



CITY OF POMONA

COUNCIL REPORT

February 1, 2021

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Kirk Pelser Deputy City Manager

**SUBJECT: SECOND READING AND ADOPTION OF AN ORDINANCE NO. 4295
CREATING AN INCLUSIONARY HOUSING PROGRAM**

RECOMMENDATION:

It is recommended that the City Council give second reading and adopt the following ordinance (Attachment 1):

**ORDINANCE NO. 4295 – AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF POMONA, CALIFORNIA, AMENDING ORDINANCE NO.
4006, ALSO KNOWN AS THE POMONA CITY CODE, WITH THE
ADDITION OF ARTICLE VIII TO CHAPTER 74 ADOPTING AN
INCLUSIONARY HOUSING PROGRAM FOR THE CITY OF POMONA**

EXECUTIVE SUMMARY:

Adoption of the proposed Ordinance No. 4295 will result in the creation of an Inclusionary Housing program that will impose certain affordable housing production requirements on all residential developments of three or more units.

FISCAL IMPACT:

The consultant and legal costs incurred to date total approximately \$60,000. If the Ordinance is adopted, additional consultant and legal costs of roughly \$35,000 - \$40,000 will be incurred for the preparation of inclusionary procedures manuals and template agreements. These consultant and legal costs have been absorbed by the Housing Division's Low & Moderate Income Fund (Fund #131).

After an initial ramp up period, it is anticipated that the ongoing management of a robust and successful Inclusionary program will require dedication of ½ of a full time equivalent employee

at the Management Analyst, or similar, classification. This salary and benefit loaded cost burden is estimated to be \$49,750 per year. Staff recommends that this cost be funded by revenues that will accrue from the anticipated Inclusionary in-lieu fees that will be collected from residential developers as part of the program.

PUBLIC NOTICING REQUIREMENTS:

A notice of the January 4, 2021 Public Hearing and first reading of the Ordinance was published in the Inland Valley Daily Bulletin on Monday, December 21, 2020.

PREVIOUS RELATED ACTION:

On January 4, 2021, the City Council opened a public hearing and after receiving testimony and public comment closed the public hearing, introduce, waived further and gave first reading to the ordinance.

On December 7, 2020, the City Council conducted an extensive discussion of the proposed Inclusionary Housing program and potential policies. A copy of that Discussion Agenda Item is found in Attachment 3.

On October 28, 2020, the Planning Commission received a detailed report and summary of the proposed Inclusionary Program design and policy recommendations.

On August 17, 2020, The City Council & Planning Commission held a joint Study Session wherein staff and the City's Consultant, Keyser Marston Associates (KMA) provided a general background about Inclusionary program concepts and policy options.

ENVIRONMENTAL IMPACT:

The proposed ordinance would establish an inclusionary housing program pursuant to which future residential development within the City would include a designated percentage of units for low or moderate income households, or would make a separate contribution in furtherance of affordable housing through one of multiple alternative means of compliance. The adoption of this ordinance is to be statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Regulation 15061(b)(3). Under Regulation 15061(b)(3), the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the project is exempt from CEQA. This ordinance will not affect the physical environment by permitting a new use or intensifying an existing use. Instead, the ordinance establishes affordable housing requirements through a range of means for individual projects. There is no potential for the changes to result in a significant effect on the environment.

DISCUSSION:

In Summary, the percentage production requirements that the Ordinance will require are:

- Ownership Housing Projects
 - A 7% moderate income requirement for single family home projects
 - An 11% moderate income requirement for townhome and condominium projects
- A 13% moderate income requirement for apartment rental projects.

In most instances, developers will have the opportunity to opt for an in-lieu fee payment rather than physically producing the affordable units. The exception to this will apply to any rental apartment project of greater than 30 units, which will be required to provide the full affordable housing requirement on site and integrated into the project. The full in-lieu fee schedule is found on page 10 of Attachment 2

Attachments 2, 3 & 4 provide a full summary of the proposed Inclusionary Housing program and policy recommendations that were discussed in detail by the Mayor and Council during the December 7, 2020 Council meeting. The attached Ordinance No. 4295 reflects the recommendations outlined in Attachments 2, 3 & 4 with the following modifications and additions, based upon input from the Mayor and Council, including direction received during the January 4, 2021 Public Hearing:

- Upon second reading and adoption of the Ordinance on February 1, 2021, the Ordinance shall become effective at a 50% requirement after a 45 day “grace” period. This would make the Ordinance partially effective on Thursday, March 18, 2021. After 90 days (May 2, 2021), the Ordinance would become 100% effective.
- The Acquisition & Rehabilitation option (described on Page 12 of Attachment 2) will not be made a part of the Pomona Inclusionary Program. This option is generally a very inefficient means of realizing Inclusionary Housing production and results in only a partial RHNA production credit for housing.
- An 11% (rather than 10%) moderate income requirement for townhome and condominium projects will be required.
- A 13% (rather than 11%) moderate income requirement for apartment rental projects.

COUNCIL PRIORITIES & GOALS:

This item supports the 2019-2020 City Council Priority 2: Economic Development – Goal J: Encourage the development and maintenance of quality housing opportunities for all.

Prepared by:

Kirk Pelsner,
Deputy City Manager

ATTACHMENTS:

- 1 – Ordinance No. 4295
- 2 – City Council Agenda Report from December 7, 2020 Meeting
- 3 – Policy & Implementation Recommendation Memorandum – Prepared by KMA
- 4 – Economic Analysis/Financial Evaluation - Prepared by KMA