b>15</b>

B. Unit Distribution

	Total Project Units	% of Total Units	Inclusionary Units
One-bedroom Units	50	50%	8
Two-bedroom Units	50	50%	7
<b>Totals</b>	<b>100</b>	<b>100%</b>	<b>15</b>

II. Affordability Gap Calculation

	Market Rents	Wtd. Average Affordable Rents <sup>2</sup>	Difference
A. <u>Rents</u>			
One-bedroom Units	\$1,710	\$976	\$734
Two-bedroom Units	\$2,300	\$1,089	\$1,211

	100% Market Rate	15% Affordable	Difference
B. <u>Effective Gross Income</u>			
Rental Income	\$2,406,000	\$2,233,810	\$172,190
(Less) Vacancy Allowance @ 5% Income	(120,300)	(111,690)	(8,610)
<b>Effective Gross Income</b>	<b>\$2,285,700</b>	<b>\$2,122,120</b>	<b>\$163,580</b>

C. <u>Operating Expenses</u> <sup>3</sup>			
General Operating Expenses	\$300,000	\$300,000	\$0
Property Management Fee	114,290	106,110	8,180
Property Taxes	309,400	283,500	25,900
Reserves	15,000	15,000	0
<b>Total Operating Expenses</b>	<b>\$738,690</b>	<b>\$704,610</b>	<b>\$34,080</b>

D. <u>Net Operating Income</u>	<b>\$1,547,010</b>	<b>\$1,417,510</b>	<b>\$129,500</b>
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E. <u>Affordability Gap</u>			
Net Operating Income	\$1,547,010	\$1,417,510	\$129,500
Capitalization Rate	5.5%	5.5%	
<b>Project Value</b>	<b>\$28,127,000</b>	<b>\$25,773,000</b>	<b>\$2,354,000</b>
Per Unit	<b>\$281,300</b>	<b>\$257,700</b>	<b>\$23,500</b>

III. <u>In-Lieu Fee</u>		
Total		<b>\$2,354,000</b>
Per Square Foot of Gross Building Area <sup>4</sup>	85,000 Square Feet GBA	<b>\$28</b>

<sup>1</sup> Project size, unit distribution and market rent assumptions based on the Subarea D market research.

<sup>2</sup> See APPENDIX B - TABLE 1.

<sup>3</sup> General operating expenses equal \$3,000/unit. Property management fees equal 5% of effective gross income. Property tax set at 1.1% of the project value. Reserves equal \$150/unit.

<sup>4</sup> Assumes the following unit sizes: 700 Sf/1-Bdrm unit and 1,000 Sf/2-Bdrm unit.

**APPENDIX D**  
**OWNERSHIP IN-LIEU FEE WORKSHEETS**

APPENDIX D - TABLE 1

OWNERSHIP PROJECT (TWO-BEDROOM UNITS) <sup>1</sup>  
 SUBAREA A  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

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<b>I. <u>On-Site Inclusionary Requirement</u></b>		
Total Project Units		60
Inclusionary Requirement		15%
<b>Total On-Site Inclusionary Units (Round-up)</b>		<b>9</b>
<b>II. <u>Affordability Gap / Unit</u></b>		
Market Price <sup>2</sup>		\$824,700
Maximum Affordable Price <sup>3</sup>		229,900
		<hr/>
<b>Affordability Gap Per Unit</b>		<b>\$594,800</b>
<b>III. Total Affordability Gap</b>		<b>\$5,353,000</b>
<b>IV. In-Lieu Fee</b>		
Per Total Unit		\$89,200
Per Square Foot of Gross Building Area <sup>4</sup>		\$53

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<sup>1</sup> Project size, unit distribution and market rate sales price assumptions based on Subarea A market research.

<sup>2</sup> Assumes the typical two-bedroom unit equals 1,682 sf.

<sup>3</sup> See APPENDIX B - TABLE 2.

<sup>4</sup> Gross building area equals 100,920 square feet.

APPENDIX D - TABLE 2

OWNERSHIP PROJECT (TWO-BEDROOM UNITS) <sup>1</sup>  
 SUBAREA B  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

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<b>I. <u>On-Site Inclusionary Requirement</u></b>		
Total Project Units		60
Inclusionary Requirement		15%
<b>Total On-Site Inclusionary Units (Round-up)</b>		<b>9</b>
<b>II. <u>Affordability Gap / Unit</u></b>		
Market Price <sup>2</sup>		\$447,900
Maximum Affordable Price <sup>3</sup>		229,900
<b>Affordability Gap Per Unit</b>		<b>\$218,000</b>
<b>III. Total Affordability Gap</b>		<b>\$1,962,000</b>
<b>IV. In-Lieu Fee</b>		
Per Total Unit		\$32,700
Per Square Foot of Gross Building Area <sup>4</sup>		\$19

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<sup>1</sup> Project size, unit distribution and market rate sales price assumptions based on Subarea B market research.

<sup>2</sup> Assumes the typical two-bedroom unit equals 1,682 sf.

<sup>3</sup> See APPENDIX B - TABLE 2.

<sup>4</sup> Gross building area equals 100,920 square feet.

APPENDIX D - TABLE 3

OWNERSHIP PROJECT (TWO-BEDROOM UNITS) <sup>1</sup>  
 SUBAREA C  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

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<b>I. <u>On-Site Inclusionary Requirement</u></b>		
Total Project Units		60
Inclusionary Requirement		15%
<b>Total On-Site Inclusionary Units (Round-up)</b>		<b>9</b>
<b>II. <u>Affordability Gap / Unit</u></b>		
Market Price <sup>2</sup>		\$537,100
Maximum Affordable Price <sup>3</sup>		229,900
		<hr/>
<b>Affordability Gap Per Unit</b>		<b>\$307,200</b>
<b>III. Total Affordability Gap</b>		<b>\$2,765,000</b>
<b>IV. In-Lieu Fee</b>		
Per Total Unit		\$46,100
Per Square Foot of Gross Building Area <sup>4</sup>		\$32

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<sup>1</sup> Project size, unit distribution and market rate sales price assumptions based on Subarea C market research.

<sup>2</sup> Assumes the typical two-bedroom unit equals 1,426 sf.

<sup>3</sup> See APPENDIX B - TABLE 2.

<sup>4</sup> Gross building area equals 85,570 square feet.



APPENDIX D - TABLE 4

OWNERSHIP PROJECT (TWO-BEDROOM UNITS) <sup>1</sup>  
 SUBAREA D  
 INCLUSIONARY HOUSING IN-LIEU FEE CALCULATION  
 PASADENA, CALIFORNIA

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<b>I. <u>On-Site Inclusionary Requirement</u></b>		
Total Project Units		60
Inclusionary Requirement		15%
<b>Total On-Site Inclusionary Units (Round-up)</b>		<b>9</b>
<b>II. <u>Affordability Gap / Unit</u></b>		
Market Price <sup>2</sup>		\$391,300
Maximum Affordable Price <sup>3</sup>		229,900
<b>Affordability Gap Per Unit</b>		<b>\$161,400</b>
<b>III. Total Affordability Gap</b>		<b>\$1,453,000</b>
<b>IV. In-Lieu Fee</b>		
Per Total Unit		\$24,200
Per Square Foot of Gross Building Area <sup>4</sup>		\$25

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<sup>1</sup> Project size, unit distribution and market rate sales price assumptions based on Subarea D market research.

<sup>2</sup> Assumes the typical two-bedroom unit equals 964 sf.

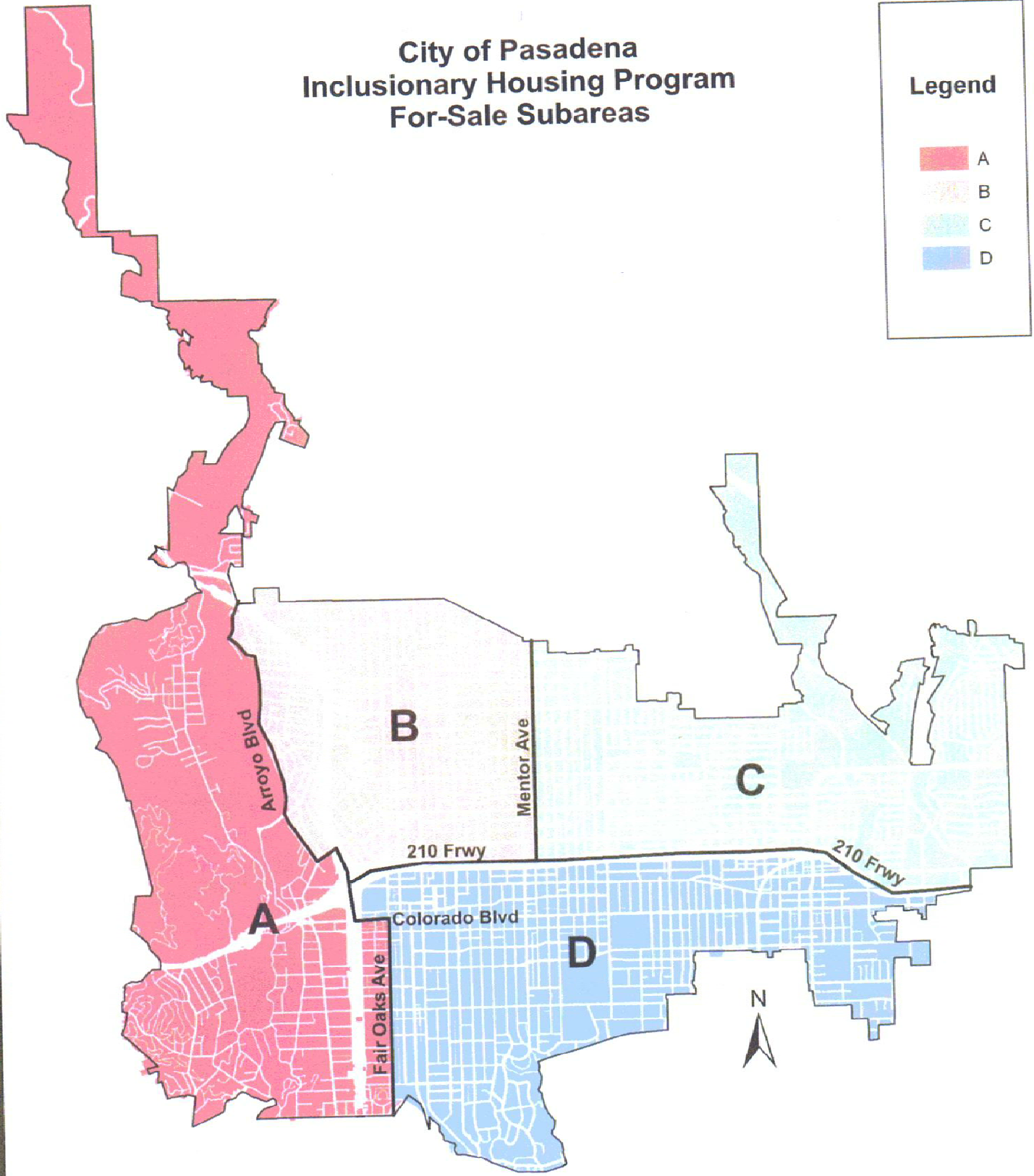
<sup>3</sup> See APPENDIX B - TABLE 2.

<sup>4</sup> Gross building area equals 57,820 square feet.

# City of Pasadena Inclusionary Housing Program For-Sale Subareas





## Legend

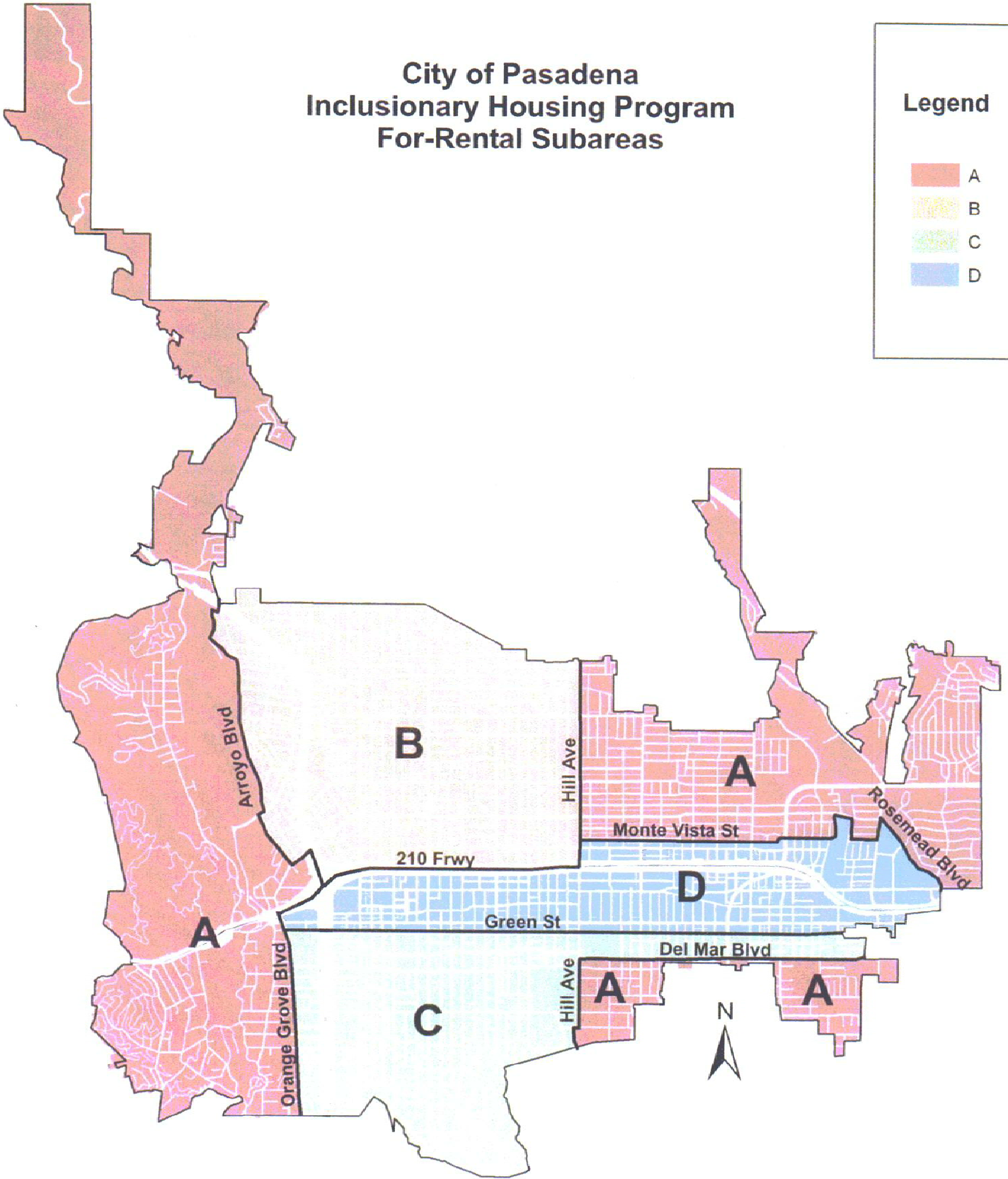
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- C
- D



# City of Pasadena Inclusionary Housing Program For-Rental Subareas

## Legend

-  A
-  B
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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AMENDING THE INCLUSIONARY HOUSING REGULATIONS AND THE IN-LIEU FEE SCHEDULE IMPLEMENTING CHAPTER 17.42 OF THE REVISED ZONING CODE**

WHEREAS, the City Council of the City of Pasadena has adopted Ordinance No. \_\_\_\_\_ revising Chapter 17.42 (hereinafter, "Chapter 17.42") to Title 17 (revised Zoning Ordinance) of the Pasadena Municipal Code to require Inclusionary Units in accordance with procedures and standards set forth in the City of Pasadena Inclusionary Housing Regulations; and

WHEREAS, Chapter 17.42 establishes standards and procedures that encourage the development of housing affordable to a range of households with varying income levels; and

WHEREAS, Section 17.42.020(A) of Chapter 17.42 of Title 17 entitled, Additional Regulations, requires that the City Council establish regulations for the implementation of Chapter 17.421; and

WHEREAS, Section 17.42.050 of Chapter 17.42 provides that the City Council shall establish by resolution a fee schedule for calculation of a fee which may be paid to the City in-lieu of developing the Inclusionary Units otherwise required by Chapter 17.42; and

WHEREAS, City Council has considered the amount of the in-lieu fee at a public meeting held on January 30, 2006; and

WHEREAS, in determining the amount of the in-lieu fee the City Council has considered all evidence, written and oral, presented to it, including but not limited to the In-Lieu Fee Analysis prepared by Keyser Marston Associates, Inc., dated October 5, 2005.

NOW, THEREFORE, the City Council of the City of Pasadena hereby finds, determines and resolves as follows:

Section 1. The above recitals are all true and correct.

Section 2. All defined terms herein, as indicated by initial capitalization, shall have the same meanings as in Chapter 17.42, unless otherwise indicated.

Section 3. Pursuant to Section 17.42.020 of Chapter 17.42 of Title 17 of the Pasadena Municipal Code, the City Council hereby adopts THE AMENDMENTS TO INCLUSIONARY HOUSING REGULATIONS attached hereto as Exhibit A and incorporated herein by this reference.

Section 4. Pursuant to Section 17.42.050 of Chapter 17.42, the City Council hereby adopts the IN-LIEU FEE SCHEDULE attached hereto as Exhibit "B" and incorporated herein by this reference.

Section 5. The IN-LIEU FEE SCHEDULE refers to sub-areas of the City that are depicted in the maps attached hereto as Exhibit "C" and incorporated herein by this reference.

Section 6. The IN-LIEU FEE SCHEDULE does not include a fee for Sub-area "A" for rental units. The City contemplates adopting such a fee at or before the time of the first application for payment of an in-lieu fee for a rental Residential Development in Sub-area "A".

Section 7. This resolution shall become effective 60 days after adoption.

Adopted at the \_\_\_\_\_ meeting of the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2006, by the following vote:

AYES:

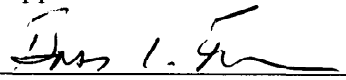
NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
JANE L. RODRIGUEZ  
City Clerk

Approved as to form:

  
\_\_\_\_\_  
Brad L. Fuller  
Assistant City Attorney

## EXHIBIT A

### **AMENDMENTS TO INCLUSIONARY HOUSING REGULATIONS**

Section VII. Inclusionary Housing Trust Fund. New paragraph to read as follows:

*Inclusionary Housing Trust Funds shall be allocated on a citywide basis and in accordance with the "over concentration" criteria defined in Section IV. B 3 a. (v). of the Regulations. However, for proposed projects located in Sub-area B and seeking Inclusionary Housing Trust Fund assistance over concentration will exist when 40 rental units legally restricted for occupancy by very low and/or low income households are located within one-eighth mile from the parcel proposed for Inclusionary units, or when 100 rental units legally restricted to occupancy by very low and/or low income households are located within one-quarter mile of the parcel proposed for the provision of Inclusionary units.*

*Proposed projects located in Sub-area B will also be initially reviewed by the City Council/Pasadena Community Development Commission (Commission) on a case-by-case basis prior to the preparation of an Agreement for the allocation of Inclusionary Housing Trust Funds. At the time of its initial review, City Council/Commission may utilize certain threshold criteria (e.g., advisory bodies recommendation; number of proposed covenanted affordable units; City/Commission's per unit affordable housing assistance; amount of Inclusionary Housing Trust Funds approved to assist developments in Sub-area B during the fiscal year; total number of covenanted affordable units sited within Sub-area B and assisted with Inclusionary Housing Trust Funds during the fiscal year; etc) in its consideration of the proposed development.*

Section VII. Inclusionary Housing Trust Fund. New sentence to read as follows:

*In addition, Inclusionary Housing Trust Funds maybe used to: a) purchase affordability covenants on existing market rate housing; and b) lengthen the term of existing deed restrictions or affordability covenants on currently restricted affordable housing.*

Section IV A. In-Lieu Fee Alternative. New paragraph 3 to read as follows:

*3. Once every five (5) years the City Council shall adopt a new In-Lieu Fee Schedule ("Fee Schedule) based upon a real estate market study. The baseline Fee Schedule thus derived shall include an across-the-board 10% surcharge to mitigate the potential loss in revenue to the City resulting from bifurcated In-Lieu Fee payments that are made over an extended time period. However, if a developer elects to pay 100% of the In-Lieu Fee at building permit issuance, a 10% fee discount shall be granted automatically. The Fee Schedule shall also be adjusted annually based upon changes in the Consumer Price Index ("CPI") for the Los Angeles – Long Beach Standard Metropolitan Statistical Area (LA-LB SMSA),*

*the House Price Index for the LA-LB SMSA, a hybrid of these two indices, or some other appropriate housing market index as may be determined by the Assistant City Manager or his designee..*

Section VI.B. Ownership (For Sale) Units. New sub-paragraph 5 to read as follows:

*Resale; Right of First Refusal To City. At initial sale of the Inclusionary Unit, buyer shall enter into a Purchaser Affordability Agreement wherein it is acknowledged that City shall have a right of first refusal in the event of a resale. The City option of first refusal granted by the owner shall be in effect for a period of 60 days. The City shall in writing inform the seller that it intends to exercise the option and purchase the dwelling unit, assign its option to a qualified buyer, or abandon the option. The same conditions shall apply to any successors or assigns.*

Section VII. Inclusionary Housing Trust Fund. New paragraph to read as follows:

*On or before the date that is twenty-four months from July1, 2005 and bi-annually thereafter, the City Manager or her designee shall prepare and present to the City Council, Planning Commission and Community Development Committee an evaluation of the effectiveness of the Inclusionary Housing Program (Biennial Inclusionary Housing Performance Assessment), including the use of Inclusionary Housing Trust Funds, during the preceding twenty-four month period*

Section VI. Preference and Priority System. New paragraph D. to read as follows:

*D. The Developer of inclusionary units shall afford persons and households who live or work in Pasadena a priority in the rental or purchase of inclusionary units in accordance with the following priority.*

- 1. First priority is given to eligible households that live and work in the City of Pasadena;*
- 2. Second priority is given to eligible households that live in the City of Pasadena;*
- 3. Third priority is given to eligible households that work within the City of Pasadena boundaries;*
- 4. Fourth priority is given to eligible households that have been involuntarily displaced from the City of Pasadena;*

*The Pasadena Local Preference and Priority System Guidelines shall be used to implement the preference and priority system for inclusionary units and shall apply to all developers/owners and their agents, successors and assigns proposing inclusionary units.*

## EXHIBIT B

### PROPOSED IN-LIEU FEE SCHEDULE (In-Lieu Fees Per Square Foot)

<b>Rental Units In-Lieu Fee</b>				
	10 – 49 Units		50 + Units	
	Existing Fee	Proposed Fee 2006	Existing Fee	Proposed Fee 2006
Sub-area A*	TBD	TBD	TBD	TBD
Sub-area B*	\$1	\$1	\$1	\$1
Sub-area C	\$16	\$22	\$22	\$30
Sub-area D	\$12	\$20	\$17	\$28

<b>For Sale Units In-Lieu Fee</b>				
	10 – 49 Units		50 + Units	
	Existing Fee	Proposed Fee 2006	Existing Fee	Proposed Fee 2006
Sub-area A	\$30	\$38	\$41	\$53
Sub-area B	\$5	\$14	\$7	\$19
Sub-area C	\$7	\$23	\$10	\$32
Sub-area D	\$12	\$18	\$17	\$25

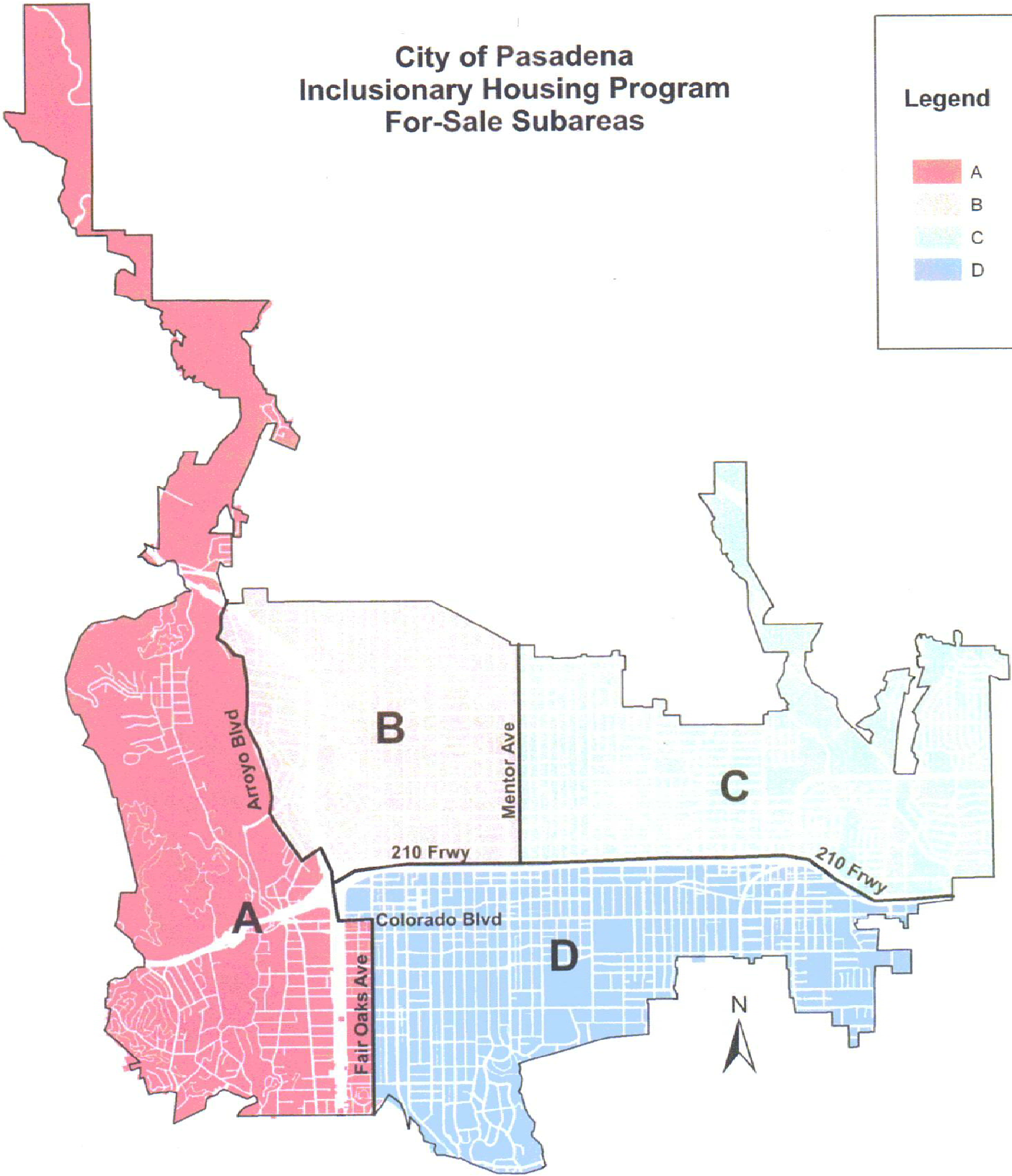
\* No market data was available at the time of the Keyser Marston Associates (KMA) study in 2005 to establish a baseline In-lieu fee for rental housing in Sub-areas A and B. The rental In-lieu fees for Sub-area A shall be determined (TBD) in accordance with the KMA study methodology at the time of an application for payment of In-lieu fees for a rental housing project. For rental housing in Sub-area B, the existing In-lieu fee is retained.



# City of Pasadena Inclusionary Housing Program For-Sale Subareas

**Legend**

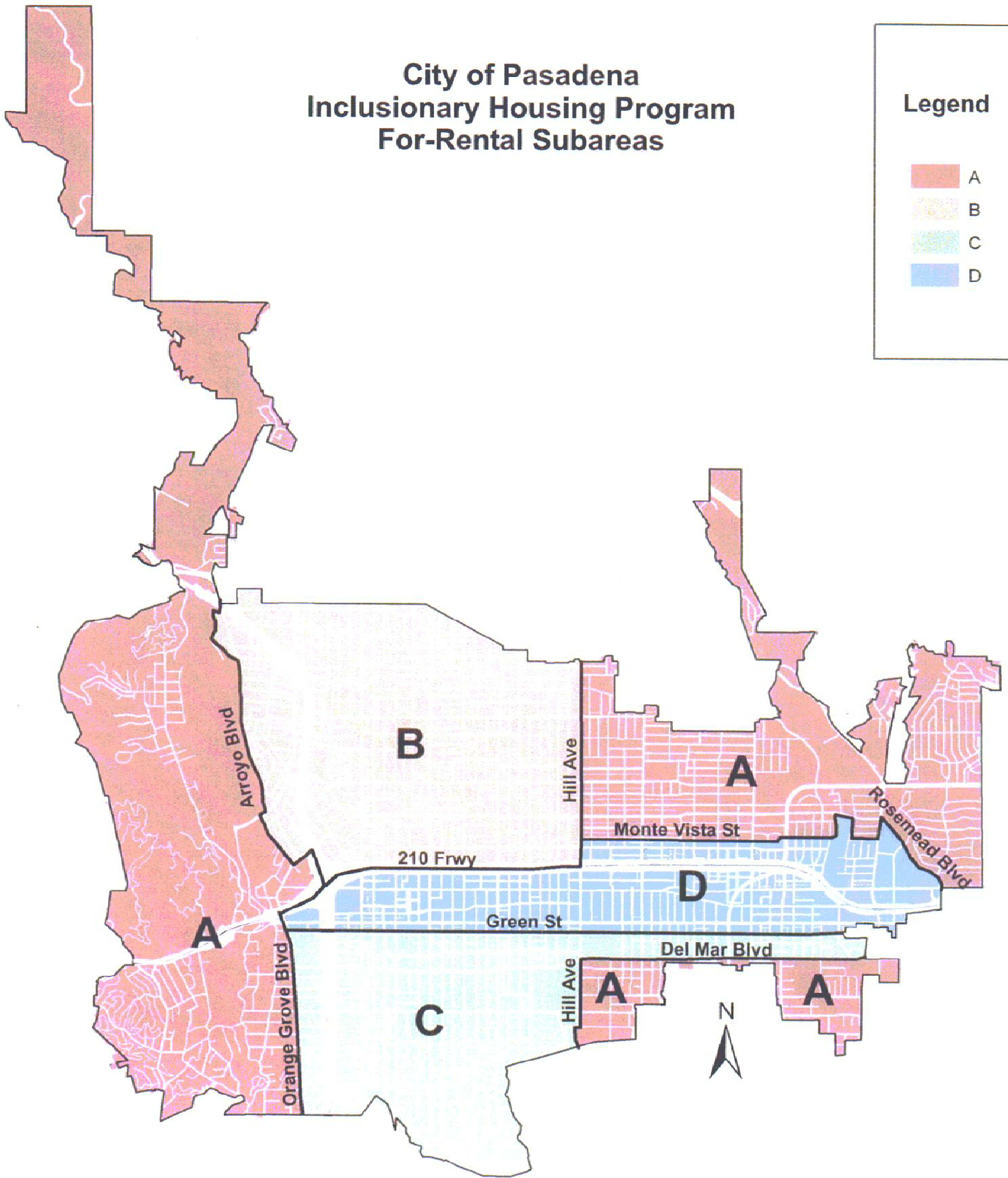
- A
- B
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# City of Pasadena Inclusionary Housing Program For-Rental Subareas

## Legend

- A
- B
- C
- D



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION NO. CDR-**

**A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AND THE PASADENA COMMUNITY DEVELOPMENT COMMISSION ADOPTING A PREFERENCE AND PRIORITY SYSTEM IN THE PROVISION OF AFFORDABLE AND WORKFORCE HOUSING UNITS IN THE CITY.**

WHEREAS, the City Council of the City of Pasadena (“City”) and the Pasadena Community Development Commission (“Commission”) have established a priority on the provision of housing within the City of Pasadena at costs which are affordable to households with a range of different income levels; and

WHEREAS, the City and the Commission have a variety of programs designed to promote and provide rental and for-sale housing units in the City of Pasadena at prices affordable to households with low to moderate income levels and to workforce households; and

WHEREAS, the City and the Commission desire to promote a healthy community wherein households of all income levels can live and where workers can find housing within the community and can thereby avoid living outside the City of Pasadena and commuting long distances; and

WHEREAS, the City and the Commission desire to place a priority on providing affordable housing opportunities for residents and workers in all affordable housing units which are created or facilitated through City and/or Commission programs; and

WHEREAS, the City Council and the Community Development Commission, at their joint meeting of January 30, 2006, considered the written staff report, oral testimony, and all relevant information presented to the City Council and to the Community Development Commission; and

NOW, THEREFORE, based on the evidence presented to the City and the Commission, including the written staff report and oral testimony on this matter, the City Council of the City of Pasadena and the Pasadena Community Development Commission hereby find, determine and resolve as follows:

Section 1. The above recitals are all true and correct.

Section 2. In furtherance of the City’s and the Commission’s desire to provide and promote affordable housing opportunities for residents and local workers, the City Council and the Community Development Commission hereby approve and adopt the PASADENA LOCAL PREFERENCE AND PRIORITY SYSTEM GUIDELINES, set forth in the attached Exhibit A, as such guidelines may, from time to time, be modified

by the City Manager/Executive Director, to be used for determining eligibility among prospective buyers and tenants of future affordable and workforce housing units.

Section 3. The PASADENA LOCAL PREFERENCE AND PRIORITY SYSTEM GUIDELINES shall become effective March 1, 2006. The Guidelines shall apply to all applications for residential projects which receive funding from the City or Commission, and/or require discretionary approval for which applications are filed and are determined to be complete on after March 1, 2006.

Adopted at the \_\_\_\_\_ joint meeting of the City Council and the Pasadena Community Development Commission on the \_\_\_\_\_ day of \_\_\_\_\_, 2006, by the following vote:

AYES:

NOES:

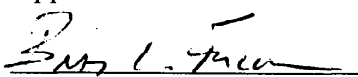
ABSENT:

ABSTAIN:

ATTEST:

\_\_\_\_\_  
JANE L. RODRIGUEZ  
City Clerk/Secretary

Approved as to form:

  
\_\_\_\_\_  
Brad L. Fuller  
Assistant City Attorney/  
Assistant General Counsel

## Exhibit A

### **PASADENA LOCAL PREFERENCE AND PRIORITY SYSTEM GUIDELINES**

To the extent permissible under applicable state and federal law, people who live and/or work in the city of Pasadena shall have priority over other persons to rent or purchase affordable and workforce housing units which are supported or sponsored by the City of Pasadena or Pasadena Community Development Commission (Commission). The Pasadena Local Preference and Priority System Guidelines presented herewith shall apply to all developers, owners and their agents, successors and assigns proposing affordable and/or workforce housing sponsored and/or supported by the City/Commission in whole or part.

#### **1. PREFERENCES**

Based upon the approval by the City Council of Pasadena on January 30, 2006 the City of Pasadena and the Pasadena Community Development Commission shall henceforth utilize the following priority order whenever ownership or rental housing units are made available to applicants who are income eligible households:

- a. First priority is given to eligible households that live and work in the City of Pasadena;
- b. Second priority is given to eligible households that live in the City of Pasadena;
- c. Third priority is given to eligible households that work within the City of Pasadena;
- d. Fourth priority is given to eligible households that have been involuntarily displaced from the City of Pasadena;

#### **2. RESIDENCY**

- a. Definition of residency. To qualify as an applicant who is a resident of the city of Pasadena, the applicant responsible for renting or purchasing the affordable or workforce housing unit must have their principal place of residence within the city of Pasadena as of the date of application.
- b. Evidence of residency. The developer/owner shall require the applicant to submit a driver's license, voter registration, utility bill, or other evidence as proof of residency in Pasadena.

#### **3. EMPLOYMENT**

- a. Definition of employment. To qualify as an applicant who is employed within the city of Pasadena, the applicant responsible for renting or purchasing the affordable or workforce housing unit must demonstrate that both of the following criteria have been met:

- i. Location of Work. At least one of the signators of the tenant lease or purchase agreement for the applicant's household must be employed within the city of Pasadena as of the date of application. Work is defined for purposes of this section as owning or operating a business located within the city of Pasadena, employment for wages or salary for an employer located within the city of Pasadena, contract employment where the actual work is conducted within the city of Pasadena, or commission work where the applicant's principal location from which he/she worked is located within the city of Pasadena.
  - ii. Hours of Work. At least one signators of the tenant lease or purchase agreement for the applicant's household must have been employed within the city of Pasadena an average of at least 20 hours per week as of the date of application.
- b. Evidence of employment. The developer/owner shall require applicants to submit pay stubs, W-2 forms, tax returns, employer certification, or other evidence as proof of employment at a business location within the city of Pasadena.

#### **4. INVOLUNTARY DISPLACEMENT**

- a. Definition of involuntary displacement. To qualify as an applicant who has been involuntarily displaced from the city of Pasadena, the applicant responsible for renting or purchasing the affordable or workforce housing unit must demonstrate that, by no fault of the applicant, one of the following criteria has been met including the submission of the appropriate documentation to the developer/owner as cited below:
  - i. Disaster or Government Action. Written verification by the displacing unit or agency of government, (i.e., HUD, City Departments, etc.) or by a service agency such as the Red Cross.
  - ii. Termination of tenancy. Written notification by the property owner/agent to the applicant of the termination of the applicant tenancy for no fault (i.e., sales agreements, foreclosure notices, condominium conversion, building permits, etc.).
  - iii. Domestic Violence. Written verification from police, social service agency, court, clergy person, physician, and/or public or private facility giving shelter and/or counseling to victims.
  - iv. Witness Protection Program. Certification by a law enforcement agency of the applicant's participation in the Witness Protection Program.
  - v. Hate Crimes. Written statement from law enforcement agency, HUD, Housing Rights Center or other agencies responsible for non-discrimination advocacy. Statement should contain approximate number of occurrences and date of last occurrence.

- vi. Inaccessibility of Unit. Statement from the property owner of the critical elements that are inaccessible, and that the owner is not going to make the needed modifications, or permit the family to make the modifications.
- vii. Substandard Housing. Written verification from a reliable, knowledgeable professional.
- viii. Homelessness. Written verification by a public or private facility providing shelter, the police, or a social services agency certifying that the applicant lacks a fixed, regular, and adequate nighttime residence.

## 5. MARKETING AND SELECTION PLAN

The developer/owner and/or its agent shall affirmatively market the affordable and/or workforce housing units to ensure that all applicants, regardless of eligibility for the preference, are aware of the housing opportunity.

- a. Marketing Plan. Prior to the developer/owner's publication of the availability of affordable and/or workforce units, developer/owner shall prepare a marketing plan in a form reasonably satisfactory to the City/Commission for attracting qualified applicants. The developer/owner shall be responsible for implementing the marketing plan. The marketing plan shall include the initial sales prices or rents of each unit, the preference and priority system and shall target advertising and marketing efforts within the city of Pasadena. City/Commission may assist the developer/owner in the marketing of the affordable and workforce units to qualified applicants under any program that City/Commission may offer and may provide names of prospective qualified applicants to developer/owner.
- b. Notification to City. Whenever an affordable and/or workforce unit becomes available, the developer shall immediately notify, in writing, the Housing and Community Development Administrator.
- c. Publication requirement. Whenever an affordable and/or workforce housing units becomes available during the first year after the receipt of a City certificate of occupancy, the developer/owner shall publish notices of the availability of the units in newspapers circulated widely in the City of Pasadena, including newspapers that reach minority communities. At least one notice shall be published in a Spanish language newspaper of general circulation. Examples of appropriate newspapers include the Star News, Pasadena Weekly, Pasadena/San Gabriel Valley Journal and La Opinion. The notice should briefly explain what affordable and/or workforce housing is, state the applicable income requirements, indicate where applications are available, state when the application period opens and closes, and provide a telephone number for questions. Applications may require the name, address, and telephone number of the applicant; the number of persons to occupy the household; and any other information relevant to determine whether the applicant is eligible for local preferences and to occupy unit. The developer/owner shall submit proof of publication to the Housing and Community Development Administrator.

- d. Selection Plan. Prior to the developer/owner's acceptance of the first application for an affordable and/or workforce housing unit, the developer/owner shall prepare and retain a Selection Plan which shall set forth the process for selection of qualified applicants. The Selection Plan shall contain, but is not limited to, the following information
  - i. Unit Description. A brief description of the affordable and/or workforce unit(s) including the unit-mix, location, structure, size and whether the unit(s) is for ownership or rental.
  - ii. Income Criteria. The eligible income range for rent or purchase affordable and/or workforce units.
  - iii. Priority System. The preference and priority system to be utilized by the developer/owner based primarily on an applicant's residence and employment location, with higher priority allocated to persons who live and/or work within the city of Pasadena.
  - iv. Application Submission. Description of the application requirements. The conditions by which interested parties must submit a completed application to the developer/owner, including form of application, the stipulated date and time for application, number of applications to be submitted, disqualifications, etc.
  - v. Selection Criteria. Explanation of the developer's selection criteria and process based on the review of information submitted on the applications. Identification of corrective actions if a review of an application results in a determination that the City preferences assigned to the applicant was inaccurate.

## **6. DETERMINATION OF ELIGIBILITY**

- a. Verification of Preference. As part of the review process, applicants will be contacted directly to provide verification of their residence and employment history and evidence supporting any of the preferences identified. For persons who are retired at the time of application, the applicant's work history immediately prior to retirement can be considered.
- b. Verification of Income. The developer/owner of affordable and/or workforce housing units, which are offered for rent, sale, or lease, shall require the applicant to provide proof that he/she meets the occupancy and income criteria set forth by the applicable City or Commission program(s).

## **7. PRIORITY RANKING; SELECTION OF QUALIFIED APPLICANT**

- a. Priority System. The priority order for categories are as follows:



- i. Applicant where at least one of the signators of the tenant lease or purchase agreement is a Pasadena resident and employed within the city of Pasadena at the time of application.
  - ii. Applicant where at least one of the signators of the tenant lease or purchase agreement is employed within the city of Pasadena at the time of application.
  - iii. Applicant where at least one of the signators of the tenant lease or purchase agreement had been involuntarily displaced from the city of Pasadena at the time of application but had previously lived and worked within the city of Pasadena.
  - iv. Applicant where at least one of the signators of the tenant lease or purchase agreement had been involuntarily displaced from the city of Pasadena at the time of application but had previously lived within the city of Pasadena.
  - v. All other applicants.
- b. Priority List. Applicants for affordable and/or workforce housing units shall be maintained on a priority list. Applicants shall be listed in order of total preferences. Applicants equal in preferences shall be prioritized by date and time of receipt of their applications. All applicants must meet income eligibility requirements as established for the applicable affordable and/or workforce housing units.
- The priority list shall be utilized to select applicant for the sale or rent of available affordable and/or workforce housing units for one year after receipt of a City certificate of occupancy for the designated unit. For rental affordable and/or workforce units, developer/owner shall annually update the priority list in accord with the priority order.
- c. Applicant Selection. The developer/owner of affordable and/or workforce housing units is required to fill vacant units in either one of two ways:
- i. Selecting Income-Eligible applicants themselves as long as the developer/owner complies with the local preferences and priority ranking system and publication requirements set forth herein. The following selection processes are permissible:
    - Selection from the Priority List in rank order, or
    - Lottery of the top candidates on Priority List.
  - ii. Selecting Income-Eligible applicants from the City/Commission's Section 8 Housing Choice Voucher Waiting List, Supportive Housing Waiting List or Homeownership Waiting List available from the Office of the City Manager, Housing and Community Development.
- d. Unit Sale or Rental. The actual sale or rental of a unit will be based on the ability of the qualified applicant(s) to meet applicable eligibility guidelines and/or obtain financing within a time frame established by the developer/owner.

## **8. COMPLIANCE MONITORING**

- a. Compliance Report. The developer/owner shall provide a written compliance report to the Housing and Community Development Administrator upon selection of the qualified applicants. The report shall include, but is not limited to, the following information.
  - i. Summary of Selection Process including a the Marketing and Selection Plan; and
  - ii. Name, Address, Telephone and Preference Category and Ranking of Selected Applicant(s)
- b. Certification of compliance. The developer/owner of affordable and/or workforce units shall certify the local preferences awarded to applicants were consistent with these guidelines. A certification form approved by the City shall be completed and submitted with the Compliance Report.
- c. Record Retention. The developer/owner shall retain records of the evidence and documents utilized to select applicant(s) for the sale or rent of available affordable and/or workforce housing units in accordance with these guidelines for two year after the date of occupancy by the first applicant.
- d. Compliance monitoring. City/Commission shall monitor the developer/owner's compliance with these guidelines which may include an on-site monitoring visit to review the developer/owner's records, interviews with selected applicant(s), and/or other methods deemed appropriate.

## **9. PENALTIES FOR NON-COMPLIANCE**

- a. Notice of Non-compliance. Except as otherwise provided herein, if it is determined that a violation of these guidelines has occurred, the Housing and Community Development Administrator shall issue a notice of non-compliance and require the developer, owner or tenant (as applicable) to cure the violation within 30 days, unless a different period is provided at the Administrator's discretion.
- b. Monetary Penalty. Any party who sells or rents an affordable and/or workforce housing unit in violation of these guidelines shall be required to forfeit all monetary amounts so obtained. Recovered funds shall be deposited into the Commission's Housing Opportunities Fund.
- c. Litigation. The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with these guidelines, including but not limited to: (1) actions to revoke, deny or suspend any permit, including a building permit, certificate of occupancy, or discretionary approval; and (2) actions for injunctive relief or damages.
- d. Legal Costs. In any action to enforce these guidelines, the City shall be entitled to recover its reasonable attorney's fees and costs.