

# Affordable Housing Information Item

City Council  
November 23, 2020





# Background – Statewide Significance

## Planning & Community Development Department

- **Statewide Need**
  - > **California needs 1.3 million more affordable rental homes to meet current demand;**
  - > **State funding remains well below 2012 levels, undermining progress in addressing homelessness;**
  - > **Median rent in California has increased 40% since 2000 while median renter household income has only increased by 8%, when adjusted for inflation.**
  - > **79% of extremely low-income (ELI) households are paying more than half of their income on housing costs compared to just 0.4% of above moderate-income households.**
  - > **Meanwhile, California spends nearly four times more on homeowners than on renters.**



# Housing Challenges

## Planning & Community Development Department

- **A Variety of Issues Have Been Identified at the State Level:**
  - > **Not enough housing being built:** During the last ten years, housing production averaged fewer than 80,000 new homes each year, and ongoing production continues to fall far below the projected need of 180,000 additional homes annually.
  - > **Increased inequality and lack of opportunities:** Lack of supply and rising costs are compounding growing inequality and limiting advancement opportunities for younger Californians. Without intervention, much of the new housing growth is expected to be focused in areas where fewer jobs are available to the families that live there.
  - > **Too much of people's incomes going toward rent:** The majority of Californian renters — more than 3 million households — pay more than 30 percent of their income toward rent, and nearly one-third — more than 1.5 million households — pay more than 50 percent of their income toward rent.
  - > **Fewer people becoming homeowners:** Overall homeownership rates are at their lowest since the 1940s.
  - > **Disproportionate number of Californians experiencing homelessness:** California is home to 12 percent of the nation's population, but a disproportionate 22 percent of the nation's homeless population.
  - > **Many people facing multiple, seemingly insurmountable barriers — beyond just cost — in trying to find an affordable place to live:** For California's vulnerable populations, discrimination and inadequate accommodations for people with disabilities are worsening housing cost and affordability challenges.



# Background – Local Leadership

## Planning & Community Development Department

### ● Affordable Housing in Pasadena – 2,799 Units

- > **Inclusionary Housing:** The City requires ALL housing projects of 10 units or more set aside **20% of the units as affordable.** The current requirement is that 10% of the units be deed restricted as moderate, 5% be set aside for low-income and 5% for very-low income. The City's inclusionary housing ordinance was adopted in 2001 and has resulted in the construction of **590 affordable units** to date.
- > **In-lieu Fees:** As an alternative to providing affordable units on-site as specified above, a developer may choose to pay the City an in-lieu fee. The City updated its in-lieu fee in 2019 and, since the inception of the program, has collected **\$26.3M** which have been used to build, rehab or preserve **488 affordable units.**
- > **Funding Affordable Housing Projects:** The City uses in-lieu money as well as local Housing Successor, state and federal dollars to assist in the production of affordable housing. From 2008 to present, **409 affordable units (including 328 very low income units)** were built, rehabbed, or preserved w/ City financial assistance totaling \$25.2M. Also, within the past year, the City committed \$7M to assist the development of 134 permanent supportive housing units for homeless persons. Recently, a pilot loan program was launched to incentivize ADUs to house rent-subsidized very low income persons.
- > **Establishment of Local Menu:** In an effort to streamline and further incentivize the production of affordable housing, the City recently adopted a menu of development incentives for projects with on-site affordable housing. If a project stays “on the menu” they are allowed to go straight to Design Review without another discretionary hearing.
- > **Conversion of Hotels to Affordable Housing:** The City has established regulations to allow, through a CUP, the conversion of certain hotels to be converted to affordable transitional housing units. This is a needed housing type that is difficult to build new. No projects have been converted thus far, but regulations are in place should the opportunity arise.
- > **Establishment of SROs as an Allowed Land Use:** The City recently changed regulations to allow SROs to be permitted without a Conditional Use Permit. While SROs are not required to be deed restricted as affordable, because of their small size (maximum 350 square feet) most SROs will likely be affordable at the moderate income level.



# More Affordable On the Way

## Planning & Community Development Department

**907 Units in  
the Pipeline  
as of  
11.11.20**

Recently Completed							
Project	Location	CD	New Construction Units (non-Inclusionary)	Rehab Units	Rehab Presevation Units	Inclusionary Units	Total Units
THEO Apartments	289 N. El Molino Ave.	3				9	9
Decker Court / Gill Court	Fair Oaks & Penn	1	14	2			16
SUBTOT							
AL			14	2	0	9	25

Under Construction							
Project	Location	CD	New Construction Units (non-Inclusionary)	Rehab Units	Rehab Presevation Units	Inclusionary Units	Total Units
Lincoln & Orange Grove	654 N Lincoln Ave, 745 N Orange Grove Blvd. (off-site)	3	11			35	46
Waverly Demonstration House	268 Waverly Dr.	6		1			1
Concord	275 Cordova St.	6			149		149
Olivewood Apartments	111 N. Madison Ave., 88 N. Oakland Ave., 535 E. Union St.	3				16	16
2488 Mohawk	2488 Mohawk St.	4				1	1
SUBTOT							
AL			11	1	149	52	213

City Action or Funding Committed							
Project	Location	CD	New Construction Units (non-Inclusionary)	Rehab Units	Rehab Presevation Units	Inclusionary Units	Total Units
La Villa Lake	1070 N. Lake Ave.	2		114			114
Salvation Army HOPE Center	1000 E. Walnut St.	5	66				66
Heritage Square South	Fair Oaks & Orange Grove	3	70				70
Waverly House ADU	268 Waverly	6	1				1
Habitat for Humanity Duplex	136 & 138 Howard St.	1	2				2
SUBTOT							
AL			139	114	0	0	253

Predevelopment							
Project	Location	CD	New Construction Units (non-Inclusionary)	Rehab Units	Rehab Presevation Units	Inclusionary Units	Total Units
Adept Walnut	1880 E. Walnut St (off-site)	2	31			27	58
HOPE Apts	760 N. Worcester	5		6			6
Oakland SRO Apts	274-282 N. Oakland	3	142			37	179
Ramona Garfield	280 Ramona	3	112				112
Villa Raymond	455 N. Raymond Ave.	5			61		61
SUBTOT							
AL			285	6	61	64	416
TOTAL			449	123	210	125	907



# Challenges to Producing Housing

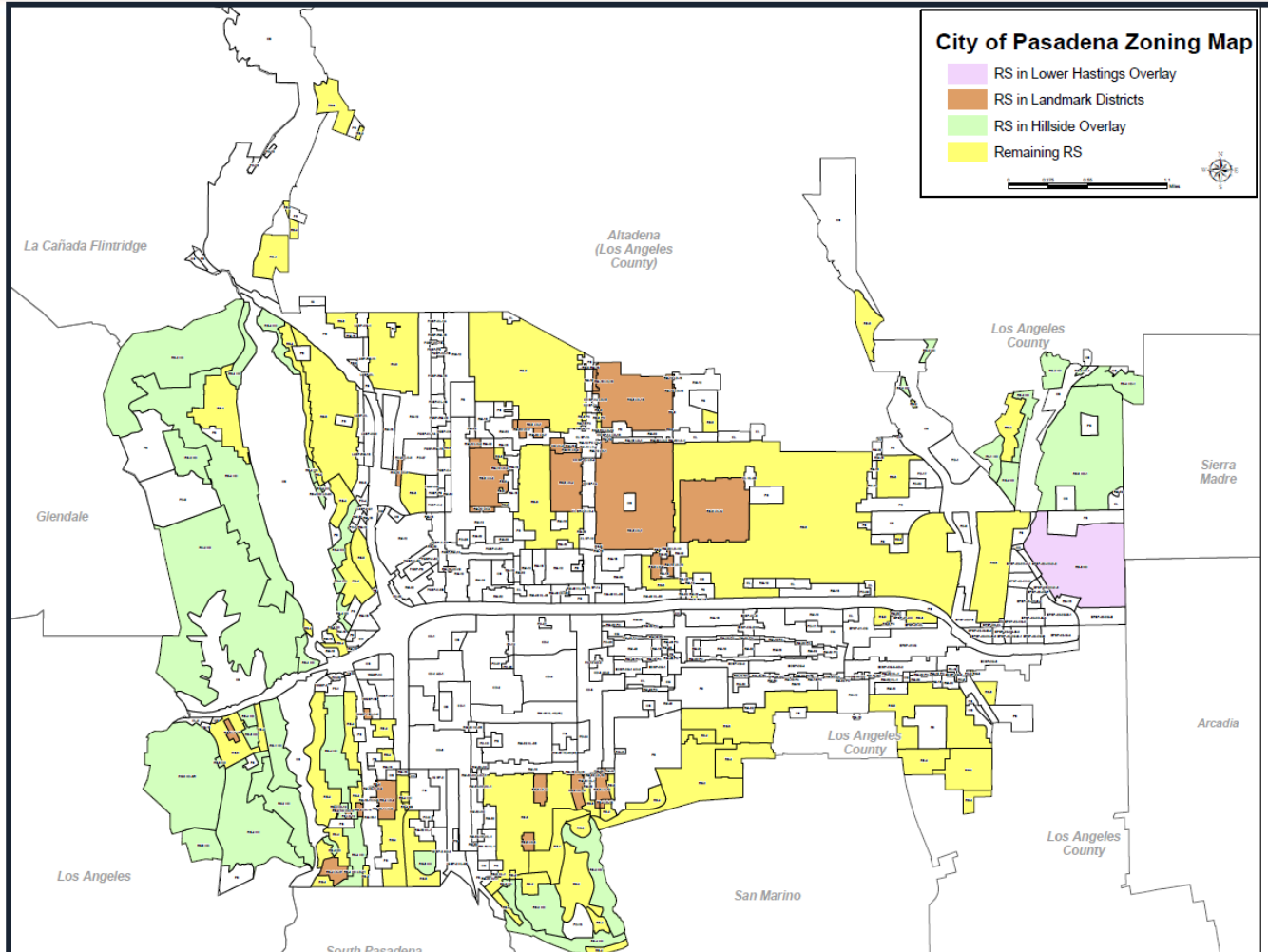
## Planning & Community Development Department

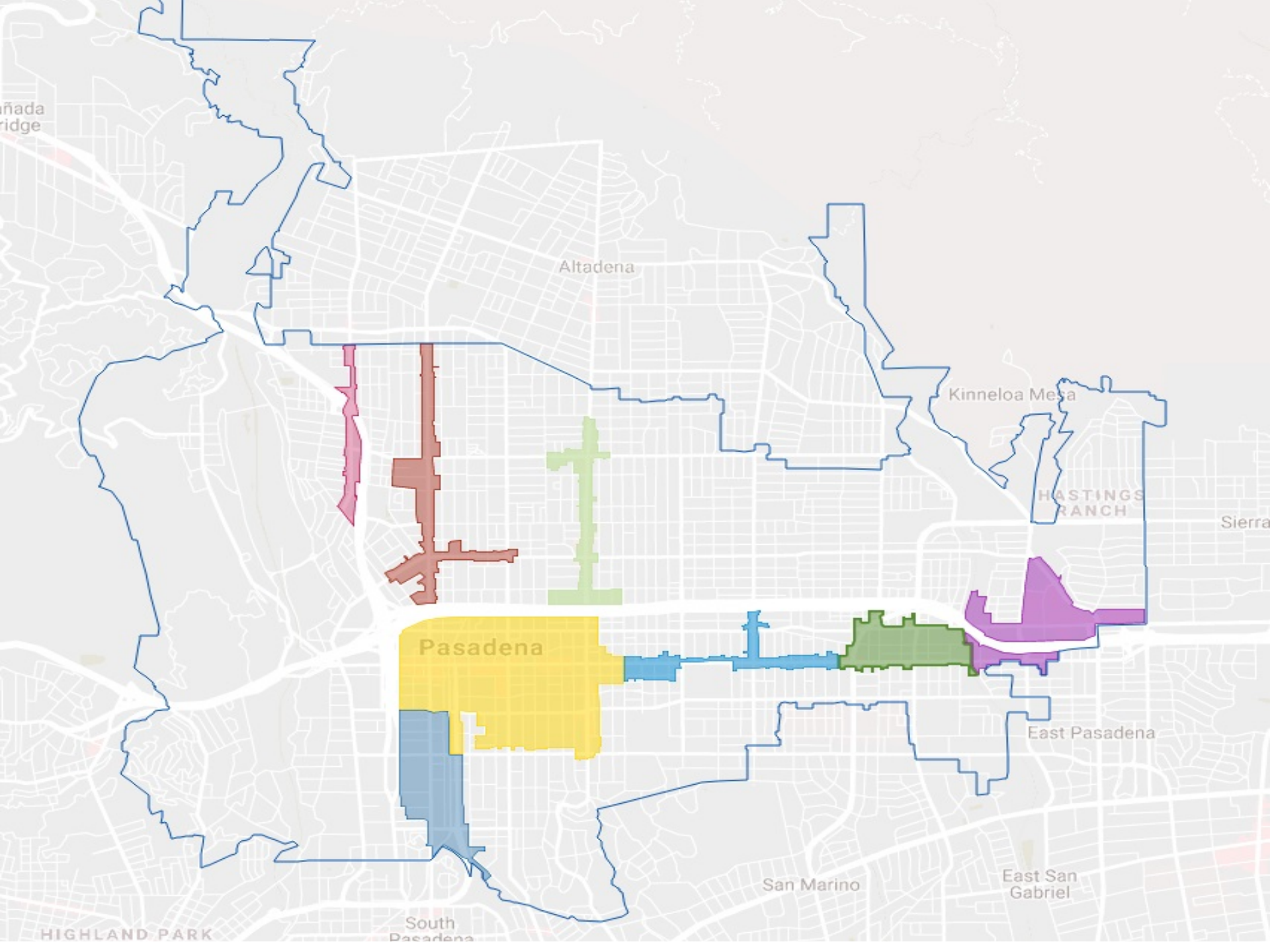
- Cities are NOT developers: Since affordable housing is produced by the private market (whether it is for-profit housing developers or non-profit affordable housing developers) the production of affordable housing often follows a larger market trend and tracks with the economy.
- The State's funding for affordable housing remains well below 2012 levels.
- Affordable Units are expensive to build: As has been discussed with the Council previously, building affordable housing can be very expensive. Several recent examples show that costs range from \$416K to \$618K per unit, including land costs.
- Pasadena is largely built out, resulting in a scarcity of available land for affordable housing.
- Pasadena's development costs are high and development review process are sophisticated.
- Public Support/Opposition to Affordable Housing



# Map of all Parcels in RS Zoning

Planning & Community Development Department









# Additional Opportunities

## Planning & Community Development Department

- **Affordable Housing on Religious Institution Property:** Staff is currently evaluating potential options to amend the certain regulations to allow affordable housing on property owned and operated by a religious institution.
- **Revising the Local Menu Option:** Staff will be bringing forward a one-year review of the local menu program early next year.
- **Rezone PUSD Property to Allow Multiple Types of Housing:** Currently, all PUSD property is classified within the PS Zoning District. The PS District allows Senior Affordable Housing and Residential Care Facilities with approval of a Conditional Use Permit. Other housing types are allowed as ancillary uses to a principle use

# Affordable Housing Discussion

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# RHNA Allocation

Planning & Community Development Department

## 2014-2021 City of Pasadena RHNA

Income Category	Number of RHNA Units	Progress
Very Low	340	148
Low	207	54
Moderate	224	45
Above Moderate	561	2,342
<b>TOTAL</b>	<b>1,332</b>	<b>2,589</b>

*TOTAL Regional RHNA Allocation* 412,137

*Pasadena's % of Total Regional RHNA* 0.3%

## 2021-2029 City of Pasadena RHNA

Income Category	Number of RHNA Units
Very Low	2,740
Low	1,659
Moderate	1,562
Above Moderate	3,447
<b>TOTAL</b>	<b>9,408</b>

*TOTAL Regional RHNA Allocation* 1,341,827

*Pasadena's % of Total Regional RHNA* 0.7%