

Item 3: Draft Inclusionary Housing Ordinance

Planning Commission Hearing
Continued from January 26, 2021

■ Recommendation to City Council

March 9, 2021

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Inclusionary Housing Ordinance

Adds a chapter to the Zoning ordinance requiring housing projects to include a % of affordable units, to be deed-restricted for a period of time for occupancy by households at eligible income levels based on LA County income criteria

Inclusionary Housing Levels

Extremely Low (30% AMI)

Very Low (50% AMI)

Low (80% AMI)

Moderate (120% AMI)

*AMI: Area Median Income

Monthly Rent Limits (1 bedroom)

Extremely Low - \$464

Very Low - \$773

Low - \$928

Moderate - \$1,701

* LA County 2020 (current)

Planning Commission Review

- First Planning Commission hearing: January 26
 - Continued
- Planning Commission Sub-committee
 - Four Meetings to review, offer input and guidance



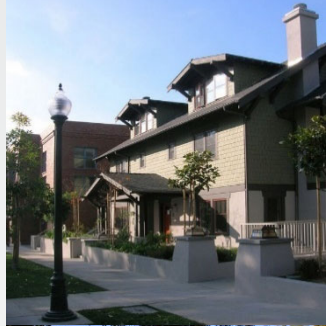
Planning Commission Comments

- Ordinance exemptions
 - Reconsider proposed effective date
 - Projects with months of development should not be subject
 - Projects now being developed should be aware
 - Don't want to see another large project with no affordable housing.
 - Exclude DA projects from exemption



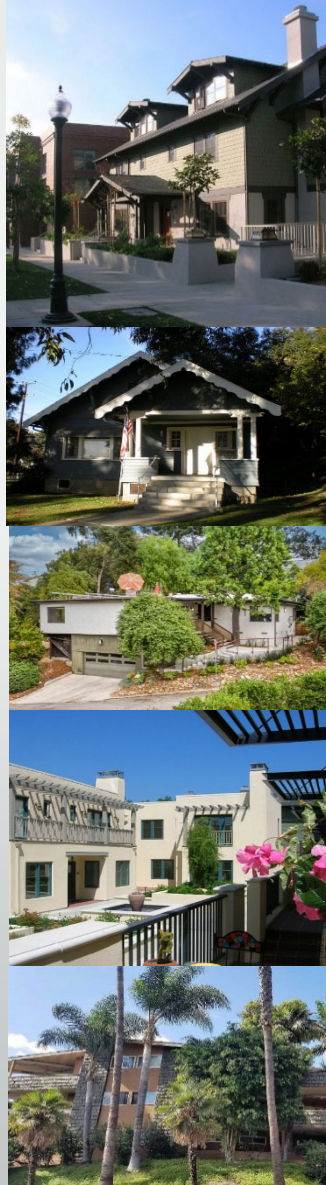
Planning Commission Comments

- Clarify inclusionary requirement
 - Support for 20%, but ensure it is equitable for smaller projects
 - Simplify for applicants while ensuring variety of affordability levels
 - Reconsider in-lieu fee applicability



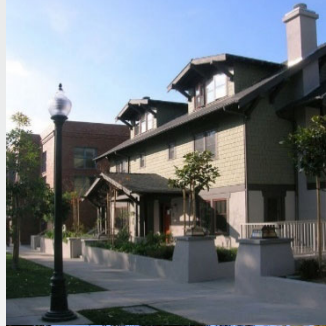
Planning Commission Comments

- Design Incentives
 - This section needed most work and re-examination
 - Conceptual clarity; practical application



Planning Commission Comments

- Other Requests
 - More comparison with how other cities are approaching IHO
 - Are developers building 20%?
 - Is it feasible?





Changes from previous draft: Highlights

Recommended ordinance provisions

36.375.030 Exemptions

- Projects not subject to ordinance
 - *If the application is deemed complete* on or before the effective date of ordinance
 - Or a compliant SB330 application was received
 - Adopt by urgency (and regular process)
 - Effective on date of first reading
- DA project exemption removed

36.375.050 Inclusionary Unit Requirement

- **20%** of project units (base, excluding density bonus units)
 - Calculation consistent with SDBL, other cities
- **Replacement** of any existing deed-restricted units
- **Simpler formula** for affordability level
 - Options for 10 or fewer units with balance
 - 11+ units – 50-50 extremely/very low and low
- **Ownership units: must be moderate**
 - Note: rental units in ownership project per rental

36.375.050 Inclusionary Unit Requirement

Correction to proposed ordinance

- Suggest adding the letters in red to Subsection A.1:
- 1. In addition to the inclusionary requirement, the project shall include replacement units for any existing affordable unit that is protected by a covenant or otherwise identified **through a discretionary approval process** as an affordable unit. The demolished unit shall be replaced at the same affordability level.

36.375.060 Alternatives to On-site provision

- **Changes to In-lieu fee Applicability.** Now proposed as an option for:
 - **Three or four unit projects**
 - **Any ownership project.**

36.375.110 In Lieu Fee

- Established by council resolution
 - Fee to be equivalent to cost of providing comparable unit
- Until the fee resolution is adopted:
 - Case-by-case basis, with Planning Commission approval, based on comparable unit cost

36.375.070 Standards Governing Inclusionary Units

- **Removal of specific minimum unit sizes** based on unit's # of bedrooms
 - Must be comparable to project's market-rate units.
- **More specific marketing requirement** to fill the affordable units and give preference to South Pasadena residents and employees

36.375.080 Streamlined State Density Bonus Review (Design Incentives)

- Applicable if project is eligible for SDB
- Focus on Consistent Architectural Design
 - 360 Degree Design
- Objective standards that are flexible
 - Standards strive to strike a balance; maintain the community's vision of design within boundaries of SDB incentives that provide certainty.
 - Discretionary design review is still required. Existing design standards and guidelines applicable.

36.375.080 Streamlined State Density Bonus Review (Design Incentives)

- **Correction to proposed ordinance**
 - **B.2:** Reference to R₄ residential district leftover from previous proposal.
 - To be consistent with standards in section, change to “multi-family residential districts.”

Recommendation

- Adopt a Resolution recommending that the City Council approve the proposed amendments to the South Pasadena Municipal Code (SPMC) Chapter 36 (Zoning) adding Chapter 36.375 (Inclusionary Housing Ordinance) by Urgency Ordinance and simultaneously through regular ordinance adoption procedures
- Incorporate proposed changes to 36.375.050.A.1 and 36.375.080.A

Next Steps

- **Planning Commission Recommendation to Council**
- April 7, 2021: Council First Reading /Urgency adoption
- April 21, 2021: Council second reading
 - Updated application materials
 - Council in-lieu fee resolution (date TBD)

