

Pasadena Inclusionary Fact Sheet

Our Inclusionary Policy was passed in 2001, today it can produce even more affordable housing, how?

1. **Since 2001:** 15% of all new housing to be set aside as affordable, which has produced 577 affordable units.
Today: Using the city's own research, it is feasible to make 20% of all new housing affordable and with a menu of incentives it is feasible to have developers set aside 25% or more of all new housing as affordable. These percentages were passed by the Planning Commission—Commissioners are appointed by City Council members. In Pasadena Holly Street apartments and Westgate have already proven this is possible by including 20% of their units to be affordable, even without city requiring them to do so. Westgate has 97 very low-income units; Santa Monica requires 30% of in larger buildings.
2. **Since 2001:** The only local incentive for developers is to lower the \$20,000 impact fee to \$900 for each affordable unit.
Today: The city is creating a menu of local incentives for example: less parking, which is a huge cost benefit when it cost about \$35,000 per parking space, expedited processing which again saves a developer money and allowing small density bonuses, which off-set cost by allowing a few extra market rate units in exchange for more affordable units.
3. **Since 2001:** Within the 15% set aside of all new units to be affordable, 10% are low income and 5% moderate income units.
Today: The Planning Commission voted to include 5% very low, 5% low and 10% moderate.
4. **Since 2001:** Pasadena has allowed developers that include very low-income units to "trade down"—to include only 11% of the units as affordable to defray the cost.
Today: The Housing Department, the Planning Department and Planning Commission all agree that is time to end trade downs so that we get more affordable units. They want to end all trade downs.
5. **Since 2001:** The inclusionary policy is applied only to building with 10 or more units.
Today: It is possible to lower the threshold from 10 units or more, to 8 units or more. And to capture even more affordable units, developments of 3-7 units could provide a unit or pay a fee. This will spread affordable units throughout the community—also a stated goal of the city. Santa Monica, West Hollywood and other cities have set the precedent for us.
6. **Since 2001:** Developers are given an option to pay a fee in lieu of including units. Pasadena's has received \$26 million with in-lieu fee payments. Nevertheless, because the fee is so low, some developers have opted to pay a fee.
Today: Pasadena's housing department conducted a study showing that the fee needs to be increased by four times in some parts of the city. This fee is essential to help subsidize affordable homeownership and extremely low-income rental units. In fact, 690 affordable units have been either produced or preserved by leveraging this fee. Most developers have included affordable units, but to assure that they continue to do so, if a developer wishes to pay a fee in lieu of including units, then the policy could allow that a fee could be paid, but for only half of the units, requiring that the rest be built on site.
7. **Since 2001:** Developers have choices—to include the affordable units, pay a fee, donate land or build off site. The policy now disallows off site units to be built in NW Pasadena with only a few exceptions because it claims that this part of the city has an over-concentration of affordable housing.
Today: The "overconcentration" policy is obsolete. With 24% of African Americans displaced from Pasadena in the past 10 years and the average NW home selling for \$800,000, this part of the city is gentrified. The best way to address gentrification is with more affordable housing, not less.
8. **Since 2001:** The housing department has been monitoring inclusionary units to assure that low income units are have low income tenants. The city wisely requires that all the inclusionary rental units be affordable in perpetuity—they will never go market rate. The city has the first right of refusal to purchase for-sale units which provides a level of protection, yet for-sale inclusionary units can still be sold at market rate after 45 years, causes the city to lose that affordable unit.
Today: Our solution is to place all the inclusionary units into a community land trust (CLT). There are about 250 CLTs across the US with many benefits to cities. Today the city of Irvine places all their affordable units into a CLT so that they can preserve their affordability and subsidy in perpetuity.