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# CITY OF POMONA

## COUNCIL REPORT

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June 7, 2021

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Kirk Pelser, Deputy City Manager

**SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTION OF FEES RELATED TO THE INCLUSIONARY HOUSING PROGRAM**

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### **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Conduct a Public Hearing to receive testimony and comments regarding the proposed new fees related to the Inclusionary Housing Program;
- 2) Adopt the following resolution:

**RESOLUTION NO. 2021-55 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA ADOPTING INCLUSIONARY HOUSING IN-LIEU FEES PURSUANT TO SECTION 74-357 OF THE POMONA CITY CODE**

### **EXECUTIVE SUMMARY:**

Adoption of the Resolution No. 2021-55 (See Attachment No. 1) will implement an Inclusionary In-Lieu Fee schedule that residential developers may pay, with certain limitations, as an option to constructing affordable units on site as part of their project. On January 4, 2021, the City Council conducted a Public Hearing to introduce and hold first reading of Ordinance No. 4295, creating an Inclusionary Housing Program. A second reading and adoption of Ordinance 4295 (See Attachment No. 3) occurred on February 1, 2021.

### **FISCAL IMPACT:**

It is not possible to accurately forecast In-Lieu fee revenues at this time, as it will be predicated on the overall level of residential development activity and further upon the percentage of projects that opt to pay an In-Lieu fee rather than build affordable units on site. Revenues generated from the In-Lieu fees will be allocated to the City's Housing Authority Low and Moderate Income Fund (Fund 131) for use on qualified affordable housing projects and programs.

## **PUBLIC NOTICING REQUIREMENTS:**

Notice of this Public Hearing was published twice, on May 19, 2021 and again on June 2, 2021 (See Attachment No. 2 – Public Hearing Notice).

## **PREVIOUS RELATED ACTION:**

On January 4, 2021, the City Council conducted a Public Hearing to introduce and hold first reading for adoption of Ordinance No. 4295, creating an Inclusionary Housing Program. A second reading and final adoption of Ordinance 4295 (See Attachment No. 3) occurred on February 1, 2021.

## **ENVIRONMENTAL IMPACT:**

The adoption of Resolution No. 2021-55 is 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 resolution will not affect the physical environment by permitting a new use or intensifying an existing use. Instead, the resolution adopts inclusionary housing in-lieu fees that serve as one of the range of means by which individual projects may satisfy the requirements of the City's Inclusionary Housing Ordinance. There is no potential for the changes to result in a significant effect on the environment.

## **DISCUSSION:**

Adoption of the Resolution No. 2021-55 will implement an Inclusionary In-Lieu Fee schedule that residential developers may pay, with certain limitations, as an option to constructing affordable units on site as part of their project. The purpose of the inclusionary housing requirements and the inclusionary housing in-lieu fees are to ensure that the private sector, in addition to public sector, participates in the provision of affordable housing for current and future residents of the City of Pomona and ensure the long-term affordability of units and availability for income-eligible households in years to come. The inclusionary housing in-lieu fees will be placed in the City's Inclusionary Housing Fund established pursuant to Pomona City Code and be used exclusively to provide housing affordable to extremely low-income, very low-income, low-income, and moderate-income households in the City of Pomona leveraging funds, and administration and compliance monitoring of the Inclusionary Housing Program.

Every new residential development creates a further demand for affordable housing to the extent that such development offers market-rate-only housing. The inclusionary housing requirements and the inclusionary in-lieu fee are reasonably related to the mitigation of negative impacts upon the City's affordable housing supply. The lack of affordable housing options in the City has an impact upon a broad range of income groups, and no single housing program will be sufficient to meet the City's housing need. Inclusionary housing ordinances applicable to new residential developments necessarily increase the supply of affordable housing (*Homebuilders Assoc. v. City*

of Napa (2001) 90 Cal. App. 4th, 188, 196), and therefore there is a direct relationship between the inclusionary housing in-lieu fee and the City's attainment of its affordable housing goals.

### **SCHEDULE OF INCLUSIONARY HOUSING IN-LIEU FEES**

Inclusionary In-Lieu Fee Schedules						
Per Square Foot of Saleable Area or Leasable Area						
Units		Single Family Homes		Townhomes		Apartments
3		\$.41		\$.33		\$.33
4		\$.81		\$.66		\$.66
5		\$1.22		\$1.00		\$.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

**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:

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Kirk Pelser  
Deputy City Manager

**ATTACHMENT(S):**

Attachment No. 1 – Resolution No. 2021-55  
Attachment No. 2 – Public Hearing Notice  
Attachment No. 3 – Ordinance No. 4295