

Agenda Report

December 11, 2017

TO: Honorable Mayor and City Council
FROM: Planning & Community Development Department
**SUBJECT: MUNICIPAL CODE AMENDMENTS RELATED TO DEVELOPMENT
IMPACT FEES APPLICABLE TO ACCESSORY DWELLING UNITS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed text amendments are not a "project" and are therefore not subject to environmental review pursuant to State CEQA Guidelines Section 15378(b)(4) (definition of project excludes government fiscal activities which do not involve any commitment to any specific project);
2. Approve the proposed Municipal Code Amendments related to development impact fees (Chapters 4.17 and 4.19) applicable to Accessory Dwelling Units; and
3. Direct the City Attorney to prepare an ordinance within 60 days amending the Pasadena Municipal Code as presented in this report.

EXECUTIVE SUMMARY:

In conjunction with the processing of amendments to the City's Accessory Dwelling Unit regulations as presented in a separate report on this date, staff has heard from the public and Planning Commission the suggestion that certain development impact fees should be reduced or made inapplicable to ADUs. As discussed herein, the recommendation is to reduce the Residential Impact Fee to \$957.30 for new and legalized Accessory Dwelling Units and waive the Traffic Reduction and Transportation Improvement Fee for new and legalized Accessory Dwelling Units. For covenanted affordable Accessory Dwelling Units, both fees are suggested to be waived entirely.

BACKGROUND:

At the community meetings held in the spring, as well as those held after the June 19, 2017 Council meeting, concerns were raised regarding the City's development impact fees, specifically the Residential Impact Fee, and the potential to discourage the construction of Accessory Dwelling Units. The Residential Impact Fee was established

in 1988 (Chapter 4.17 of the Pasadena Municipal Code) to provide funds for City parks and park facilities to mitigate the impact of new residential development. This fee applies to all new residential development in the City, including Accessory Dwelling Units, and is calculated based on the number of bedrooms per unit, and not by size or square footage. The current fee rate for a one-bedroom residential dwelling unit is \$19,494.61.

The Traffic Reduction and Transportation Improvement Fee (Chapter 4.19), updated in November 2016, is an additional development impact fee that has also been viewed by some as an obstacle to the creation and legalization of Accessory Dwelling Units. Currently, this fee is \$2,889.70 per new residential unit.

Both of these development impact fees are charged when the building permit for a new residential unit is issued. However, the Municipal Code sections for these fees provide for different treatment when a building permit is issued for a new affordable unit. Currently, the Residential Impact Fee for an affordable residential unit is \$957.30, regardless of number of bedrooms or unit size, and is adjusted annually at the same percentage as the Consumer Price Index. The Traffic Reduction and Transportation Improvement Fee is waived entirely for affordable units.

With the purpose of Accessory Dwelling Units to provide additional housing options, and the fact that the developers of Accessory Dwelling Units are homeowners and not private developers with various financing options, high development fees would act to discourage the creation of new Accessory Dwelling Units as well as making illegal Accessory Dwelling Units safe through legalization.

Therefore, staff is recommending that the fees for affordable units for the Residential Impact Fee and Traffic Reduction and Transportation Improvement Fee be applied to new and legalized Accessory Dwelling Units. This would mean the Residential Impact Fee for new and legalized Accessory Dwelling Units would be charged at \$957.30, subject to adjustment in line with the Consumer Price Index, and the Traffic Reduction and Transportation Improvement Fee would be waived.

As an incentive to create new Accessory Dwelling Units that are affordable, staff recommends that the Residential Impact Fee, as well as the Traffic Reduction and Transportation Improvement Fee, be waived entirely for covenanted affordable Accessory Dwelling Units.

COUNCIL POLICY CONSIDERATION:

The proposed amendments to the Zoning Code related to development impact fees furthers the goals and policies of the General Plan related to housing choice, adequate and affordable housing, housing diversity and the implementation of Program 13.2 and Program 14.2 of the Housing Element.


ENVIRONMENTAL ANALYSIS:

Under the California Environmental Quality Act (CEQA), the proposed municipal code text amendments are not a "project" and are therefore not subject to environmental review pursuant to State CEQA Guidelines Section 15378(b)(4) (definition of project excludes government fiscal activities which do not involve any commitment to any specific project).

FISCAL IMPACT:


The Residential Impact Fee is collected in Fund 304. The Traffic Reduction and Transportation Improvement Fee is collected in Fund 313. Charging a reduced Residential Impact Fee and waiving the Traffic Reduction and Transportation Improvement Fee when constructing an Accessory Dwelling Unit will have little impact on the City's FY18 budget. However, the provision of additional housing opportunities afforded by new and legalized Accessory Dwelling Units will be of benefit to existing and future Pasadena residents, and these residents will support city services through other existing fees and taxes.

Respectfully submitted,



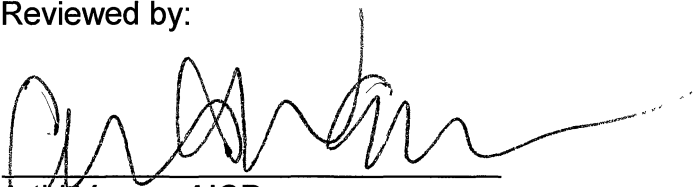
DAVID M. REYES
Director of Planning & Community
Development Department

Prepared by:



Arlene Granadosin-Jones, AICP
Associate Planner

Reviewed by:



Arthi Varma, AICP
Principal Planner

Approved by:



STEVE MERMELL
City Manager