



OFFICE OF THE CITY MANAGER

June 15, 2000

To the Honorable City Council
of the City of Pasadena

Mayor and Councilmembers:

HOUSING WORKSHOP

The purpose of the Housing Workshop is to provide the City Council with background information in preparation for consideration of revision to the Housing Element of the City's General Plan and provide staff direction on housing implementation programs. It is anticipated that the draft Housing Element will be presented to the City Council in the fall of 2000.

In preparation for the Housing Workshop scheduled for the City Council meeting of June 19, 2000, staff has prepared a binder that contains background material including information Councilmembers requested during the June 13, 2000, hearing on the Consolidated Plan. The Housing 2000 Stakeholders Group, which is comprised of representatives of Councilmembers, housing advocates, and neighborhood group representatives have been invited to attend the Workshop. The Task Force has met several times and has produced the document in Section 9 of the binder.

The need for housing is analyzed in the Housing Needs Analysis (the bound volume inside the cover of the binder). A brief overview of the findings from this effort can be found in Section 2. It is clear from these documents that there a need exists for quality new housing affordable to those of low and moderate income. The housing programs supported by the City/Commission for the conservation and expansion of housing affordability to low and moderate income residents of Pasadena are outlined in Section 8 of the binder. We will continue to look for additional resources and opportunities to leverage the available funding.

Significant Issues: The Housing 2000 Stakeholders Group recognized the need to preserve, maintain, and improve the quality of Pasadena's neighborhoods and that any new housing programs must be governed by this goal. Three objectives were dominant in the Task Force's deliberations: provide additional affordable housing for all segments of the Pasadena community; promote a balanced geographic dispersal of

affordable housing throughout the community; and leverage housing demand to provide affordable housing. These objectives are supported by statements in the City's General Plan Land Use Element.

“Increase, where feasible, the equitable distribution of affordable housing throughout the City, including an inclusionary zoning ordinance.”

“Encourage the retention and creation of affordable housing throughout Pasadena by providing sufficient land and densities to develop new affordable housing.”

“Increase densities in certain areas, including Mixed Use and Urban Village areas, to encourage the production of affordable housing – ownership units affordable to low or very low income households, or senior housing.”

Pasadena is a prestigious community and during this time of prosperity property values have increased significantly making it more difficult to provide additional affordable housing. As property values increase, rents rise and those with the greatest need find it increasingly difficult to afford to live in Pasadena. If Pasadena is to continue to be a city that includes all income groups, actions should be considered to expand the quantity of quality affordable housing units. Housing developers in Pasadena are producing a significant number of new housing units primarily in the downtown area; most of it is beyond the reach of the low and moderate income segments of the City's population.

There are three issues which staff would ask be the focus of discussion in the Workshop: inclusionary housing, land use regulations, and housing supply. All are intended to increase the supply of affordable housing throughout the community.

Inclusionary Housing: Recognizing that the City has limited housing resources, providing affordable housing throughout the City will become increasingly difficult as housing costs and land prices increase. Producing the greatest number of affordable housing units in a cost-efficient manner will lead to the concentration of affordable housing units in areas with lower land value frustrating the goal of geographically dispersing affordable housing. One mechanism to remedy this situation is a housing policy that requires housing developers to make affordable to low and moderate income residents a percentage of the units they develop.

There are a wide range of inclusionary housing policies enacted by cities (see binder, Section 10). A part of the policy discussion will be consideration of an inclusionary ordinance that requires private housing developers' participation in the provision of housing affordable to low and moderate income residents. Some parameters for the requirement to provide affordable housing include: (1) participation limited to projects above a specific size, e.g. projects with greater than 20 units, (2) a percentage

of units to be made available to low/moderate households, e.g. 15% of the units to be made affordable, 50% of which are for low and 50% for moderate income residents, (3) mechanisms to maintain affordability after the initial sale/lease-up, (4) the need to have the affordable units similar size to the overall unit mix in the project. An inclusionary program may require public support. Future potential homeowners may need assistance in accessing inclusionary housing units in terms of down payment assistance and if available, access to low cost financing because of down payment requirements or the high cost of financing. An inclusionary policy may be completed with down payment assistance and/or lower cost mortgage financing.

An inclusionary housing policy allows the City/Commission funds to be targeted to programs that encourage housing rehabilitation, homeownership and/or meet the needs of the Pasadena residents that are most at risk and require the most assistance including the very low income and those with special needs.

Land Use Issues: In a rapidly urbanizing city identifying sites for new housing is a challenge. Consistent with the General Plan objective for geographic dispersal of low and moderate income affordable housing and the conservation of neighborhoods, opportunities for new housing development can be focused along major corridors. These include streets such as, North Fair Oaks, Del Mar, Arroyo Parkway, Colorado Boulevard, and North Lake Avenue. New housing development can also be a catalyst for revitalizing areas.

Housing in these areas will need to be well designed and respectful of the surrounding environment and neighborhoods. They must also have the proper support services including street capacity, access to transit and other necessary facilities such as water and sewer.

As the City proposes Specific Plans, re-evaluates the zoning code and examines modifications to the General Plan, the opportunity to provide housing development sites should be a key consideration. The policies to support these actions are already contained in the City's General Plan. The City is preparing revisions to the Zoning Code. These revisions should evaluate the development standards for housing to encourage higher quality development and ensure that the standards are not impediment to the production of housing at the designated density. As a part of the code evaluation consideration should be given to permitting housing in all commercial designations. Currently, the CG designation does not permit housing.

Housing Supply: Private development is providing studio, one and two bedroom units. An inclusionary policy will permit a portion of these units to be affordable. Family housing and senior housing is not being produced. These are the most difficult units to produce. Programs which support homeownership and rehabilitation permit moderate income families access to larger units and preserve larger units. Commission funds should be targeted to these programs and programs that support infill development of senior housing and affordable housing for low and very low income families.

Upon conclusion of the workshop, staff will examine the housing programs/policies currently being implemented and based on the discussion suggest modifications if necessary. The drafting of the Housing Element of the General Plan will also reflect discussion at the Workshop. We will continue to seek out other funding sources, mechanisms to leverage resources and innovation to provide affordable housing for Pasadena residents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Cynthia Kurtz", written over a printed name.

CYNTHIA J. KURTZ

City Manager

Attachments