

Jomsky, Mark

From: Paul Little <Paul@pasadena-chamber.org>
Sent: Sunday, October 14, 2018 6:28 PM
To: City_Council
Cc: Jomsky, Mark; Mermell, Steve; Reyes, David
Subject: Agenda Item #15 : DEVELOPMENT INTENSITY AND STRATEGIES FOR INCREASING AFFORDABLE HOUSING

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Good evening.

The Pasadena Chamber has previously commented on this item when the City Council previously considered it and requested the staff report back on ways to address the concerns of some citizens about what they perceive as high density development.

I will reiterate briefly:

1. Perceptions are not reality. Development density in Pasadena has not significantly contributed to traffic problems. Pass through traffic accounts for most of the traffic intensity in Pasadena, along with workers driving to and from their jobs in Pasadena and visitors coming to Pasadena for everything from a nice meal to find competent accounting services and doctors.
2. The biggest problem isn't with density, it is with design and standards that enforce conformity in building massing and appearance that lead to buildings that lack in aesthetics.
3. Creating some sort of contextual building mass requirements may curtail development, but would also leave Pasadena open to further intrusion by the State of California into local zoning by preempting local control over housing density, location and fees allowed by municipalities.
4. Development in Pasadena is the result of market forces. People want to live here, so developers are trying to meet that need by building housing. How desirable is Pasadena? How much more expensive is it to buy a house or condo in town?
5. If you make the inclusionary fees too high you may curtail development of precisely what you want to build-affordable housing by forcing developers to look to neighboring communities to build, especially our neighbors with booming economies and no inclusionary requirements at all. You also may leave yourselves open to an interpretation where the high fees are viewed as intending to do exactly that, curtail development of any kind of housing. Again, inviting the State of California to intervene in our local zoning and housing regulations.

Thank you,

Paul Little
President and CEO
Pasadena City Council

18 OCT 15 11:12 AM

Inclusionary housing proposal from the Greater Pasadena Affordable Housing Group

Inclusionary helps address the urgent need for affordable housing, at no cost to the city. Pasadena is becoming unaffordable for most teachers and city workers, not to mention those in work in hotels, restaurants, etc. With the median housing cost topping \$900,000 and the average rent at \$2400 per month for an apartment, working and middle class people are finding it increasingly difficult to live in our city. An increase in commuters is exacerbating our traffic problems. Two thirds of our homeless population are on the streets because of rising housing costs. Public subsidies for affordable housing are hard to come by, so asking the private market to supply a percentage of affordable units or in lieu fee to create affordable units is one of the national best practices today. Pasadena's inclusionary housing policies have been on the forefront, demonstrating courageous leadership by producing units despite the risk of lawsuits. This great policy can be even greater with the continued leadership of the City Council. Inclusionary policies play a fundamental role in limiting traffic and preserving the social and economic diversity within communities.

What is feasible to maximize the effectiveness of this policy? The Inclusionary Zoning Working Group (IZ) of the Greater Pasadena Affordable Housing Group (GPAHG) requests that the City of Pasadena *consider the feasibility of the following suggested changes* to Pasadena's Inclusionary Housing Policy.

Summary:

1. Increase the Inclusionary set aside:

- a) 25% in all areas of the city except TOD's. as follows:
 EXTREMELY LOW: 5% VERY LOW: 5% LOW: 7% MODERATE: 8% TOTAL = 25

We have done a preliminary feasibility analysis of this and the profit margin is still over 13% return, with section 8 subsidy applied to the extremely low option. The Holly Street Apartments are a good example of including some Section 8.

- b) 30% within a quarter mile of TOD's as follows:
 EXTREMELY LOW: 6% VERY LOW: 6% LOW: 9% MODERATE: 9% TOTAL= 30%

Santa Monica and Hawaii both have 30% set aside in their policies. It is the policy of Metro that any of their land have 35% affordability. With the windfall of land cost due to increased densities, plus the significant investment of public transportation, it is only fair that a sizeable percent of TOD sites provide a higher percent of affordable units. The logical place for lower income units is in TOD sites.

The approved Pasadena Housing Element calls for the city by 2016 to explore two different set aside percentages, for TOD sites and the rest of the city. The gentrifying and displacing power of TOD sites has moved Denver and Seattle to create special funds to achieve TOAH—Transit Oriented Affordable Housing.

2. Achieve a higher percent of units and Integrated Housing, across the spectrum of Incomes.

Developers must provide a mix of units and the full percentage of set aside units. No credits, (trade downs) or lower percent of units allowed to be set aside in exchange for very-low or low-income units. Even in the case of state density bonus, the full 25% (and 30% in TOD) sites must be achieved. The mix of units must be at the various income bands as listed in Item 1 above.

There is one exception to this, to allow a calculation based on the number of bedrooms to accommodate more families. This is especially important considering the decrease in PUSD enrollment. A three bedroom unit can be considered as 1.5% of a unit when calculating the overall 25% or 30% set aside.

3. Provide a broader menu of incentives.

Allow for even less parking requirements than is already permitted in the case very low income, including exemption of any parking for extremely low income. This will also further address traffic concerns. And in the case of mixed-use complexes allow for day/night uses of shared parking spaces, especially in TODs. Provide incentives with a shared electric car and charging stations, where resident and sign-up for its use.

4. Change the policy to begin at 8 units or more and have developments of 2-7 units either provide a unit or pay a fee.

Daily City, San Mateo County, Menlo Park, require the IZ to provide units in projects of 5 units or more. Burlingame, East Palo Alto and South San Francisco, require units in projects of 4 or more units. In West Hollywood, 2 - 10 Unit Projects require a fee or a unit. Santa Monica requires a fee for 2 or 3 units. Menlo Park requires that with for-sale housing, 1-3 units must pay 1% of sales price; 4-6 units 2%; and 7-9 units 3% of the sales price. Any projects with above 10 units 3% of the sales price of all units sold pay a fee. San Carlos has a similar valuation for fees at 1% for 2-6 units, and 2% above that.

5. We agree with the results of city's nexus study that the in-lieu fee must be increased. We ask that it be adopted on Oct. 15 and done so retroactively to those projects now doing preliminary reviews will be assessed a higher fee. We believe that the new fee structure, once passed does not need to be revisited in the feasibility study. We would lose sorely needed inclusionary in lieu fee dollars by delaying this vote. But we have one caveat, that all projects opting to pay the fee, must still include at least one fourth of the full required percent of set aside units. (Chicago's IZ is set up this way)

Why the fee is so important: With this fee, a total of 691 affordable units (not including the 533 inclusionary units developed) have been assisted consisting of new production projects (176 units) and rehabilitation/affordability preservation projects (515 units). With an increased fee, the city can preserve and produce even more affordable units to help address the severe housing crisis, with 49% of the city spending more than 50% of their income on housing and house the 677 persons experiencing homelessness.

- 6. Offsite units must be built concurrently with the primary market-rate project.** *This is presently in the ordinance, but we want to reinforce this to allow no exceptions.*
- 7. Offsite Option: require developers to increase affordable units by an additional 25% and place the units into a newly formed Community Land Trust once developed.** This will assure long term affordability. In Santa Monica, off site condos must provide 25% more units. San Carlos requires 10% more affordable units if built off site see. In Palo Alto, offsite construction is allowed only if the number of units provided offsite exceeds what they would have obtained onsite and in South SF if furthers another housing goal identified in its Housing Element.
- 8. Approval process improved to allow more public input, or prevent loss of potential city revenue:**
 - a) In lieu fee use for the off-site development must come through Pasadena's Affordable Housing Trust Fund so that it can be leveraged, thus allowing the off-site developer to achieve the goal an additional 25% units required for off-site development.
 - b) Off-site responsibility for assuring the completion of the units, including insurance for the off-site units must be retained by primary developer, but they can contract with a different developer to build the off-site units.
 - c) IZ Policy exemptions must include provisions for public input with adequate (e.g. 30 day) notice.
 - d) IZ Policy exemptions must be approved by both Planning and once approved, a newly formed Affordable Housing Commission which is comprised of citizens, community leaders, and city government representatives.

9. Monitoring the Units

The city is doing a good job of monitoring the units, but it can be burdensome and take time away from efforts to preserve and produce more affordable housing stock. Therefore we recommend that a task force be formed to explore creating a city initiated Community Land Trust (CLT) and later spin it off as was done in the city of Irvine. The benefits of a CLT are as follows:

- a) The CLT would monitor IZ rental units to assure that they remain affordable in perpetuity. Additionally the CLT will assure that ownership units remain owner-occupied, affordable and well maintained to uphold their resale value. The CLT will save the city money by taking on these responsibilities.
- b) A CLT would provide a mechanism for the homeowners and owners of affordable housing developments to place homes into the trust in order to preserve affordability in perpetuity so that when expensive covenants and HUD deals are mature, and they have been placed in the trust, these subsidies are not lost.

- 10. Allow units to be built in project area B. The average home price in NW Pasadena is pushing \$800,000.** This area no longer has an over-concentration of affordable housing, but the opposite. Due to a lack of affordable housing, long term residents are being displaced. Right now the densities in project area B are too low to allow inclusionary projects. This area either needs to be up zoned in transportation corridors so that some inclusionary projects are possible or also given the opportunity to have off site IZ projects (or both)

- 11. Include Condo Conversions as part of the inclusionary housing ordinance.** When an apartment owner decides to convert units into for-sale condos, 30% must be affordable with first right of refusal for existing residents, and the levels of affordability determined within the 30% designed to help retain existing residents. Sufficient time to allow for credit repair, obtain down payment assistance, and other tools must be in place to assure a meaningful and genuine opportunity for existing residents to consider purchasing their unit. This helps the city to reach their goal to prevent displacement. In the case of condo conversions, on-site affordable and in lieu fees options are not applicable. Additionally, these units would not necessarily be placed into the CLT, this would be discretionary choice on the part of the apartment owner. (Page E-12 Pasadena Housing Element describes the city's goals to wed condo conversions to the inclusionary policy in order to prevent displacement.)
Page E-10 of the Pasadena HE states that:

"...many older and modestly priced apartments are being converted to condominiums. Approximately 800 units have converted since 2001, with an increase in applications in recent years. While providing more affordable ownership opportunities, residents are still being displaced."



October 15, 2018

Mayor Tornek, City Council Members, and David Reyes
City of Pasadena
100 North Garfield Avenue
Pasadena, California 91101

RE: Development Intensity and Strategies for Increasing Affordable Housing

Dear Honorable Mayor, Councilmembers, and Mr. Reyes:

Pasadena Heritage supports the City's effort to increase the production of affordable housing, and we appreciate that various options are under consideration to limit undesirable impacts of Density Bonus Projects on the character of our valued neighborhoods. We have reviewed the staff report and have two comments, which we hope will positively contribute to tonight's discussion.

First, Pasadena Heritage generally concurs that an Affordable Housing Concession Menu could help incentivize development that is more aligned with our City's goals and unique character. However, we are concerned about the potential for certain concessions to result in unforeseen and undesirable impacts. We expect that each concession will be carefully thought out, especially those that involve floor area ratio, setbacks, and other code deviations.

Second, and importantly, we have concerns related to the proposed ministerial review process that would occur before issuance of an Affordable Housing Concession Permit. We believe that this review process should be transparent. Accordingly, we recommend that the City consider ways to notify members of the public about Density Bonus Projects under review and provide an opportunity for them to learn about project details and to submit comments before decisions are made. The City may want to develop notification thresholds for Density Bonus Projects, based on their size or potential to impact community character.

In summary, we are pleased that the City has taken a fresh look at this important and complex issue and is carefully considering how to move forward. We expect a lively discussion tonight and very much look forward to hearing your and others' thoughts. We would also like to express support for the white paper submitted to you by Stefanos Polyzoides, which makes, in our opinion, several excellent recommendations on how to protect the unique character of Pasadena.

Thank you for considering our comments and concerns.

Sincerely yours,

Susan N. Mossman
Executive Director

Adam F. Rajper
Preservation Director