

Inclusionary Housing



CITY OF
ARCADIA

What is Inclusionary Housing?

An Inclusionary Housing Ordinance (IHO) requires that residential developments include some affordable housing units.

An inclusionary housing ordinance's **key objective** is:

To expand the affordable housing stock within a community through the establishment of standards and provisions that **require the development of housing affordable to lower and moderate-income households**



Los Angeles County Income Limits 2024
(Based on Household Size)

	1	2	3	4	5	6	7	8
Extremely Low	29,150	33,300	37,450	41,600	44,950	48,300	51,600	54,950
Very Low Income	48,550	55,450	62,400	69,350	74,900	80,450	86,000	91,550
Low Income	77,700	88,800	99,900	110,950	119,850	128,750	137,600	146,500
Median Income	68,750	78,550	88,400	98,200	106,050	113,900	121,750	129,600
Moderate Income	82,500	94,300	106,050	117,850	127,300	136,700	146,150	155,550

Housing Affordability Income Levels

Why is an
Ordinance
Needed?

Arcadia's 6th Cycle Regional Housing Needs Assessment (RHNA)

Income Category	% of Median Family Income (Median = \$98,200)	RHNA Allocation (Housing Units)
Very Low Income	0 - 50% MFI	1,102 units
Low Income	51 – 80% MFI	570 units
Moderate Income	81 – 120% MFI	605 units
Above Moderate Income	>120% MFI	937 units
		3,214 units

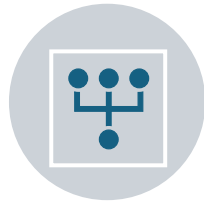
Why is an Ordinance Needed? (Continued)



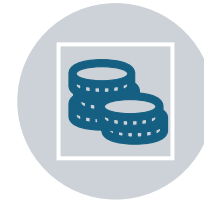
Funding Limitations
– No other
dedicated funding
source



Lack of city-owned
land and public
housing



Enables affordable
units to be integrated
into larger
developments and
appear as coordinated,
cohesive projects



Most “bang for the
buck” because of
density bonus and
other incentives

Timeframe of the Housing Element & Implementation



February 15, 2022: City Council Approves 2021-2029 Housing Element Update



February 6, 2024: City Council Approves Citywide rezoning effort related to the approved Housing Element Update



February 9, 2024: Department of Housing and Community Development certifies Arcadia's Housing Element



2022 - 2029: Implementation Plan follow-up actions underway. IHO is identified in the Plan (Program 5-19)

The Housing Element includes timeframes for the City to complete required Implementation Actions, which includes implementation of an IHO

Future Affordable Housing in Arcadia

Pending Mixed Use Developments with Affordable Housing Units in Arcadia 8/20/24

Address/Project Name	Affordable Unit Count	Percentage of Affordable Units (Rounded)	Affordability Level
34 E. Santa Clara St. (Alexan Azalea Mixed-Use Project)	26 out of 319 total units	8%	Very Low
233 & 301 E. Huntington Drive (Derby Mixed-Use Project)	9 out of 214 total units	4%	Very Low
1101 W. Huntington Drive (Huntington Village Mixed-Use Project)	26 out of 278 total units	9%	Not Yet Determined
325 N. Santa Anita Avenue (Alexan Arroyo Mixed-Use Project)	35 out of 359 total units	10%	Very Low
	Total	96	

Los Angeles County Inclusionary Ordinances

Across Los Angeles County, IHOs typically:

- Have a threshold trigger from 3 – 10 units
- % of affordable units required: 15% - 20%
- Affordability period: 45 years – perpetuity

Have an IHO

Pasadena

South Pasadena

Alhambra

Monterey Park

Los Angeles County

Burbank

Key Components of Arcadia's Draft IHO

- Applicable to projects with 10+ units
- Both ownership and rental units
- For rental projects, provides affordability options at various percentages
- Provides compliance options and incentives
- Establishes an Affordable Housing Trust Fund to collect in-lieu fees



What are the right numbers for Arcadia?



% of affordable units required for both rental and ownership projects



Compliance options available such as in-lieu fees or off-site units

City Contracted with Keyser Marston Associates, Inc. to answer these questions

Financial Evaluation

1. Prototype projects in various zones to be evaluated for reality of building units.
2. Variables include size, density, height, parking, and land value.
3. Pro Formas Developed to evaluate different development types.

Financial Evaluation, cont.

Pro Forma Analysis:

1. Land Value supported by 100% market rate project
2. Magnitude of value enhancement created by recent rezoning standards
3. The share of value enhancement that can reasonably be committed to the provision of inclusionary units within a market rate development

Proposed Affordable Unit Requirements

Rental Units

Percentage of Proposed Affordable Units Required (Rental Units)

9%	Very low-income households.
11%	At least 5% of the total number of units in the residential project shall be rented to very low-income households. The remaining 6% shall be rented to low-income households.
14%	At least 14% of the total number of units in the residential project shall be rented to low-income households.
18%	Moderate-income households.

Proposed Affordable Unit Requirements

Ownership Units

In ownership projects, 5% of all required affordable units shall be sold to moderate-income households

Focus will be on in-lieu fees for ownership projects



Alternatives to Providing Units on Site

1. Offsite Construction
2. In-Lieu Fees

In-Lieu Fees

- ✓ In lieu fees would be an option for all ownership projects 10 units or over.
- ✓ In-lieu fees would be an option for smaller rental projects between 10-20 units.
For larger projects (over 20 units) the affordable units must be provided
- ✓ In-lieu fee should be paid for any fraction of an Inclusionary Unit that results from the production calculations.
- ✓ Collected fees placed in City's Affordable Housing Trust Fund (to be established)

Affordable Housing Standards & Procedures



Affordable Housing Plan Required

Submitted with development application

Includes number of proposed affordable units, location of units, level of affordability, etc.



Cohesion

Affordable units dispersed throughout site with materials and finishes comparable with the market rate units

Same access to amenities as market-rate units



Units required to be retained at designated affordability level for:

45 years for for-sale units

55 years for rental units

Next Steps



Finalize preparation of
Inclusionary Housing
Ordinance



Public hearings at Planning
Commission and City
Council



Implementation