



CITY OF POMONA COUNCIL REPORT

December 7, 2020

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted by: Kirk Pelser, Deputy City Manager

**SUBJECT: DISCUSSION REGARDING INCLUSIONARY HOUSING POLICY
RECOMMENDATIONS**

RECOMMENDATION:

It is recommended that the City Council:

- 1) Review and discuss the attached Inclusionary Housing - Policy Recommendations Memorandum prepared by the City's consultant, Keyser Marston Associates, Inc. and
- 2) Provide feedback and direction to staff

EXECUTIVE SUMMARY:

The City will review and discuss general policy options and considerations related to a possible Inclusionary Housing program based upon applicable State Law, detailed analysis by Keyser Marston Associates (KMA) and industry best practices.

FISCAL IMPACT:

The details of anticipated fiscal impacts and revenue estimates will be provided should the program advance to a public hearing for ordinance adoption.

PREVIOUS COUNCIL ACTION:

On October 28, 2020, staff and KMA provided the Planning commission an overview of the attached Policy Recommendations Memorandum. The discussion generated a number of clarifying questions by members of the Planning Commission. No substantive changes to the Policy Recommendations were put forth by the Planning Commission.

The City Council and Planning Commission held a joint study session on August 17, 2020 in order to review general goals, strategies and options available for the design and implementation of Inclusionary Housing.

DISCUSSION:

Over 170 jurisdictions in California currently include an Inclusionary Housing program as a component in their overall affordable housing strategy. While the common goal of these programs is the objective to generate affordable housing development, the characteristics of an Inclusionary Housing program vary widely from jurisdiction to jurisdiction and need to be supported by rigorous economic analysis of the local market. Based upon prior direction from the Mayor and Council, staff has coordinated with KMA to prepare the needed financial evaluation and policy recommendations for a program that is tailored to address Pomona's needs while also being in alignment with State Law and market conditions. The Economic Analysis is a critical component of the development of an Inclusionary Housing policy as it assesses the impacts created by the imposition of Inclusionary Housing requirements, determines the feasibility of an Inclusionary Housing requirement in the Pomona market, and estimates the fee amounts that can be supported for projects that are permitted to pay an in-lieu fee. The Economic Analysis also includes the following background information related to Inclusionary Housing implementation:

- An overview of the existing Inclusionary Housing programs in California (over 170 jurisdictions);
- An overview of the key court cases impacting Inclusionary Housing policy;
- An overview of recently adopted California Law regulating Inclusionary Housing policy;
- An overview of the role of the State Department of Housing & Community Development (HCD) in ensuring that Inclusionary Housing policies do not constrain the production of housing;
- An overview of State Density Bonus requirements and its relationship to Inclusionary Housing policy for Pomona; and
- Baseline recommendations for options for a potential Inclusionary Housing policy.

Key recommendations of the Economic Analysis, including maximum allowable inclusionary percentages and in-lieu fee amounts, are included (see Attachment 1 – Inclusionary Housing – Policy Recommendations).

In September 2017, the Governor signed AB 1505, summarized below. This State Law provided jurisdictions with the ability to adopt Inclusionary Housing policies that impose affordable housing requirements in residential development.

1. Inclusionary Housing requirements should not act as a constraint to development;
2. The requirements cannot deprive a property owner of a fair and reasonable return on their investment and cannot be "confiscatory;"
3. An Economic Analysis is required for Inclusionary Housing programs that require more than 15% of the units to be rented to households earning less than 80% of the Area Median Income (AMI), and such programs are subject to State review; and
4. Inclusionary Housing programs must include alternative means of compliance such as in-lieu fees, land dedication, off-site construction, or acquisition and rehabilitation of existing units.

State Housing Element Law requires local jurisdictions to accommodate a share of the region's projected housing needs for the planning period by ensuring that they have adequately zoned land to accommodate housing production. This share, called the Regional Housing Needs Assessment (RHNA), is allocated to individual jurisdictions in the six-county region, including Los Angeles County, by the Southern California Association of Governments (SCAG) and is distributed further by income category.

Table 1 below provides the Pomona RHNA allocation and accomplishments for the current 5th Cycle Planning Period of 2013 – 2021.

Table 1 - Pomona RHNA Progress through 2019

Income Category	RHNA Targets 2013-2021	Bldg. Permits Issued	Unfilled RHNA Targets
Very low	919	211	708
Low	543	120	423
Moderate	592	10	582
Above Moderate	1,572	880	692
Totals	3,626	1,221	2,405

No single program can solve the affordable housing crisis, but studies have shown that well executed inclusionary housing programs have generated more affordable units than have been created by Low Income Housing Tax Credit based programs. An Inclusionary Housing program must balance the interests of property owners and developers against the public benefit created by the production of affordable housing units, and it can be expected to fulfill only a small portion of the unmet need for affordable housing in Pomona.

Dedicated 100% affordable housing projects have access to public funding sources that provide a more cost efficient way to achieve deeper affordability than can be supported by an Inclusionary Housing requirement. There are a variety of federal, state and county funding programs that are typically used to subsidize these projects, the majority of which require income and affordability requirements that target very-low income households earning below 50% AMI. For example, the Federal and State low-income housing tax credit programs, which are key financing components of subsidized affordable housing projects, have any average income and affordable requirement of 46% AMI. The State's No Place Like Home Program available through the County of Los Angeles requires income and affordability targeting 30% AMI (extremely low income). The State's Multi-Family Housing Program requires income and affordability targeting at between 30% and 60% AMI. There currently are no local Pomona programs available to subsidize the production of moderate-income units serving households earning up to 120% of AMI.

As demonstrated in Table 1, the market in Pomona has produced few moderate-income units. As there are currently no funding programs to assist in the production of moderate-income units and the market does not produce them without an incentive, it is important that an Inclusionary Housing policy address the production of moderate-income units. Table 1 shows that that more very low-income units are being produced than low-income units, which is a result of the income targeting required by the Federal, State and local housing funding programs mentioned above.

Based upon State regulations, KMA's Economic Analysis (Attachment 2), the City's housing needs defined by RHNA, and available housing funding resources, KMA has prepared Attachment 1 – Policy Recommendation Memorandum. This document outlines the key policy recommendations that staff and KMA propose be incorporated into an Inclusionary Housing program for Pomona. The recommended policies are summarized for this report below.

Key Policy Summary

Based upon the results of the Financial Evaluation, KMA reached the following key findings for on-site production of Inclusionary Units:

- Ownership housing projects
 - A 7% moderate income requirement for single family home projects
 - A 10% moderate income requirement for townhome and condominium projects

- A 8.2% moderate income requirement is supported for apartment (rental) projects. (*However, as explained below, an 11% requirement can be supported by combining the benefits of State Density Bonus allowances.*)

The maximum in-lieu fee amounts that can currently be supported on a financially feasible basis are estimated as follows:

Table 2

Maximum Financially Feasible In-Lieu Fees

In-Lieu Fee Amounts	Per Inclusionary Unit	Per SF of saleable/Leasable Area
Single Family Homes	\$320,000	\$11.20
Townhomes/Condominiums	\$132,000	\$ 9.30
Apartments	\$ 99,000	\$ 9.20

Threshold Project Size

The majority of Inclusionary Housing programs in California include a threshold project size below which projects are not subject to the affordable housing production requirements. Common thresholds fall between three and 10 units. Following guidance from the City Council and the Planning Commission, the threshold project size will be set at three units.

Income and Affordability Standards

An Inclusionary Housing program's income and affordability standards should be set at levels that do not constrain the opportunities for residential development. The Financial Evaluation provides context for the on-site production requirements that can be imposed within that standard. However, the results of Financial Evaluation are only meant to serve as a tool to assist the City in establishing the Inclusionary Housing requirements that will be implemented. In general, staff has received feedback from Council expressing a goal to set some of the requirements at slightly higher percentages than were identified in the Financial Evaluation. To that end, KMA explored the opportunities for increasing the requirements to some extent without creating a constraint to development. The results are described in the following sections of this report, and are more fully detailed in Attachment 1.

For Ownership Housing

KMA recommends that the City designate moderate income units as the affordable housing type for ownership housing projects. Based on the Financial Evaluation, KMA recommends that the affordable housing requirement be set at 7% for single family home projects and 10% for townhome and condominium projects. Council feedback to staff and KMA suggests that they would like to increase the obligation for townhomes and condominiums above the 10% requirement that is supported by the Financial Evaluation. It is KMA's opinion that there is a +/- 10% buffer in the results of the Financial Evaluation. If that buffer is applied, the requirement obligation for townhome and condominiums units could potentially be increased to 11%.

The results of the KMA Financial Evaluation indicate that a low income home ownership requirement cannot be imposed without creating a financial impact that deprives a property owner or developer of a fair and reasonable return on their investment. However, for the following reasons, the City should allow low income households to purchase Inclusionary Units at the designated Affordable Sales Prices for moderate income units:

1. In 2020, the top end of the low income category equates to 117% of the area median income (AMI). Households with incomes that fall within the upper range of the category will likely be able to afford a home at the designated Affordable Sales Price.
2. The City currently offers the Mortgage Assistance Program (MAP) that is funded with HOME Program funds provided by the United States Department of Housing and Urban Development (HUD):
 - a. The City allocated \$1.09 million to the program in FY 2020-21.
 - b. At the \$100,000 per unit cap that is applied by the program, the City could assist 10 low income home buyers with down payment and/or closing costs.

For Apartments

The Council has expressed a desire to apply an Inclusionary Housing obligation that exceeds the 8.2% requirement identified in the Financial Evaluation. To justify an increase, the City can look to the benefits created by the use of the density bonus provided by California Government Code Sections 65915-65918.

Developers commonly use the Section 65915 density bonus to mitigate the impacts created by the imposition of Inclusionary Housing requirements. For example, the density bonus projects analyzed in the Financial Evaluation supported an Inclusionary Housing requirement in the range of 10.6% to 12.7% of the total number of units developed in an apartment project.

It is KMA's recommendation that the City set the requirement at the lower end of the range, i.e. 11%.

Use of Apartment Units to Fulfill Inclusionary Housing Obligations

It is KMA's recommendation that apartment units be allowed to fulfill the Inclusionary Housing requirements under the following circumstances:

1. The creation of a parcel within in an ownership housing development site in which affordable apartment units are produced to fulfill the ownership housing project's Inclusionary Housing requirements;
2. The on-site fulfillment of the Inclusionary Housing obligation imposed on a market rate apartment project; and
3. The off-site production of apartment units to fulfill the Inclusionary Housing obligation associated with both market rate ownership housing projects and apartment projects.

Income and Affordability Standards

The recommended income and affordability standards for the three options are presented in the following table:

Table 3 – Recommended Income and Affordability Standards when Apartment Units used to Fulfill Inclusionary Requirements for an Ownership Project

	<u>% of Total Units</u>	<u>Income Category</u>
On-site production to fulfill the requirements imposed on a market rate home ownership project	15%	Low
On-site production within a market rate apartment project	11%	Moderate
Off-site production to fulfill the requirement for an ownership housing or an apartment project	15%	Low

Covenant Periods

Ownership Housing

KMA recommends that the covenant period for affordable ownership housing units be set at one cumulative 45-year period. Within that one 45-year period the home must be sold and resold to moderate income households at the then current Affordable Sales Price.

Apartments

KMA recommends that the covenants for the Inclusionary Housing apartment units should remain in place for as long as the property is developed with a residential use, but for not less than 55 years. Following the 55-year term, the covenant should only be removed if at some point the property is rezoned and subsequently put to a non-residential use.

Inclusionary Housing Fulfillment Options

On-Site Production of Inclusionary Units

By right, developers should be allowed to fulfill a project's Inclusionary Housing obligations on site within a proposed market rate project. The recommended options for fulfilling the Inclusionary Housing requirements on site are described in the following sections of this memorandum.

Ownership Housing Projects

Development of Affordable Ownership Housing Units

The following standards should be imposed on affordable ownership units that are built within a market rate ownership housing project:

1. The income and affordability standard is set at the moderate income level. The recommended Inclusionary Housing obligations are set as follows:
 - a. In single family home projects the Inclusionary Housing obligation is set at 7% of the units in the project.
 - b. In townhome and condominium projects the Inclusionary Housing obligation is set at 11% of the units in the project.

2. The Inclusionary Units must be required to be dispersed throughout the project.
3. The affordable housing units must be built concurrently with the market rate project. The Inclusionary Units can be constructed in phases if the market rate project is being developed in phases.
4. The affordable housing units must comply with the following development scope requirements:
 - a. The bedroom mix for the Inclusionary Units must be proportional to the bedroom mix of the market rate units. However, the Inclusionary Units may be smaller in square footage than the market rate units.
 - b. The exterior improvements for the Inclusionary Units must be comparable to the exterior improvements for the market rate units.
 - c. The interior improvements for the Inclusionary Units must meet the following standards:
 - i. The interior finished must be comparable to the base level interior finishes provided in the market rate units; and
 - ii. The appliance packages must be the same as the packages provided in the base level market rate units.

Development of Affordable Apartments within an Ownership Housing Project

If the developer of an ownership housing project wishes to fulfill the project's Inclusionary Housing requirements with apartment units, KMA recommends that the following requirements be applied:

1. The developer should be allowed to create a separate affordable housing parcel within their development site to fulfill the project's Inclusionary Housing obligations.
2. If the following criteria are met, the developer of the market rate project can enter into an agreement with an affordable housing developer to construct, own and operate the affordable housing units:
 - a. The affordable housing developer must have relevant recent experience, and must be approved by the City.
 - b. The affordable housing developer may not request any financial assistance from the City.
3. The Inclusionary Housing obligation should be required to be fulfilled with apartment units that meet the following criteria:
 - a. The set aside should be set at 15% multiplied times the total of the ownership housing and apartment units being developed on the site.
 - b. The income standard should be set at the low income level. However, at the developer's sole discretion the requirement should be allowed to be fulfilled with very low income units.
4. The bedroom mix should not be required to match the unit mix provided in the market rate ownership housing project. However, the following requirements should be applied:
 - a. The percentage of studio units is capped at 15%;
 - b. At least 40% of the units must include two or more bedrooms; and
 - c. The remaining units must include one or more bedrooms.

Apartment Projects

KMA recommends that the following standards be applied to the on-site production of Inclusionary Units within market rate apartment projects:

1. A 11% moderate income requirement is proposed to be imposed on market rate apartment projects that fulfill the Inclusionary Housing obligations on site.
2. The affordable housing units should be required to be constructed concurrently with the market rate project, and they must be dispersed throughout the project.
3. The affordable housing units should be required to comply with the following development scope requirements:
 - a. The bedroom mix for the Inclusionary Units must be proportional to the bedroom mix of the market rate units. However, the Inclusionary Units may be smaller in square footage than the market rate units.
 - b. The interior improvements of the Inclusionary Units must comport with defined quality standards such as those applied by the Low Income Housing Tax Credit (Tax Credit) program. The market rate units in the project can include enhanced interior improvements.

Off-Site Production of Inclusionary Units

For both ownership housing projects and apartment projects, KMA recommends that the Inclusionary Housing program allow a developer to fulfill the Inclusionary Housing obligations in an off-site location under the following conditions:

1. Irrespective of the market rate project's tenure, the Inclusionary Housing obligation should be required to be fulfilled with apartment units.
2. The development parcel should be required to be located within one mile of the market rate project that is subject to the Inclusionary Housing obligations.
3. The development must not create an over concentration of deed restricted affordable housing units in any specific neighborhood.
4. The following income and affordability standards should be applied:
 - a. The allocation should be set at 15% of the units being developed in the market rate project.
 - b. The income standard should be set at the low income level. However, at the developer's sole discretion the requirement should be allowed to be fulfilled with very low income units.
5. Design, building quality and maintenance standards should be based on a defined standard such as the requirements imposed by the Tax Credit program.
6. The bedroom mix should not be required to match the unit mix provided in the market rate ownership housing or apartment project. However, the following standards should be imposed:
 - a. The percentage of studio units is capped at 15%;
 - b. At least 40% of the units must include two or more bedrooms; and
 - c. The remaining units must include one or more bedrooms.

7. Under the following circumstances the developer of the market rate project should be allowed to enter into an agreement with an affordable housing developer to construct, own and operate the affordable housing project:
 - a. The affordable housing developer must have recent relevant experience, and be approved by the City.
 - b. The affordable housing developer may not request any financial assistance from the City.
 - c. The developer may apply to use the California Government Code Sections 65915-65918 (Section 65915) density bonus and the statutorily established number of incentives or concessions.
8. The affordable housing project must be constructed prior to or concurrently with the market rate project that triggered the Inclusionary Housing obligation. If the market rate project is proposed to be developed in phases, the affordable housing units should be required to be developed along with the first phase of the market rate project.

In-Lieu Fee Payment Option

In-Lieu Fee Payment Thresholds

Based on City Council and Planning Commission guidance, the City will establish objective criteria under which in-lieu fee payments are allowed. To assist the City in making these determinations, KMA offers the following recommendations:

1. An in-lieu fee payment option should be allowed for any fractional Inclusionary Unit requirement.
2. Ownership housing developments of any size should be provided with the option to pay an in-lieu fee.
3. The following options should be offered to proposed apartment projects:
 - a. Inclusionary Housing requirements have a disproportionate impact on smaller projects, because there are fewer market rate units available to spread the impact created by the income and affordability standards. KMA recommends that an in-lieu fee payment be allowed by right for apartment projects with 30 or fewer units.
 - b. As a baseline, apartment projects with more than 30 units should be required to produce the requisite number of Inclusionary Units. However, the City Council should be provided with the discretion to allow an in-lieu fee to be paid for apartment projects with more than 33 units if they are deemed to exhibit extreme hardship circumstances.

In-Lieu Fee Schedules

It is KMA's opinion that an in-lieu fee measured against the square footages of the units corresponds more closely to the Affordability Gap than an in-lieu fee that is measured by the number of units. As such, KMA recommends that the in-lieu fee be based on the saleable area for ownership housing projects and the leasable area for apartment projects.

KMA recommends that the following in-lieu payment schedules be applied, in 2020 dollars, the first year following the adoption of the Inclusionary Housing Ordinance:

Recommended In-Lieu Fee Schedules Per Square Foot of Saleable Area or Leasable Area

<u>Units</u>	<u>Single Family Home</u>	<u>Townhomes/Condo</u>	<u>Apartments</u>
3	\$0.41	\$0.33	\$0.33
4	\$0.81	\$0.66	\$0.66
5	\$1.22	\$1.00	\$0.99
6	\$1.63	\$1.33	\$1.31
7	\$2.04	\$1.66	\$1.64
8	\$2.44	\$1.99	\$1.97
9	\$2.85	\$2.33	\$2.30
10	\$3.26	\$2.66	\$2.63
11	\$3.66	\$2.99	\$2.96
12	\$4.07	\$3.32	\$3.29
13	\$4.48	\$3.65	\$3.61
14	\$4.89	\$3.99	\$3.94
15	\$5.29	\$4.32	\$4.27
16	\$5.70	\$4.65	\$4.60
17	\$6.11	\$4.98	\$4.93
18	\$6.51	\$5.31	\$5.26
19	\$6.92	\$5.65	\$5.59
20	\$7.33	\$5.98	\$5.91
21	\$7.74	\$6.31	\$6.24
22	\$8.14	\$6.64	\$6.57
23	\$8.55	\$6.98	\$6.90
24	\$8.96	\$7.31	\$7.23
25	\$9.36	\$7.64	\$7.56
26	\$9.77	\$7.97	\$7.89
27	\$10.18	\$8.30	\$8.21
28	\$10.59	\$8.64	\$8.54
29	\$10.99	\$8.97	\$8.87
30+	\$11.40	\$9.30	\$9.20

In-Lieu Payment Timing

Developers should be required to pay the in-lieu fee when building permits are obtained for the project. However, for phased projects, the developer should be allowed to pay a pro rata share of the in-lieu fee concurrently with the issuance of building permits for each development phase.

Land Dedications

The City Council should have the discretion, but not the requirement, to approve a developer's proposal to dedicate property in lieu of producing Inclusionary Units. KMA recommends that the following threshold requirements be imposed for any property put forth for City Council consideration:

1. The developer must be willing to convey the property to the City at no cost.
2. The developer must provide evidence of the following when the land dedication proposal is submitted:
 - a. The developer must have site control with lien-free title. Any encumbrances or easements that adversely impact the property's title must be disclosed and factored into the estimated value of the interests proposed to be conveyed to the City.
 - b. The property cannot contain any hazardous materials at the time the land dedication proposal is submitted:
 - i. The developer must disclose whether any hazardous materials were previously contained on the site; and
 - ii. If hazardous materials were previously remediated, the developer must provide evidence that the cleanup was performed in accordance with applicable law.
 - c. The property cannot have been improved with any residential use for at least five years prior to the submission of a land dedication proposal.
 - d. Payment in full of all property taxes and special taxes must have been made when the proposal is submitted, and again prior to conveyance of the property to the City.
3. The Inclusionary Housing obligation should be set at 15% of the total units being developed in the market rate project. The income and affordability standard should be set at the very low income level.
4. The property must embody the following characteristics:
 - a. The property must be located within one-mile of the project that is subject to the Inclusionary Housing obligation.
 - b. The construction of Inclusionary Units on the property must not create an over concentration of very low income housing in any specific neighborhood.
 - c. The land dedication site must meet the following conditions:
 - i. The site's existing General Plan and zoning standards must allow for a residential use at a density sufficient to allow for the requisite number of Inclusionary Units to be developed.
 - ii. The site must be suitable in terms of size, configuration, and physical characteristics to allow for the requisite number of Inclusionary Units to be developed on a cost efficient basis.

- d. The property must be fully served by the necessary infrastructure prior to conveyance to the City.
5. KMA recommends that the City only re-convey dedicated properties to developers with experience developing affordable apartment projects targeted to very low income households. To assist the City in evaluating land dedication proposals, the developer should be required to submit the following documents:
 - a. A conceptual site plan and narrative description of a project that could be developed on the property.
 - b. An identification of the income and affordability restrictions proposed to be imposed.
 - c. A pro forma analysis that quantifies any financial gap associated with the identified development scope, and describes how this financial gap will be filled.
 - d. If a Section 65915 density bonus will be required, the terms of the requested density bonus; incentives and concessions; and development standards waivers must be identified.

Prior to submitting a proposal to the City Council for consideration, the City staff should independently evaluate the information submitted by the developer. Based on that review, the City should determine whether the proposal meets the defined threshold standards.

Acquisition and Rehabilitation Projects

A primary purpose in establishing an Inclusionary Housing program is to assist the City in meeting its Regional Housing Needs Assessment (RHNA) targets. Under the requirements imposed by California Government Code Section 65583.1 (Section 65583.1) up to 25% of the City's RHNA obligation can be fulfilled with acquisition and rehabilitation units under the following circumstances:

1. The project(s) must be identified in the City's Housing Element;
2. An identified amount of financial assistance must be committed to the project;
3. Statutorily established relocation assistance must be provided to existing residents; and
4. The units must be provided to very low or low income households, at the Affordable Rent, over a 55-year covenant period.

Section 65583.1 also requires the project(s) to meet one of the following requirements:

1. The units are in imminent risk of loss to housing stock and the units having been found by the City or a court to be unfit for human habitation due to the existence of at least four violations of H&SC Section 17995.3 (a) – (g); or
2. The units are located in a market rate project that is being foreclosed upon, and upon acquisition the units will be converted to very low and low income units; or
3. The units are located in a project that is subject to existing income and affordability covenants that are due to expire during the eight-year Housing Element period. For this option, the following additional criteria must be met to qualify for RHNA credit:
 - a. The project must currently be defined as an "assisted housing development";
 - b. The units must be in decent, safe and sanitary condition at the time of occupancy.

- c. At the time the units are identified for preservation they must be available for very low or low income households.

For projects that meet these requirements, the City Council should have the discretion, but not the requirement, to approve a developer's proposal to fulfill the Inclusionary Housing requirements for a market rate project with acquisition and rehabilitation units. The additional threshold requirements that should be imposed on acquisition and rehabilitation projects are:

1. The Inclusionary Housing requirement should be set at 20% of the units in the project that triggered the Inclusionary Housing obligation.
2. The affordability standard should be set at the very low income level.
3. The rents charged for the Inclusionary Units must be set at the lesser of the H&SC 50053 rents or an at least 10% discount from the achievable market rents for the rehabilitated units.
4. If there are more units in the acquisition and rehabilitation project than are required to fulfill the Inclusionary Housing requirement, those units may be rented at unrestricted market rate rents.

IMPLEMENTATION RECOMMENDATIONS

As part of the implementation process for the Inclusionary Housing program KMA recommends that the City take the following actions:

MARKETING REQUIREMENTS

The City wishes to focus the marketing effort in a manner that focuses on households that live and/or work in Pomona. To that end, the Inclusionary Housing regulations will require developers to prominently advertise the Inclusionary Units in local newspapers. In addition, information pertaining to Inclusionary Units that are being developed and marketed will be placed on the City's website.

SECTION 65915 DENSITY BONUS

The City's Section 65915 density bonus ordinance does not currently include all of the amendments the State Legislature made between 2006 and 2020. Given that the Section 65915 density bonus is intended to reduce the financial impact created by the imposition of Inclusionary Housing requirements, KMA recommends that the City update Pomona Municipal Code Part III Section 520 to reflect the agreed upon requirements.

AFFORDABLE HOUSING REGULATIONS

The following Inclusionary Housing Ordinance regulations documents should be created:

1. Affordable Ownership Housing Regulations: Developer Requirements;
2. Affordable Ownership Housing Regulations: Owner Requirements; and
3. Affordable Apartment Regulations.

INCLUSIONARY HOUSING PROGRAM UPDATES

The Inclusionary Housing program should be updated at regular intervals:

1. The entire program should be re-evaluated at least every five years. Based on City Council guidance the first program re-evaluation will take place three years following the adoption of an Inclusionary Housing Ordinance.
2. To allow in-lieu fees to keep pace with changes in the market place during the intervening periods, the in-lieu fees should continue to be adjusted each year based on the percentage change in new home prices in Los Angeles County as published annually by the Real Estate Research Council (RERC).

STAFFING PLAN

A staffing plan should be created for managing the development process and the ongoing monitoring of the Inclusionary Units once they are built.

COUNCIL PRIORITIES & GOALS:

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

ATTACHMENTS:

- 1) Inclusionary Housing - Policy & Implementation Recommendation
Memorandum – Prepared by Keyser Marston Associates
- 2) Economic Analysis/Financial Evaluation – prepared by Keyser Marston
Associates