

Oct. 15, 2018

To the Pasadena City Council,

The Greater Pasadena Affordable Housing Group has prepared nine succinct points for you to consider when voting on the increase of the in-lieu fee this evening. We also ask that when you vote tonight that the increase fee schedule be applied retroactively as the staff report recommends, so that the city can capture those projects now in pre-development. It is our hope that this will encourage them to include the units as opposed to pay the fee. Please carefully read and consider our rationale of why the fees must be increase.

Thank you!!

Jill Shook, GPAHG Chair

1. **Inclusionary fees have helped Northwest Pasadena as well as the rest of our City.** We want to thank Mr. Hampton and Mr. Gordo's for their leadership in finding ways to clean up blighted areas NW district. Major beneficiaries of in-lieu inclusionary fees enabled the construction of Summit Grove (Affordable Homeownership) and removed liquor store blight. If we increase inclusionary fees, we expect to find additional ways to use affordable housing as a tool for community development and at the same time stabilize the cost of housing for NW residents and prevent displacement with more affordable housing built in this rapidly gentrifying part of the city. Bill Huang has said, "The best way to combat gentrification is affordable housing in all its forms"
2. Increasing the fees is Financially Responsible because the **fees can be leveraged through the Housing Dept as much as three-six fold.** Inclusionary fees have generated \$ 21.9 million dollars for affordable housing--funds that have been leveraged by our very able Housing Department to build tens of millions of dollars in affordable housing. A percent is also allowed for the Housing Department, which help add funding to the overall general budget. This Dept. has leveraged inclusionary fees as much as six-fold and more to build affordable housing. Businesswise this is a very good return on investment.
3. **Inclusionary fees are very effective in assisting the creation and preservation of affordable housing.** In lieu fees is not a tax. It's a choice. Inclusionary fees in Pasadena have helped in the creation of 176 new production units and 515 rehabilitation/affordability preservation projects (515 units). Inclusionary fees helped to build Heritage Square (70 units for seniors), Marv's Place (20 units of PSH for homeless families), Hudson Oaks (44 units for seniors) and Washington Classics (6 homeownership units within a project that eliminated a liquor store.
4. **Inclusionary fees are very effective in assisting the creation and preservation of affordable housing.** While it is true that 553 affordable units have been produced under the inclusionary ordinance, the City of Pasadena Annual Element Progress Report Table B shows that only 38 out of 207 Low and 45 out of 224 Moderate Income Housing Construction projects have been completed in this 5th Housing Element cycle which ends in 2021. To meet the Housing Element targets, we need to increase the average implementation rate from 8 per year to over 40 per year. The proposed increase to in-lieu Fee Rates will increase the City of Pasadena's funding flexibility to assist housing projects that target this unmet need.
5. **Inclusionary Housing limits those falling into homelessness.** In June a UCLA study concluded something we already know, but that we tend to not admit: high cost of housing drives up homelessness. (link: <http://www.latimes.com/business/la-fi-ucla-anderson-forecast-20180613-story.html>). And unfortunately, while homelessness around Los Angeles went down, homelessness in Pasadena rose by 18%. (link: <http://www.pasadenaindependent.com/news/pasadena-council-hears-sobering-results-of-2018-homeless-count/>) These sobering realities require an urgent response. While county and city funds are creating more permanent supportive housing, we need affordable rental units to prevent new Pasadenans

from falling into homelessness for the first time.” One of the 51 strategies to address homelessness, is to support inclusionary zoning for affordable housing rental units.

- 6. Pasadena has a legal responsibility to have alternatives to include the units, and fees are part of those alternative.** It’s important to provide options. AB 1505 (the so-called "Palmer Fix") restores authority of the city to require inclusion of affordable housing without the fear of a lawsuit. This Palmer Fix state policy which came into effect January of 2018, now allows new rental housing to be built without the threat of a lawsuit, but it also mandates alternatives to inclusion of affordable units, such as fees or off-site construction. Pasadena needs to comply with this state law, especially since inclusionary fees have enormously benefited our city.
- 7. National studies show the impact of Inclusionary fees.** Our Inclusionary Housing Team of the Greater Pasadena Affordable Housing Group has been researching inclusionary housing fees nation-wide and are very impressed. A powerful study was published in 2017 by the Lincoln Institute for Land Policy out of Harvard University. It reported that 373 jurisdictions received a total of \$1.7 billion in impact or in-lieu fees for the creation of affordable housing across our nation. Based on this study and the exponential impact of in lieu fees and their ability be leveraged, our team recommends the increase of the in-lieu fees according to the Nexus study that was conducted by the City. We also ask that when you vote tonight that the increase fee schedule be applied retroactively as the staff report recommends, so that the city an capture those projects now in pre-development. It is our hope that this will encourage them to include the units as opposed to pay the fee.
- 8. Affordable Housing deters crime.** Pasadena spends 1.3 million of general funds of housing department which in turn has been able to multiply that money with leveraging funds. The city also spends about 71 million for police. The National Crime Prevention Council calls for the construction of affordable housing to reduce crime because “neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured.” We need to invest in affordable housing to keep our community safe. By increasing the in lieu fee, it’s a good start toward a greater investment not only in those most financially vulnerable but also to deter crime.
- 9. Increasing the fees is a bold and prudent step that will make our city once again a leader in affordable housing policy.** Increasing the fees significantly is a bold and prudent move based on today's hot housing market and the urgent need for more affordable housing. Pasadena was one of the first adopters and leaders when it adopted an inclusionary housing ordinance in 2001. Together with Austin, TX. Pasadena earned the 2014 Robert C. Larson Housing Policy Leadership Award from Urban Land Institute, a global nonprofit education and research institute, for having the best housing policy in the nation. Now it has an opportunity to lead once again by raising the inclusionary fees and thereby generating more affordable housing. “Since Palmer, almost all of the 170 localities with inclusionary laws had suspended application of inclusionary to new rental housing.” (Public Interest Law Project, Inclusionary Zoning Revitalized) Wisely, Pasadena’s Housing Department was a leader and continued to build including units during the time of the Palmer threats. With the ending of Redevelopment and with cuts to HUD and tax credits, we need additional funding sources. We need to have in lieu fees as well as other local funding sources for affordable housing like a linkage fees.

Jomsky, Mark

From: Paul Little <Paul@pasadena-chamber.org>
Sent: Sunday, October 14, 2018 6:34 PM
To: City_Council
Cc: Jomsky, Mark; Mermell, Steve; Reyes, David
Subject: Comment on Agenda Item #13-Inclusionary Housing in lieu fees

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Good evening,

The Pasadena Chamber of Commerce has commented on Inclusionary Zoning in-lieu fees in the past.

Here is a brief reiteration of those comments:

1. Pasadena has effectively utilized the inclusionary zoning requirements and in-lieu fees to create affordable housing. There is no other mechanism currently, apart from grants from federal and state agencies, to significantly increase affordable housing in Pasadena. Further, the current requirements have dispersed affordable housing throughout Pasadena.
2. Significant increases in the in-lieu fees or housing requirements could serve to deter development of affordable housing, or any housing altogether.
3. If it appears that the sharp increase in in-lieu fees (almost doubling the Santa Monica fees), the State of California may look at this as simply another means for Pasadena to curtail development. That could open Pasadena up to intervention from the state.

Thank you for your consideration of this as you deliberate the fee increases.

Paul Little
President and Chief Executive Officer