



**CITY OF SOUTH PASADENA
PLANNING COMMISSION
SPECIAL MEETING AGENDA**

Tuesday, January 26, 2021 at 6:30 p.m.

South Pasadena Planning Commission Statement of Civility

As your appointed governing board we will treat each other, members of the public, and city employees with patience, civility and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all city business and community participation. The decisions made tonight will be for the benefit of the South Pasadena community and not for personal gain.

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the special meetings of the Planning Commission will be conducted remotely and held by video conference. The meeting will be broadcast live on the City's Planning Commission website and can be viewed by [clicking here](#).

Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Council Chambers will not be open for the meeting. Commission members will be participating remotely and will not be physically present in the Council Chambers.

The Planning Commission welcomes public input. If you would like to comment on an agenda item, members of the public may submit their comments in writing for the Planning Commission consideration, by emailing comments or questions to PlanningComments@southpasadenaca.gov or by calling (626) 403-7720 and leaving a **3-minute** voicemail message to be played during the meeting. Public comments must be received by **12:00 p.m. on Tuesday, January 12, 2021** to ensure adequate time to compile and post. Please provide: 1) your name; and 2) agenda item for the comments/questions. All comments/questions received will be distributed to the Commission for consideration and will also be posted on the City's website prior to the meeting.

CALL TO ORDER:

Chair Janet Braun

ROLL CALL:

Laura Dahl, Commissioner, Amitabh Barthakur,
Commissioner, Lisa Padilla, Secretary, John Lesak, Vice-
Chair and Janet Braun, Chair

COUNCIL LIAISON:

Diana Mahmud, Mayor, Council Liaison

STAFF PRESENT:

Teresa L. Highsmith, City Attorney
Joanna Hankamer, Planning & Community Dev. Director
Kanika Kith, Planning Manager
Elizabeth Bar-El, AICP, Interim Manager of Long Range
Planning & Economic Development
Malinda Lim, Associate Planner

APPROVAL OF AGENDA

Majority vote of the Commission to proceed with Commission business.

DISCLOSURE OF SITE VISITS AND EX-PARTE CONTACTS

Disclosure by Commissioners of site visits and ex-parte contact for items on the agenda.

PUBLIC COMMENTS AND SUGGESTIONS

(Time limit is three minutes per person)

If you wish to address the Planning Commission on items not on the agenda and within the subject-matter jurisdiction of the Planning Commission, members of the public may submit their comments in writing to PlanningComments@southpasadenaca.gov or by calling (626) 403-7720 and leaving a 3-minute voicemail message to be played during the meeting. Public comments must be received **by 12:00 p.m. on Tuesday, January 12, 2021** to ensure adequate time to compile and post. Please make sure to indicate: 1) your name; and 2) stating it is for general public comments/suggestions.

The public should be aware that the Planning Commission may not discuss details or vote on non-agenda items. Your concerns may be referred to staff or placed on a future agenda.

BUSINESS ITEMS

1. Planning Commission Reorganization

Recommendation

Select a Chair, Vice-Chair, and Secretary.

2. 2019 Annual Report of 2020 Work Plan (Continue)

Recommendation

Discuss and approve the 2020 Annual Report and 2021 Work Plan.

PUBLIC HEARING

3. Inclusionary Housing Ordinance

Recommendation

Adopt a Resolution recommending that the City Council approve the proposed amendment to the South Pasadena Municipal Code (SPMC) Chapter 36 (Zoning) adding, Chapter 36.375 (Inclusionary Housing Ordinance).

ADMINISTRATION

4. Comments from City Council Liaison

5. Comments from Planning Commissioners

6. Comments from Staff

ADJOURNMENT

7. Adjourn to the Special Planning Commission meeting scheduled for January 26, 2021.

PUBLIC ACCESS TO AGENDA DOCUMENTS AND BROADCASTING OF MEETINGS

Planning Commission meeting agenda packets are available online at the City website: <https://www.southpasadenaca.gov/government/boards-commissions/test-planning-commission-agendas-minutes-copy>

Agenda related documents provided to the Planning Commission are available for public review on the City’s website. Additional documents, when presented to Planning Commission, will also be uploaded and available on the City’s website. The meeting will be broadcast live on the City’s website via Zoom, and a recording of the meeting will be available on the website within 48 hours of adjournment.

AGENDA NOTIFICATION SUBSCRIPTION

Individuals can be placed on an email notification list to receive forthcoming agendas by emailing CityClerk@southpasadenaca.gov or calling the City Clerk’s Division at (626) 403-7230.

ACCOMMODATIONS



The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the City Clerk's Division at (626) 403-7230. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Notification at least 48 hours prior

to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

I declare under penalty of perjury that I posted this notice of agenda on the bulletin board in the courtyard of City Hall at 1414 Mission Street, South Pasadena, CA 91030, and on the City's website as required by law.

01/21/21



Date

Elaine Serrano,
Administrative Secretary



Planning Commission Agenda Report

ITEM NO. 1

DATE: January 26, 2021

TO: Planning Commission

FROM: Joanna Hankamer, Director of Planning and Community Development

PREPARED BY: Kanika Kith, Planning Manager

SUBJECT: Planning Commission Reorganization

Recommendation

Appoint a Chair, Vice Chair, and Secretary to serve the Planning Commission meetings in 2021.

Discussion

The Planning Commission appoints a commissioner to serve as Chair, Vice-Chair, and Secretary annually. Per Article 4 Boards and Commission – General Provisions Section 2.31 Organization of the South Pasadena Municipal Code, the Chair and Vice-Chair may serve no more than two consecutive one-year terms. Under Section 2.31, Chair Braun and Vice Chair Lesak may continue to serve as Chair and Vice Chair for 2021.

These appointments are effective immediately after the motions are approved and through the 2021 calendar year.



Planning Commission Agenda Report

ITEM NO. 2

DATE: January 26, 2021

TO: Planning Commission

FROM: Kanika Kith, Planning Manager

PREPARED BY: Malinda Lim, Associate Planner

SUBJECT: 2020 Annual Report and Work Plan for 2021 (**Continued**)

Recommendation

It is recommended that the Planning Commission discuss and approve the Annual Report for 2020 and Work Plan for 2021.

Discussion

Both the 2020 Annual Report and 2021 Work Plan were presented to the Planning Commission at the meeting of December 15, 2020. These two documents have been revised to include the information requested by the Commission as follows:

2020 Annual Report

- Included the following accomplishments:
 - Creation of a subcommittee to work with Staff on an Inclusionary Housing Ordinance and updating the Density Bonus regulations.
 - Approved the most housing units (182 units) than any other year.
- Updated the number of project approvals from 10 to 11 and included how many projects were appealed or called up for review.
- Updated the project table to include all approved projects and the number of meetings before receiving approval.

2021 Work Plan

- Date of when Housing Element is to be adopted (October 15, 2021).
- Added Urgency Tenant Protection Ordinance and Inclusionary Housing Ordinance to quarter 1.
- Separated Accessory Dwelling Units (ADUs) Ordinance Update into two phases. Phase I to be completed in quarter 1 and Phase II to be completed in quarters 2 and 3.
- Moved Zoning Code clean-up and updates to quarter 4.
- Move General Plan Update and Downtown Specific Plan to quarter 4.

PC Agenda
January 16, 2020

- Added Density Bonus Ordinance update to quarters 3 and 4.
- Added Electric Vehicle Charging Stations Ordinance to quarter 4.

The Work Plan for 2021 was included in the December meeting so that outgoing Commissioners may participate in the work plan for this year. At that meeting, the Commissioners continued the 2020 Annual Report to allow Chair Braun an opportunity to provide feedback and changes to the document. The 2021 Work Plan will be forwarded to the City Council with the 2020 Annual Report.

Attachments

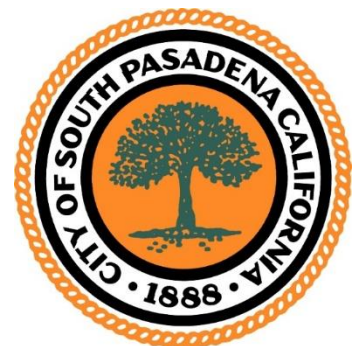
1. Updated 2020 Annual Report for PC
2. Updated 2021 Work Plan for PC

ATTACHMENT 1
2020 Annual Report for PC

ANNUAL REPORT 2020

Planning Commission

City of South Pasadena



A Message from the Commission Chair

To be added by the Chair

Sincerely,

Janet Braun
Planning Commission, Commission Chair

PURPOSE STATEMENT

The Planning Commission is the consulting and advisory board to the City Council. The Planning Commission makes investigations and recommendations in an advisory capacity, either upon its own initiative or upon the request of the City Council, of matters pertaining to a civic center, subdivisions, zoning, parks and boulevards, beautification of the city and in general such other subjects as have to do with the orderly and consistent physical development of the city.

Planning Commission

Janet Braun	Commission Chair
John Lesak	Commission Vice-Chair
Lisa Padilla	Commission Secretary
Laura Dahl	Commissioner
Richard Tom	Commissioner
Diana Mahmud	Council Liaison
Mayor Pro Tem	
Kanika Kith, Planning Manager	Staff Liaison

Planning Commission meetings are held every 2nd Tuesday of the month at 6:30 p.m. Meetings were held at: City Council Chambers (1424 Mission Street, South Pasadena, CA 91030) prior to COVID-19 pandemic. During the pandemic, meetings are conducted remotely by video conference and broadcast live on the City's website.

The Planning Commission approved 11 out of 12 development applications and entitlements. Of these projects, two were appealed and one was called up for review by the City Council. The approvals consisted primarily of mixed used projects and hillside residential developments.

Several of the hillside projects were challenging because the lots were small and steep, which required intensive design techniques for livable homes while minimizing impacts to the hillside and findings regarding neighborhood compatibility and quality of life.

A list of these significant and challenging projects that were approved by the Planning Commission are included in Table 1 at the end of this document.

The Planning Commission successfully approved Conditional Use Permits for operations of new businesses, including:

- **1401 Huntington Drive – Grocery Outlet, operation of new grocery store at a vacant building, formerly Big Lots.**
- **901 Fair Oaks Avenue - Chipotle Mexican Grill, sale of beer and wine for on-site consumption within suite and adjacent patio areas.**
- **901 Fair Oaks Avenue - Starbucks Coffee Company, extended hours of operation.**

The Planning Commission approved 3 large mixed-use projects that will provide more housing stocks, public parking spaces, and electric vehicle (EV) charging stations for public use. Of these 3 projects, one is a senior housing project with 13 affordable units, which is the first density bonus senior housing project in the City.

These mixed use projects were challenging because they were large in scale and involved several technical issues and design considerations to ensure the proposals provide a desirable environment for the community.

These projects are:

- Mission Bell – 36 residential units and 7,394 square feet of retail commercial and outdoor dining spaces.**



47 parking spaces and 3 EV charging stations will be provided for public use. 2 EV charging stations will be provided for private residential use.

- **Senior Housing at 625 Fair Oaks – 86 senior housing units with 13 affordable unit for low income households. 17 EV charging stations will be provided for tenant and private resident use.**



- **Seven Patios – 60 residential units and 6,100 square feet of retail commercial space. 60 parking spaces and 4 to 15 EV charging stations for public use.**



In addition, the Planning Commission held several meetings to discuss city-wide Planning policies:

- **Draft General Plan**
- **Draft Downtown Specific Plan**
- **Zoning Code Update**
- **Housing Element Update**
- **Accessory Dwelling Units Ordinance Update**
- **Inclusionary Housing Ordinance**
- **Tenant Protection**
- **Vehicle Miles Traveled Methodology**
- **Regional Housing Needs Allocation Appeal (RHNA)**

Two Planning Commissioners participated in the Ad Hoc Committee to work on the appeal for RHNA.

Creation of a subcommittee to work with staff on an Inclusionary Housing Ordinance and updating the Density Bonus regulations

Approved the most housing units than any other year. 182 housing units, with 13 units affordable, were approved by the Planning Commission in 2020.

**First Commission/Board in the City to
conduct a virtual public hearing
meeting.**

Table 1: Significant & Challenging Projects

	Project Address	Approval	Significant/Challenges	Number of Meetings
1.	625 Fair Oaks	86 senior housing units with 13 affordable unit for low income households	New housing units that will increase the city's senior housing and affordable housing stock.	2
2.	1105-1115 Mission Street (Mission Bell)	Establishment and operation of a 45,653 square-foot mixed used development	New housing units that will increase the city's housing stock. New retail/restaurant opportunities, which helped to promote economic development	1
3.	845/899 El Centro St. (Seven Patio's)	New mixed-use project consisting of residential, retail, and restaurant uses on a 1.61 acre	New housing units that will increase the City's housing stock. New restaurant, retail, and office spaces will promote pedestrian activity and economic development	1
4.	Moffat Street	Private Street to access seven lots in Los Angeles	Seven land locked lots are located in the City of Los Angeles.	4
5.	713 Flores del Oro	Addition to an existing home	Creative green roof garden design	1

	Project Address	Approval	Significant/Challenges	Number of Meetings
6.	804 Valley View	New single-family home	Small and narrow lot	3
7.	1401 Huntington Drive Grocery Outlet	Conditional Use Permit for grocery store use	First grocery store use for the site.	1
8.	901 Fair Oaks Avenue Chipotle	Conditional Use Permit for beer and wine for on-site consumption	First eating establishment at the multi-tenant building allowed to sell alcohol	1
9.	901 Fair Oaks Avenue Starbucks	Conditional Use Permit for extended hours of operation	Striking a balance between Applicant's proposed hours and the community's concerns and suggestions to the extra hours	1
10.	455 La Terraza	Addition to an existing home	Irregular shape lot located in a cul-de-sac	1
11.	1312 Meridian Avenue	Intent to demolish, variance for modification and addition to existing single family home	Concerns regarding the design of the project.	2

ATTACHMENT 2
2021 Work Plan for PC



Objective	Tasks and Activities	Lead Person(s)	Timeline	Desired Outcome
Election of Chair and Vice Chair	<ul style="list-style-type: none"> – Nominations – Elections 	Joanna Hankamer/ Kanika Kith	Quarter 1	Select a Chair and Vice-Chair
Work Plan	<ul style="list-style-type: none"> – Adoption of the 2021 Work Plan 	Joanna Hankamer/ Kanika Kith/ Margaret Lin	Quarter 1	Adoption of the 2021 Work Plan
Brown Act Training for individual Commissioner	<ul style="list-style-type: none"> – Brown Act Training 	City Attorney	Quarter 1	Ensure all commissioners have a thorough understanding of the Brown Act
Update Accessory Dwelling Units (ADUs) Ordinance – Phase 1	<ul style="list-style-type: none"> – Discussion for development and design standards for ADUs 	Joanna Hankamer/ Margaret Lin/ Kanika Kith	Quarter 1	Update existing ordinance to promote construction of ADUs and include objective design standards
Urgency Tenant Protection Ordinance	<ul style="list-style-type: none"> – Review and make recommendation to City Council 	Joanna Hankamer	Quarter 1	Require building permits and scope of work prior to termination of tenants.
Inclusionary Housing Ordinance	<ul style="list-style-type: none"> – Review and make recommendation to City Council 	Joanna Hankamer/ Margaret Lin/ Kanika Kith	Quarter 1	Require projects to provide affordable housing units.

Objective	Tasks and Activities	Lead Person(s)	Timeline	Desired Outcome
Update Accessory Dwelling Units (ADUs) Ordinance – Phase 2	– Establish design standards for ADUs	Joanna Hankamer/ Kanika Kith	Quarters 2 & 3	Establish design standards and guidelines for ADUs for historic properties and districts.
Update Density Bonus Ordinance	– Include design standards to facilitate density bonus on selected affordable housing sites	Joanna Hankamer/ Kanika Kith/ Margaret Lin	Quarters 2 & 3	Facilities density bonus developments on appropriate area in the City.
Housing Element	– Receive information from staff	Joanna Hankamer/ Margaret Lin	Quarters 3 & 4	Compliance with state law for updating the City’s Housing Element and adoption on October 15, 2021.
General Plan Update and Downtown Specific Plan	– Review and make recommendation to City Council – Ensure long range goals and policies of the community.	Joanna Hankamer/ Margaret Lin/ Kanika Kith	Quarter 4	Recommendation to City Council for adoption of the draft General Plan and Downtown Specific Plan
Zoning Code Clean-up & Updates	– Review propose changes and make recommendations to City Council	Joanna Hankamer/ Margaret Lin/ Kanika Kith	Quarter 4	Clarify and refine regulations, and remove inconsistencies
Revisit Residential and Commercial Design Guidelines & Consider Design Standards	– Review for consistency with the General Plan – Clarify standards versus guidelines – Tailor for infill developments	Joanna Hankamer/ Kanika Kith	Quarter 4	Consistency with the goals and policies of the General Plan, and to make clear design standards versus guidelines

Objective	Tasks and Activities	Lead Person(s)	Timeline	Desired Outcome
Electric Vehicle (EV) Charging Stations Ordinance	– Expand on the number of mandatory chargers for multi-unit developments	Joanna Hankamer/ Margaret Lin/ Kanika Kith	Quarter 4	Require EV chargers as part of all development projects.
Annual Retreat	– Commissioner gathering in an informal setting	Joanna Hankamer/ Kanika Kith	Quarter 4	Commissioner gathering
Educational update on state laws relating to land use regulations	– Receive updates	City Attorney/ Joanna Hankamer/ Kanika Kith	Ongoing	Understanding of new state laws relating to land use regulations
Monthly project status report	– Receive updates	Joanna Hankamer/ Kanika Kith	Ongoing	Understanding of new and on-going projects
Review Development & Entitlement applications	– Review development projects and entitlements	Joanna Hankamer/ Kanika Kith	Ongoing	Ensure high-quality developments



Planning Commission Agenda Report

ITEM NO. 3

DATE: January 26, 2021

TO: Planning Commission

FROM: Joanna Hankamer, Director of Planning and Community Development

PREPARED BY: Elizabeth Bar-El, AICP, Interim Manager of Long Range Planning and Economic Development

SUBJECT: **Recommendation to Adopt an Inclusionary Housing Ordinance**

Recommendation

It is recommended that the Planning Commission adopt a Resolution recommending that the City Council approve the proposed amendment to the South Pasadena Municipal Code (SPMC) Chapter 36 (Zoning) adding Chapter 36.375 (Inclusionary Housing Ordinance).

Background

An inclusionary housing ordinance is a set of regulations that requires developers of market rate housing projects to include affordable housing units that are deed-restricted for occupancy by lower-income households. The ordinance typically specifies number, affordability level, and other characteristics that units must comply with, along with the procedures for ensuring compliance and long-term monitoring for appropriate use of the units. Inclusionary ordinances are specifically authorized by State law and with the State experiencing a severe housing shortage, particularly in regard to housing units affordable to middle and lower-income households, and the State legislature's efforts in recent years to mandate increased housing production statewide, they are emerging as a key policy tool for cities. Inclusionary housing requirements are particularly effective in encouraging affordable units in market-rate projects when paired with State Density bonuses already required by the State and Municipal Code. As the City prepares its 2021-2029 Housing Element and identifies suitable sites for housing development, the Council, Planning Commission and community expressed support for introducing this requirement into South Pasadena's municipal code and directed staff to prepare the ordinance.

The Planning Commission held a study session on December 15, 2020, a subcommittee of the Planning Commission worked with staff in late December and early January to refine components of the draft ordinance, and staff provided an update on preparation of the ordinance on January 12, 2021 (see Attachments 2 and 3).

Community Outreach

City staff and decision makers began a discussion leading to the proposed inclusionary housing ordinance two years ago, when the Planning Commission, at its January 28, 2019 meeting, discussed policies to improve the accessibility of affordable housing and to improve the condition of the City's rental housing stock. These policies included amendments to the Accessory Dwelling Units (ADUs) ordinance, inclusionary housing, and tenant protection programs. In September 2019, the City held a series of housing workshops regarding tenant protections, ADUs, and Inclusionary Housing. The purpose of the meetings was to provide educational information on State mandates and potential housing policy solutions and receive input from community members. Participants expressed broad support for increasing affordable housing units in new projects, noting that learning more about the details would be important.

Development of the ordinance continued through 2020, and in December the Planning Commission appointed a sub-committee to work with staff on the details in the proposed draft ordinance. Staff received input in the following ways:

- May-September 2020: Virtual Housing Workshops
- August 11, 2020 – Planning Commission discussion on potential inclusionary and ADU housing policies related to the Housing Element update
- December 15, 2020 – Planning Commission Study Session
- January 12, 2021 – Staff update to Commission
- PC Affordable Housing sub-committee meetings:
 - December 21, 2020, December 23, 2020, January 12, 2021
- December 2020-January 2021 outreach:
 - Architects/recent projects
 - San Gabriel Valley Affordable Housing Trust
 - South Pasadena Chamber of Commerce Economic Development Committee (January 14, 2021)
 - Housing Workshop with Housing Rights Center (January 25, 2021)

Discussion

In the first six years of implementing the current eight-year Housing Element, through the end of 2019, a total of 93 new housing units had been produced in South Pasadena and reported in the Annual Progress Reports to HCD (the 2020 report is due in April). All units are specified as market-rate or below-market rate (affordable) units. With a 2014 RHNA of 63 units, South Pasadena's housing production has exceeded its overall allocation number. However, only ten of the units were at affordable levels, compared with 38 required by the RHNA, resulting in the City not reaching full compliance with its RHNA.

State Mandates to Provide Affordable Housing

In recent years, the State has boosted the consequences for jurisdictions that do not plan for and implement their RHNA allocations, both market rate and affordable. The Housing Element statute now requires jurisdictions to adopt housing elements that are eligible for certification by the due date (with a three-month grace period) or the eight-year planning period is reduced to four-years

and the jurisdiction must produce an update four years later. Jurisdictions that are out of compliance with this law are deemed ineligible for an increasing number of grants and other funding opportunities. Additionally, there are new consequences for jurisdictions that adopt housing elements but do not sufficiently entitle projects that implement its policies and programs, including SB35 “streamlining.” SB35 allows developers to submit an application for ministerial review of a project, which the City must approve if it complies with objective standards. In regard to processing a project under SB35 streamlining, the [HCD Implementation Guidelines](#) state that: “A local government may only require information that is required for a reasonable person to determine compliance with objective standards and criteria outlined in Article IV of these Guidelines.” This is a significant challenge to local control and the traditional protective processes that have grown out of a desire to maintain character but have served to deter housing development, contributing to the current shortage.

South Pasadena has been determined to be in partial (50%) compliance with SB35, based on market rate production, and as such is required to permit streamlined applications only for eligible projects that include at least 50% very low/lower income units. Only a few jurisdictions statewide have achieved full exemption from SB35’s provisions including some large counties in northern California and a few cities in the Los Angeles region. For those that have been determined to be exempt from all streamlining requirements, the inclusionary housing requirement has played an important role in producing the affordable units, as it is expected to do in South Pasadena. Adoption of this policy will be an important consideration for HCD as it reviews the City’s housing plan in the housing element certification process.

State Density Bonus Laws

California lawmakers have also enacted a number of measures in recent years limiting local discretion over projects that provide a minimal component of affordable housing units. The concept behind the State Density Bonus is to encourage market-rate developers to include some deed-restricted affordable units in their projects. In exchange, with either 10% of units for lower income or 5% of units for very low income households, the project is allowed to exceed the local density. Further, in order for the project to be able to achieve the higher density, a developer may request (and must be granted) “incentives,” or waivers from local zoning limitations such as height limits and minimum parking standards. As State law takes precedent over local regulations, the height waiver may allow a project to exceed the city’s initiative-based citywide height limit of 45 feet. The density bonus law has been incorporated into the Municipal Code as Division 36.370 (Affordable Housing Incentives).

If a jurisdiction’s inclusionary ordinance requires provision of more affordable housing than the density bonus law thresholds, the applicant must provide the higher standard of the two. Although this may qualify the project for additional incentives, it will also ensure that the community receives a more acceptable number of affordable units in the project to work toward the RHNA objectives.

State Prohousing Designation

Based on 2019 legislation, the State has tasked HCD with designating jurisdictions as “Prohousing” when they demonstrate policies and strategies to accelerate housing production. Prohousing jurisdictions will then be awarded additional points or preference in programs, such as the Affordable Housing and Sustainable Communities (AHSC), Transformative Climate Communities

(TCC) and Infill Incentive Grant (IIG) programs. HCD released its “Prohousing Policies Framework” in October 2019 to solicit input on the establishment of the program, and is required to have the program in place by July 2021. Given the State’s strong emphasis on increasing housing production, it is also likely that the Prohousing designation will become more widely used as a factor in awarding funding for other State programs.

Adoption of this inclusionary housing ordinance, along with completion of other planning efforts currently underway, will support South Pasadena’s ability to qualify for Prohousing designation.

Proposed Inclusionary Housing Ordinance

Consistent with the direction that the Commission has provided throughout this process, staff is proposing an inclusionary housing ordinance that is weighted toward on-site construction of affordable units. The ordinance offers applicants alternative means of compliance, as required by State law, but aspires to make it more advantageous to develop the units within the project. When combined with the State density bonus provisions and the ordinance’s design incentives, the intent is to maintain feasibility while requiring market-rate developers to contribute toward growing a meaningful stock of affordable housing units throughout the city’s neighborhoods, both commercial/mixed use and residential multi-family. The ordinance allows only projects with three units to “fee out” of the on-site provision, recognizing that inclusionary units may be difficult to provide in projects of this size.

The following discussion explains each section of the proposed ordinance.

- **Purpose for inclusionary housing (36.375.010)**

The proposed ordinance begins with language that clarifies the intent of the ordinance to address the deficiency of affordable housing in the city in a way that respects the uniqueness of the city. This section draws a connection between housing, transportation and the environment and between market-rate housing development and depletion of land supply for affordable housing, which can be remedied through including affordable units within the project.

- **Applicability (36.375.020)**

The ordinance as proposed would apply to all projects that provide three or more market-rate dwelling units, although there are differentiations in the requirements and alternatives. This threshold extends the contribution of market rate project to the vast majority of multi-family projects, with the exception of duplexes, harnessing maximum development potential to this effort.

- **Exemptions (36.375.030)**

As a new ordinance with significant implications, the proposed language provides for circumstances in which certain projects would be exempt.

The first category of exemption addresses projects already in the pipeline. The “pipeline” refers to a range of projects in process: entitled projects that have not been issued building permits, applications that have not yet been acted upon, or even projects in development for which an application has not yet been received. After considering the options, it is proposed to address pipeline projects by exempting those projects that have been deemed complete by December 31, 2020. Back-dating the exemption serves to avert a rush to submit projects and avoid the requirement, but recognizes that applications that have been deemed complete relied on the current

Zoning Code without the inclusionary requirements. There are very few projects for which this would be applicable. The Seven Patios project, approved recently by the commission and called up to Council for review, would be exempt as it was deemed complete prior to this date.

As stated in the Purpose section, there is a “serious need for affordable housing in the city and the region.” Given the strong demand and serious need, staff believes that it is appropriate to narrow the range of exempt pipeline projects so that housing projects currently in development will be submitted with inclusion of affordable units.

In addition, in order to encourage adaptive reuse that preserves historic buildings, new units developed within historic structures are not counted (exempt) in projects that retain such buildings. Units in a new or non-historic building co-located on the property with the historic building would be counted toward requiring inclusionary housing.

The ordinance would also not apply to projects already providing 100% affordable housing units, accessory and junior accessory dwelling units (ADU/JADU), or other cases precluded by State law including development agreements, which would be subject instead to the requirements of any adopted DA ordinance.

- **Definitions (36.375.040)**

This section defines terms used in this Code division that are not generally used or defined in other places in the Zoning Code. The definitions are consistent with the State definitions of household income levels as applied to Los Angeles County. Accordingly, the terminology used by South Pasadena will be consistent with other governmental terminology, as used in reporting documents that the City is required to provide on a regular basis.

- **Inclusionary Unit Requirement (36.375.050)**

The ordinance is proposed with a progressive requirement for more affordable units as the size of the proposed project increases. Projects with three or four market rate units must provide one unit, which may be at any affordability level. As discussed further below, it is proposed to allow an in-lieu fee option for three-unit projects.

Projects of five to ten units would be required to provide either one unit for extremely/very low income households or could provide slightly more (15%) for lower income or 20% for moderate income households. In most cases, providing the unit at a higher income level would result in a fraction. Sub-section B describes the procedure for fractional units, which may either be rounded up and provided or paid out as an in-lieu fee.

Applicants for medium sized projects (11-25 units) may choose to provide either 15% very low/extremely low income units or 20% low income units. For these projects, moderate income units are not an option in order to benefit the City’s RHNA and SB35 compliance which is based only on housing for very low and lower income households.

For projects that exceed 26 units, the inclusionary requirement is proposed to be 20% of the number of market rate units. If the project is between 26-50 units, the affordability level of all units may be chosen by the applicant, from options of lower, very low and extremely low income. For projects

of 51 or more units, the affordability levels must be divided such that 50% are provided for lower income households and 50% are provided for either very low or extremely low income households.

The structure of Table A is intended to favor construction of units at all affordability levels by varying the considerations in the developer's decision. Generally, developers choose to build the level with the least number of units required. With all things being equal, they will choose the higher affordability level that requires the least financial subsidy. Accordingly, it would be anticipated that most projects of three or four units would include one moderate-income unit. For projects of 5-10 units, the math would work out differently depending on the project size and a variety of affordability levels might result. Projects with 11-25 units might be expected to opt for very low-income units as they require a lower percentage of affordable units, and projects of 26-50 units would more likely choose low-income units, given the equal number required. And lastly, the largest projects, with more than 50 units would be required to provide equal numbers of both lower and very/extremely low-income units, so both levels would be provided.

Although listed as an alternative, it is likely that most market-rate developers will not choose to provide extremely low income units in their projects based on the proposed ordinance provisions. This would not impact the RHNA or SB35 compliance, as the extremely low income category is not included in those mandates. It is more likely that housing for extremely low income households would be constructed in 100% affordable projects.

The most recently published income and rent levels for LA County are provided in Attachment 5, as posted on the City of Santa Monica's Housing Division website.

- **Alternatives to On-site provision (36.375.060)**

State law requires that inclusionary ordinances allow applicants to choose an alternative to providing on-site inclusionary housing units. The proposed ordinance includes a tiered structure, providing an in-lieu fee alternative for three-unit projects, for which the on-site provision may be more difficult to accommodate.

For projects that exceed three units, the proposed alternatives are:

- Off-site units: an equivalent number of units in a location that is nearby or determined to be comparable by the Planning Commission. The units would also need to be comparable in size and quality to the main project.
- Rehabilitation: acquisition and rehabilitation of market-rate units, which would then be deed-restricted as affordable units.
- Land dedication, of a value equivalent to the cost of providing the on-site units. Consistent with State law, the Council must consider has the authority to accept or reject any offer of land as an alternative compliance with the ordinance.

While the preference is for developers to provide units within their projects, the proposed alternatives would also achieve the goal of providing more deed-restricted affordable housing units, distributed throughout the city.

- **Standards Governing Inclusionary Units (36.375.070)**

The Commission and sub-committee were interested in ensuring that affordable units would have the look and feel of the market rate units provided in the project. This section of the proposed ordinance specifies a number of objective standards, including equivalence in size to market-rate units with minimum affordable unit sizes, quality of materials, amenities, and maintenance that promote equivalency amongst all units. The affordable units are to be distributed throughout the project and actively marketed through appropriate means to ensure occupancy by eligible households. This section also requires concurrent construction of the units with the market rate units and specifies that the units shall be deed-restricted for a minimum period of 55 years.

- **Design Incentives (36.375.080)**

This section of the ordinance provides clarity regarding the City's expectations for quality and contextual design for all projects, yet also provides height and parking incentives for specific sites in the city in exchange for more prescriptive design requirements. Based on input from the community, the most important incentives for developers are project certainty, reduced processing time, height to accommodate the density bonus, and flexibility on parking standards. In order to encourage strong architectural design in new housing projects, and particularly those on a large enough scale to have a stronger effect on the surrounding area, the proposed inclusionary housing ordinance offers incentives for projects on sites of more than one-half acre that include on-site affordable units. As currently drafted, the incentives would apply to all one-half acre or larger properties in mixed-use zones or in the R4 District if the property has frontage on an arterial street. Alternatively, the Planning Commission could recommend these incentives be provided only to specific sites, such as the five housing opportunity sites (Vons site, Gold Line Storage Site, Ralph's site, Tyco site, a vacant site in the Ostrich Farm) previously discussed for height increases, or an expanded list of sites including additional properties on Fair Oaks, on Mission near the Gold Line station, and in the Ostrich Farm, for example. If the preference is to limit and direct the incentive further in this way, it might be implemented as an overlay zone. Staff and consultants are preparing an analysis of how many sites would need to be included to meet the City' RHNA.

The proposed ordinance defines strong architectural quality through objective standards that are either required or optional. Required standards include stepbacks of ten feet or more from the front building facade, sensitive siting within the context of the surrounding neighborhood and a minimum unit size of 850 square feet (for market rate and affordable units).

The optional features encouraged by the ordinance are provided to guide applicants toward better design, but are not required to be included in every project requesting the design incentives. These suggestions include higher ceiling heights, height averaging to vary the skyline, increase in open space (beyond regular Code standards).

The objective standards as included respond to the desire for certainty and will support faster processing time. The optional features support a better understanding of the design quality the community is looking for. In reviewing the ordinance, Commissioners may have additional suggestions or recommendations for making one or more of the optional features required.

It is important to note that the height and parking concessions proposed in this ordinance are already allowed through the application of the State Density Bonus, for which any inclusionary project qualifies because the inclusionary requirement exceeds the State Density Bonus eligibility

thresholds. Accordingly, the incentives offer the applicant clarity on how to apply a height increase and the subsequent streamlining of the design review. The height incentive in the ordinance is proposed to allow an additional story and height averaging 15 feet for projects in mixed-use zones and 10 feet in the R4 zone. However, a lower height increase averaging five feet is proposed for historic Mission Street, in respect for its lower-scale character. In all cases, the highest point may be five feet above the maximum average height to accommodate minimal protrusions. Allowing the height as an average provides flexibility, particularly on sloping sites, in order to provide better design and site planning that can be constrained by more rigid limits. On larger sites, it can also facilitate design that scales up or down appropriately to respond to the surrounding context. The height incentive section also specifies that projections above the rooftop for architectural purposes and for elevator shafts and stairwells may be allowed above the maximum height, also providing more design freedom to accommodate the additional density and provide the affordable housing units.

The other incentive offered to projects is reduced parking, which is tied directly to the State law concessions for density bonus projects. Because the ordinance would require projects eligible for design incentives to provide 20% of units at varying affordability levels, State statute allows a parking ratio of .5 parking spaces per unit. Fractional spaces would be rounded up, also consistent with the State statute. The cost of parking is a driving factor in the cost of housing development and having this incentive clearly stated in this section is an important provision for developers of large projects, although it is possible that in some cases, they will opt to require more than the minimum number for reasons related to the financing or marketability of the project.

- **Application (36.375.090)**

The inclusionary housing requirement would be incorporated into the application process for applicable residential development. In order for an application to be deemed complete, information about the manner of compliance with the requirement would need to be included on the application form and shown on the project plans. This section lists the minimal information that applicants must provide in order for staff to review and determine whether the project complies with the ordinance.

- **Conditions of Approval (36.375.100)**

This section outlines the conditions of approval that will be included in the entitlements for projects with inclusionary housing units. The conditions include at a minimum describing the number, size, location, affordability levels and other details about the units, how the units will be managed and leased to eligible households, requirements for a deed restriction, and the applicant's obligation to pay the City's enforcement expenses if the applicant does not comply with the requirement. In the case of affordable units to be offered for sale, additional conditions of approval would be applicable in regard to sale and maintenance of the units' affordability levels. The ordinance also requires owners to verify proper occupancy of the units annually and pay an annual monitoring fee for the City to enforce the terms of the entitlement.

The affordable units in the project would be deed restricted to remain affordable for the period of time specified in the ordinance, which is proposed to be 55 years from the date on which the certificate of occupancy is issued. The applicant would be responsible to submit the deed restriction in a form acceptable to the City for review and approval and then file the document with the County

Recorder. Proof that the deed restriction has been recorded would be required prior to issuance of a building permit for the project.

In situations where the applicant chooses an alternative form of compliance, providing off-site units or rehabilitating existing units at another site, the standard conditions require the director's approval of a schedule for completion of the units.

The City will provide a checklist of the standard conditions of approval for the applicant to acknowledge as part of the application submittal.

- **In-lieu Fee Payment/Administration (36.375.110)**

The proposed ordinance offers two situations in which the applicant may opt for payment of an in-lieu fee rather than providing the units on-site: three-unit projects and fractional units. This section of the ordinance provides the process for payment of the fee, which the City must receive prior to issuance of any building permit or tree removal permit associated with the project. The ordinance assigns the responsibility to monitor this to the City's Building Official.

The amount of the in-lieu fee would be established by resolution of the City Council and could be adjusted thereafter as part of the annual budget process. The maximum amount of the fee may not exceed the cost of providing an affordable housing unit, and further analysis is needed prior to establishing the fee. In order to meet the objective of encouraging on-site units, staff will recommend that the adopted in-lieu fee fully compensate for the loss of the on-site unit to provide sufficient funding to construct a unit in an affordable housing. In this way, applicants that do choose to pay the fee will contribute a meaningful amount toward building affordable housing for the community.

Funds collected from in-lieu fee payments must be used exclusively for the purpose of providing affordable housing. The City would need to set up a reserve account separate from the General Fund to track the deposit and use of the funds.

In-lieu fees cannot be held for long periods of time without being utilized for the purpose for which they were required. South Pasadena does not currently administer an affordable housing production program, and introducing a program would require an intensive investment of resources. Fortunately, last year the City of South Pasadena joined with its neighboring cities to establish the San Gabriel Valley Affordable Housing Trust Fund (SGVAHTF or the AHTF), a regional collaborative that can leverage the resources of smaller jurisdictions to create eligibility for state, federal and other funding sources that can greatly expand the pool of funding for affordable housing in the region. This collaborative has the potential to support a significant number of affordable housing units throughout all of its member cities. The City contributed \$115,000 of special funding to establish the SGVAHTF, and has committed to an annual administrative fee. Some member cities have already made contributions to build affordable housing into the fund.

Affordable housing developers proposing projects in member jurisdictions may apply for funding at regular intervals when the AHTF has available funds. The first funding has taken place, but as a new organization, processes and evaluation criteria are still being developed. Staff has met with the AHTF staff to discuss how contribution of the city's in-lieu funds might be given some weight in the evaluation process to support future projects within South Pasadena. A representative from

the AHTF will make a presentation at the Commission hearing to explain more and answer questions.

The proposed ordinance maintains options for utilization of its affordable housing fund. The City may choose to administer the affordable housing fund through a new program or the Council by resolution may authorize transfer of in-lieu fees from the special reserve account to the SGVAHTF. Either way, the in-lieu fees paid by developers of small multi-family projects or for fractional units is an important new source of affordable housing funds to support production of affordable units to comply with the RHNA and housing element requirements.

Environmental (CEQA) Review

The proposed ordinance would not have a significant impact on the environment and so is exempt from the California Environmental Quality Act (CEQA) review under Section 15061(b)(3)—General Rule, which provides that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

Conclusion

As discussed in the December 15 study session, every city that adopts an inclusionary housing ordinance creates its own unique provisions that reflect the intent, purpose and values at the heart of the effort. While most ordinances have the same components, and many have fairly similar provisions, no two ordinances are alike. The proposed inclusionary housing ordinance for which the Planning Commission's recommendation is sought represents staff's understanding of the intent of the community to prioritize affordable housing that is currently in short supply and needed for a wide sector of the community that struggles to find housing solutions within their budgets; and to ensure appropriate, quality design that respects and preserves the uniqueness of South Pasadena. Staff recommends that the Planning Commission carefully consider the proposed draft, and recommend adoption with revisions as deemed appropriate for the City of South Pasadena.

Next Steps

February 17, 2021: Council hearing for first reading

March 3, 2021: Second reading and adoption.

Implementation: Once adopted, staff will modify application materials to reflect the new requirement and information will be posted on the Planning Division website. If an in-lieu fee provision is adopted as recommended, staff will request funding to perform the necessary analysis in order to propose a fee for Council's approval.

Legal Review

The City Attorney has reviewed this item.

Fiscal Impact

There is no fiscal impact.

Public Notification of Agenda Item

A notification of this hearing was published on January 15, 2021, in the Pasadena Star-News. The public was made aware that this item was to be considered this evening by virtue of its inclusion on

the legally publicly noticed agenda, posting of the same agenda and reports on the City's website and/or notice in the South Pasadena Review and/or the Pasadena Star-News.

Attachments

1. Planning Commission resolution (Exhibit A – Draft Ordinance)
2. [December 15, 2020 Staff Report](#)
3. [January 12, 2021 Staff Report](#)
4. San Gabriel Valley Affordable Housing Trust information
5. [2020 Income and Rent Limits \(from: City of Santa Monica\)](#)

ATTACHMENT 1
Draft PC Resolution No. 21-__

P.C. RESOLUTION NO. 21-__

**A RESOLUTION OF THE PLANNING COMMISSION OF
THE CITY OF SOUTH PASADENA, CALIFORNIA, RECOMMENDING
THAT THE CITY COUNCIL ADOPT AN ORDINANCE ADDING
DIVISION 36.375 (INCLUSIONARY HOUSING) TO CHAPTER 36
(ZONING) OF THE SOUTH PASADENA MUNICIPAL CODE**

WHEREAS, on August 11, 2020 and December 15, 2020, the Planning Commission held study sessions regarding the preparation of an inclusionary housing ordinance, as a means to enhance development of affordable housing projects in the City of South Pasadena, which when paired with state density bonus requirements, will help the City meet its Regional Housing Needs Assessment (RHNA) obligations and aid in the preparation of the 2021-2029 Housing Element; and

WHEREAS, the Planning Commission appointed a subcommittee of its members to work with staff to develop an inclusionary housing ordinance, and met with staff on December 21, 2020, December 23, 2020 and January 12, 2021 to guide development of the inclusionary housing ordinance, subject to community input gained from virtual housing workshops conducted in May to September 2020; and

WHEREAS, on January 26, 2021 the Planning Commission held an additional duly noticed public meeting to consider the draft inclusionary housing ordinance, at which all interested parties were given the opportunity to be heard and present evidence.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF SOUTH PASADENA DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

SECTION 1: The Planning Commission hereby finds that the proposed ordinance would not have a significant impact on the environment and so is exempt from the California Environmental Quality Act (CEQA) review under Section 15061(b)(3)—General Rule, which provides that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

SECTION 2: Pursuant to SPMC Section 36.620.070 (Findings and Decision), the Planning Commission recommends that the City Council approve the proposed amendments set forth in Exhibit A, based on a finding of benefit to the public interest, health, safety, convenience, and general welfare of the City by requiring for the provision of affordable housing as part of new mixed use residential and multi-family development through an inclusionary housing ordinance, consistent with the City's General Plan.

SECTION 3. For the foregoing reasons and based on the information and findings included in the Resolution, Staff Report, Minutes and testimony received during

the public hearing, the Planning Commission of the City of South Pasadena hereby recommends that the City Council adopt the attached ordinance adding Division 36.375 (Inclusionary Housing), comprised of Sections 36.375.010 to 36.375.110 to Chapter 36 (Zoning).

SECTION 4. The Secretary shall certify that the foregoing Resolution was adopted by the Planning Commission of the City of South Pasadena at a duly noticed regular meeting held on the 26th day of January, 2021.

PASSED, APPROVED, AND ADOPTED this 26h day of January 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Janet Braun, Chair

ATTEST:

John Lesak , Vice-Chair

Exhibit A

Chapter 36	Zoning
Article 3	Site Planning and General Development Standards
Division 36.375	Inclusionary Housing Ordinance

36.375.010 Purpose.

The intent of this ordinance is to address the serious need for affordable housing in the city and the region, to communicate the importance of appropriate, quality design, and to ensure that new housing provides opportunities for all economic strata in the community. The requirements herein acknowledge the demand for affordable housing created by market rate development; the depletion of potential affordable housing sites by market-rate development; and the impact that the lack of affordable housing production has on the health, safety, and welfare of the city's residents including its impacts on traffic, transit and related air quality impacts, and the demands placed on the regional transportation infrastructure.

36.375.020 Applicability.

This division applies to all residential development of three or more dwelling units, including residential portions of mixed-use development, in an amount as required in 36.375.050 (Inclusionary Unit Requirement), below.

36.375.030 Exemptions.

This division shall not apply to the following:

- A. A residential or mixed-use application that has been deemed complete prior to December 31, 2020.
- B. The portion of a project located within a designated landmark building or contributing structure to a designated historic district that is retained and preserved on-site as part of a multi-family project in compliance with the Secretary of Interior's standards.
- C. A 100% affordable housing project proposing to develop units that will be deed-restricted for a period of at least 55 years.
- D. Units approved as accessory dwelling units or junior accessory dwelling units.
- E. A residential project that is exempt under state law, including a project for which the city enters into a development agreement.

36.375.040 Definitions.

- A. "Affordable unit" means a dwelling unit which is affordable to an extremely low income household, very low income household, lower income household or moderate income household, as defined below.
- B. "Extremely low income household" means households whose income does not exceed thirty percent of the area median income for Los Angeles County, as

published and periodically updated by the State Department of Housing and Community Development pursuant to Health and Safety Code Section 50106.

- C. “Inclusionary unit” means a dwelling unit within a housing development which will be reserved for sale or rent to extremely low, very low, low or moderate income households by a deed restriction recorded against the property.
- D. “Lower income household” means households whose income does not exceed eighty percent of the area median income for Los Angeles County, as published and periodically updated by the State Department of Housing and Community Development pursuant to Health and Safety Code Section 50079.5.
- E. “Moderate income household” means households whose income does not exceed one hundred twenty percent of the area median income for Los Angeles County, as published and periodically updated by the State Department of Housing and Community Development pursuant to Health and Safety Code Section 50105.
- F. “Very low income household” means households whose income does not exceed fifty percent of the area median income for Los Angeles County, as published and periodically updated by the State Department of Housing and Community Development pursuant to Health and Safety Code Section 50105.

36.375.050 Inclusionary unit requirement.

- A. All residential developments subject to this division shall include a minimum number of the required inclusionary units, calculated based on the total number of market rate units, including units allowed through a density bonus. The applicant shall choose from the options in Table A and include this information in the project application per 36.375.090, below.

Table A. Inclusionary Housing Requirement Per Household Type

Number of Market Rate Units in Residential Development	Extremely Low Income	Very Low Income	Lower Income	Moderate
3-4	1 unit	1 unit	1 unit	1 unit
5-10	1 unit	1 unit	The higher of 1 unit or 15%	The higher of 1 unit or 20%
11-25	15%	15%	20%	--
26-50	20%	20%	20%	--
51+	20%*	20%*	20%*	

* must be 50% lower and 50% extremely/very low income units. In case of an uneven number one more unit shall be provided as very low.

- B. Fractional Units: In the case that the above calculations result in a fractional number, the applicant shall choose one of the following options:
 - i. Round up to next unit and provide the unit on-site.

- ii. Pay the fractional amount above the whole number (fractions less than one may not be paid as a fee) as an in-lieu fee equivalent to the fraction multiplied by the in-lieu fee as established by city council resolution. All whole number units shall be provided on-site or alternatively as allowed in 36.375.060 (Alternatives to on-site provision), below.

36.375.060 Alternatives to on-site provision.

As an alternative to developing required inclusionary units within an affected residential project, the requirements of this division may be satisfied by the following as applicable to the size of the project.

- A. For projects of three units: payment of an in-lieu fee as established by city council resolution and updated from time to time as deemed appropriate, subject to the provisions of 36.375.110 (In-lieu fee payment and administration) below.
- B. For projects of four or more units, the applicant may choose one of the following, subject to Planning Commission approval:
 - 1. Provision of an equivalent number of off-site units consistent with Table A above, subject to the provisions of 36.375.100 (Deed restriction), below. The following shall apply to this alternative:
 - a. The off-site units shall be located on a property within 1,500 feet of the proposed project, or in a comparable neighborhood as determined by the planning commission.
 - b. The affordable units shall be of comparable size and quality to the market-rate units in the proposed project and subject to the relevant standards in 36.375.070 (Standards governing inclusionary units).
 - 2. Rehabilitation/conversion of an equivalent number of existing units to affordable units consistent with Table A above, subject to the provisions of 36.375.100 (Deed restriction), below. The following shall apply to this alternative:
 - a. The acquisition and rehabilitation shall be applied to market-rate units within the city and the conversion of those units to affordable units;
 - b. Eligible Improvements. The rehabilitation of the market rate units shall improve the unit's structural integrity and livability to include improvements to the roofing, flooring, plumbing, heating, and air conditioning as applicable.
 - 3. Dedication of land that is zoned and developable for housing, subject to city council acceptance, greater or equal to the average cost of construction of the units within the project, with the valuation subject to planning commission approval.

36.375.070 Standards governing inclusionary units.

- A. Inclusionary units shall be dispersed throughout the project;
- B. Inclusionary units shall be comparable in size to the market-rate units in the project, provided that units shall not be smaller than 650 square feet for a studio or one-bedroom unit, 950 square feet for a two-bedroom unit or 1,150 square feet for a unit of three bedrooms or more.
- C. Inclusionary unit types (number of bedrooms) shall be provided in approximately the same proportion as units in the project as a whole;
- D. Inclusionary units shall be of quality and materials comparable to the market-rate units, unless it can be demonstrated to the satisfaction of the city that this is infeasible. Notwithstanding, exceptions may be made for affordable units for sale at the discretion of the planning commission;
- E. Inclusionary units shall comply with all applicable development standards, except as modified by this division.
- F. Inclusionary unit residents shall have equal access to use of all on-site amenities.
- G. Inclusionary units shall be maintained to the same standard as market rate units.
- H. Developer shall actively market the affordable units along with the market rate units.
- I. Inclusionary units in a residential project shall be constructed concurrently with, or before, the construction of the market rate units. If the city approves a phased project, the required inclusionary units shall be provided proportionately within each phase of the residential project.
- J. On-site inclusionary units must be rental units in rental projects. In ownership projects, inclusionary units may be offered as either rental units or ownership units.
- K. The property owner shall record a deed restriction against the property reserving the extremely low, very low, lower, and moderate income units at the applicable affordable housing cost for a minimum of 55 years from the date of issuance of a certificate of occupancy.

36.375.080 Design Incentives.

- A. Allowed Zoning Districts: In order to encourage large projects with a housing component to incorporate strong architectural design quality, consistent with the character of the city and compatible with the zoning district in which they are located, the following design incentives may be requested for any project that provides all affordable units on-site for which a density bonus is requested pursuant to Division 36.370, and located on a site with a minimum area of one-half acre that is in:
 - 1. Any mixed use zoning district; or,

2. The R4 high-density residential zoning district provided the site has a frontage on an arterial street.
- B. Height Increase: If requested in the project application, a height increase that facilitates the provision of features per Section C, below, shall be approved and no further studies or analysis shall be required as part of the submittal as follows:
1. For projects in mixed-use zoning districts on Mission Street where there is a predominance of historic resources: An increase of one additional story, with an average maximum project height not to exceed 5 feet above the limit of the underlying zoning district, provided that no portion of the building may exceed 10 feet above the height limit of the underlying zoning district.
 2. For projects in other mixed-use zoning districts: An increase of one additional story, with an average maximum project height not to exceed 15 feet above the limit of the underlying zoning district, provided that no portion of the building may exceed 20 feet above the height limit of the underlying zoning district.
 3. For proposed projects in multi-family residential districts: An increase of one additional story, with a maximum average height not to exceed 10 feet above the limit of the underlying zoning district provided no portion of the building may exceed 15 feet above the height limit of the underlying zoning district.

For purposes of this incentive, non-occupiable architectural projections, including elevator shafts and stairwells, shall be permitted to exceed the adjusted height limit as necessary to comply with Building Code requirements.

- C. Strong architectural design quality: The applicant shall demonstrate that the proposed project utilizes the additional height incentive to provide strong architectural design by including the following:
1. Required standards:
 - a. Stepbacks of ten feet or more from the front building facade to reduce bulkiness and perceived height from street level, unless such stepbacks are not consistent with surrounding context;
 - b. Siting of project structures that is sensitive to the context of adjacent uses;
 2. Optional and encouraged design features supporting the request in the project application:
 - a. Height averaging to vary the skyline of the project
 - b. Higher floor-to-floor height for commercial portion of mixed use project with 16-18 feet considered to be desirable
 - c. Higher floor-to-ceiling heights in residential units
 - d. Larger unit sizes
 - e. Leveraging of additional height to reduce overall site coverage and increase open space

- D. Reduced Minimum Unit Size: Notwithstanding 36.375.070, inclusionary units shall be comparable in size to the market-rate units in the project, provided that units shall not be smaller than 600 square feet for a studio or one-bedroom unit, 900 square feet for a two-bedroom unit or 1,100 square feet for a unit of three bedrooms or more.
- E. Parking reduction: The project may request to calculate parking for the residential portion of the property at one half (.5) spaces per bedroom, with studios considered to be one-bedroom units for the purpose of this requirement. Fractional units shall be rounded up to the next whole unit.

36.375.090 Application.

- A. **Submittal**. An application for a residential or mixed-use development subject to this division shall not be deemed complete until the applicant has provided information as requested in the application that demonstrates to the satisfaction of the Director the manner in which the project shall comply with the provisions of this division.
- B. **Application information**. The application shall include:
 - 1. The number of market rate and affordable units.
 - 2. The number of extremely low, very low, lower, and moderate income units.
 - 3. The percentage of extremely low, very low, lower, and moderate income units in relation to the total number of affordable units.
 - 4. A calculation showing applicant's assumption of base density and any bonus requested
 - 5. Whether the applicant intends to satisfy the requirements of this division through the alternative means provided in section 36.375.060.
 - 6. Whether the applicant intends to take advantage of the design incentives under section 36.375.080.
 - 7. Acknowledgement of the standard conditions of approval.
 - 8. Any other information deemed necessary by the Director.

36.375.100 Conditions of Approval.

The following shall be required as standard conditions of approval for all projects subject to the requirements of this Division.

- A. **Deed Restriction**. Prior to issuance of a building permit for a project meeting the requirements of this section, the project applicant shall:
 - 1. Submit a deed restriction or other legal instruments setting forth the obligation of the applicant under this division for city review and approval.

2. The deed restriction shall include:
 - A description of the household income group to be accommodated by the housing development and the standards for determining the corresponding affordable rent or affordable housing cost;
 - The location, unit sizes (square feet), and number of bedrooms of affordable units;
 - Tenure of use restrictions of at least fifty-five years for affordable units and, as applicable, inclusionary units;
 - A prohibition on any short-term rentals whereby a residence or a portion of a residence is rented to a tenant for a period of less than thirty days;
 - A clause allowing for the recovery of any legal costs incurred in any action taken to enforce compliance with the inclusionary housing agreement;
 - Other provisions to ensure implementation and compliance with this chapter.
3. Record the deed restriction in the county recorder's office, following approval as to form by the city attorney that confirms that the terms and conditions of the inclusionary agreement in compliance with applicable state law; such deed restriction shall run with the land which is to be developed, and shall be binding upon the successor(s)-in-interest of the inclusionary permit applicant.

B. For-sale housing units. In the case of for-sale housing developments in which the applicant opts to provide the affordable unit(s) as for-sale unit(s), in addition to the requirements of subsection 36.375.100A above, the deed restriction shall provide for the following conditions governing the initial sale and use of affordable units during the applicable use restriction period:

1. Affordable units shall, upon initial sale, be sold to eligible extremely low, very low or lower income households at an affordable housing cost;
2. Purchasers of affordable units shall be required to occupy the unit except with approval from the city. Evidence must be presented to the city that the owner is unable to occupy the unit due to illness or incapacity. In such cases, the unit shall be rented to a person within the same household income category;
3. A resale restriction shall be recorded against all affordable units restricting the price at which the unit may be resold during the applicable use restriction period. The agreement shall specify that subsequent owners must meet the same qualifications as the original owner and must be pre-approved for purchase by the city. The agreement shall also grant the city the right-of-first-refusal to purchase an affordable unit each time it is sold.

4. The city will enforce an equity sharing agreement which will require that, upon resale, the seller of the unit will retain the value of any improvements, the down payment, and the seller's proportionate share of appreciation, if any. For purposes of this section, the city's initial subsidy will be equal to the fair market value of the home at the time of initial sale minus the initial sale price to the income restricted household, plus the amount of any down payment assistance or mortgage assistance. If upon resale the market value is lower than the seller's initial market value, then the value at the time of the resale will be used as the initial market value. The City's proportionate share of appreciation will be equal to the ratio of the city's initial subsidy to the fair market value of the home at the time of the initial sale.
5. Provisions requiring that homeowner association (HOA) fees be waived or reduced for owners of affordable units such that the owner does not pay more than 30% of their income on housing, including mortgage payments and HOA dues.

C. Rental housing units. In the case of rental housing developments, or for-sale housing developments in which the applicant opts to provide the affordable unit(s) as rental unit(s), in addition to the requirements of subsection 36.375.100A above, the following conditions of approval shall be required to govern the use of the affordable units during the applicable use restriction period:

1. Affordable units only to be let to qualified residents at the rent level applicable to Los Angeles County as published and periodically updated by the State Department of Housing and Community Development;
2. The rules and procedures for qualifying tenants, establishing affordable rent, filling vacancies, and maintaining affordable units for qualified tenants;
3. Provisions requiring owners to annually verify tenant incomes and maintain books and records to demonstrate compliance with this chapter and to make such books and records available to the City upon the City's request; and
4. Provisions requiring owners to pay an annual monitoring fee and submit an annual report to the city by December 31st, which includes the name, address, and income of each person occupying affordable units, and which identifies the bedroom size and monthly rent of each affordable unit.

D. Schedule. Prior to issuance of a building permit for a project meeting the requirements of this division through off-site construction or rehabilitation of existing units, the project applicant shall submit a schedule for review and approval by the director, detailing the timeline for completion and occupancy of affordable units. The schedule shall specify that the units must be completed prior to issuance of a certificate of occupancy for the market-rate project.

36.375.110 In-lieu Fee Payment and Administration

Payment of an in-lieu fee as an alternative to on-site provision of units pursuant to 36.375.060A (Alternatives to On-site Provision) or for a fractional unit pursuant to 36.275.050B (Fractional Units), above, shall comply with this section, as established by city council resolution, which shall be reviewed and adjusted annually prior to the succeeding fiscal year.

- A. The amount to be paid by the applicant shall be calculated based on the affordable housing in-lieu fee that is in effect at the time that the fee is paid to the City.
- B. The affordable housing in-lieu fee shall be paid in full to the City prior to the issuance of any building permit or tree removal permit for the project, and receipt shall be confirmed by the Building Official.
- C. Fees collected in compliance with this Section shall be deposited in a reserve account separate from the General Fund to be used only for development or maintenance of affordable housing, including administrative costs related to monitoring affordable housing units for compliance with their deed-restricted use.
 - 1. Alternatively, by resolution of the City Council, fee payments may be deposited into a regional Affordable Housing Trust Fund (AHTF) administered cooperatively by San Gabriel Valley jurisdictions, in order to leverage State, Federal and other sources of funding to increase construction of affordable housing units in the region. Projects in the City would be eligible to apply for regional AHTF funding per the rules and process established for its administration.
- D. Payment of an affordable housing in-lieu fee pursuant to this Section shall not be considered provision of affordable housing units for purposes of determining whether the multi-family project qualifies for a density bonus pursuant to [Government Code](#) Section 65915.
- E. Appeals. An applicant may appeal the in-lieu fee under the protest provisions of the Mitigation Fee Act pursuant to Government Code section 66020. The appeal will be processed pursuant to Division 36.610 of this code.

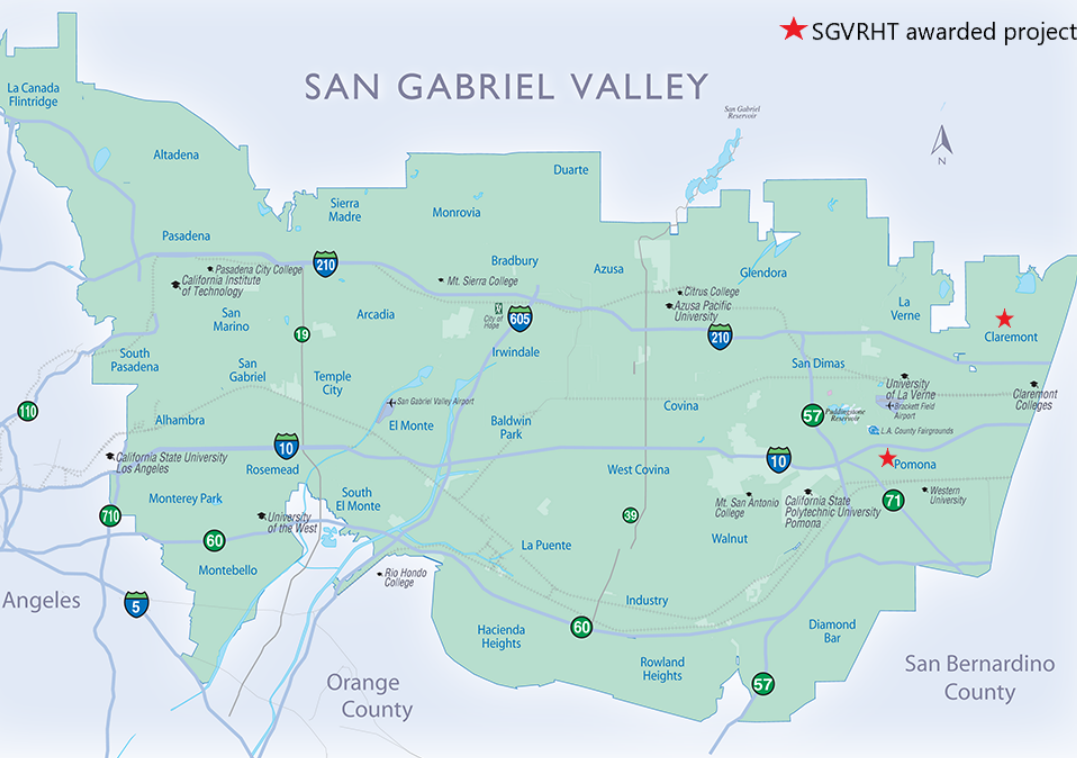
ATTACHMENT 2
San Gabriel Housing Trust Information



San Gabriel Valley Regional Housing Trust

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a Joint Powers Authority formed by SB751 (Rubio) to fund and finance the planning and construction of homeless housing, and extremely-low, very-low, and low-income housing projects. SGVRHT is governed by a nine-member Board of Directors, seven of whom are representatives from jurisdictions that are members of the SGVRHT and two of whom are experts in housing and homelessness.

- SGVRHT recently awarded funds to 2 projects which will create 71 units of new affordable housing in the region.
- SGVRHT is maintaining a project pipeline, which has identified 672 potential units; visit sgvrht.org to learn more and add your project to the list.
- SGVRHT is able to receive and leverage public and private financing and funds and is embarking on a capital campaign.



- The 30 cities in the San Gabriel Valley and the County of Los Angeles are eligible to join the SGVRHT. To date, 21 cities have become members.
- The San Gabriel Valley is within the Greater Los Angeles Continuum of Care which has the greatest number of unsheltered people in the nation. SGVRHT is developing an emergency shelter pilot program.
- Several member cities have allocated a portion or the entirety of their Permanent Local Housing Allocation (PLHA) funds to the SGVRHT. PLHA funds are eligible as matching funds for the State's Local Housing Trust Fund application, further leveraging affordable housing funds in the San Gabriel Valley.

MEMBER CITIES

Alhambra, Arcadia, Azusa, Baldwin Park, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Irwindale, La Cañada Flintridge, La Verne, Monrovia, Montebello, Pasadena, Pomona, San Gabriel, South El Monte, South Pasadena, West Covina

Contact: Brielle Acevedo
Regional Housing Trust Administrator
bacevedo@sgvrht.org
(626) 457-1800
sgvrht.org

ANNUAL ADMINISTRATIVE FEE

Member cities are eligible to serve on the Board of Directors and receive funding for a project in their jurisdiction. The annual fee ensures ongoing revenues for SGVRHT operations and provides funding for grant-ineligible activities. For member cities that allocate PLHA funds to the SGVRHT, up to 50% of the annual fee may be paid with PLHA funds.

Population	Amount
Up to 30,000	\$10,000
30,001 - 60,000	\$15,000
60,001 - 100,000	\$20,000
100,001 - 175,000	\$25,000
County (per District)	\$25,000

ANNUAL AFFILIATE FEE

Supports regional affordable and homeless housing efforts. Affiliate cities are not eligible to serve on the Board of Directors or receive project funding. For affiliate cities that allocate PLHA funds to the SGVRHT, up to 100% of the annual fee may be paid with PLHA funds.

Population	Amount
Up to 30,000	\$2,000
30,001 - 60,000	\$3,000
60,001 - 100,000	\$4,000
100,001 - 175,000	\$5,000
County (per District)	\$5,000