

ORDINANCE NO. 2402

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, RELATED TO TEXT AMENDMENT NO. TA 25-01 ADDING A NEW SECTION 9103.16 TO ARTICLE IX, CHAPTER 1 (DEVELOPMENT CODE) OF THE ARCADIA MUNICIPAL CODE PERTAINING TO AN INCLUSIONARY HOUSING ORDINANCE AND ASSOCIATED IN-LIEU DEVELOPMENT FEE

WHEREAS, the Development Services Department has initiated Text Amendment No. TA 25-01 to add a new Inclusionary Housing Ordinance as Section 9103.16 to Article IX, Chapter 1 of the Arcadia Municipal Code (referred to as "Text Amendment"); and

WHEREAS, California State Housing Element Law establishes the requirements for Housing Elements and California Government Code Section 65588 requires that local government review and revise the Housing Element of their comprehensive General Plans not less than once every eight years. Additionally, the California State Legislature identifies overall housing goals for the State with the goal of ensuring every resident has access to housing and suitable living environments; and

WHEREAS, the updated Housing Element was adopted by City Council on February 15, 2022, and again, at the request of the State Department of Housing and Community Development, on November 1, 2022, and

WHEREAS, the City is required to implement actions and policies within the approved and certified Housing Element, including the provision of affordable housing, and compliance with the Regional Housing Needs Allocation ("RHNA") for the City of Arcadia; and

WHEREAS, the proposed Text Amendment would effectuate Housing Element Implementation Action No. 5-19 by adopting an Inclusionary Housing Ordinance as shown in Exhibit "A" of this Ordinance; and

WHEREAS, on February 27, 2025, Planning Services completed an environmental review of the proposed Text Amendment and determined that the project is exempt from review under the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that the Text Amendment would not have a significant effect on the environment and, thus, is not subject to CEQA review; and

WHEREAS, on March 11, 2025, the Planning Commission held a duly noticed public hearing and considered the staff report, recommendations by staff, and public testimony concerning the Text Amendment; and

WHEREAS, after considering the evidence presented, the Planning Commission voted 4-1 to recommend to the City Council approval of Text Amendment No. TA 25-01; and

WHEREAS, on April 1, 2025, the City Council held a duly noticed public hearing concerning the Text Amendment, at which time all interested persons were given full opportunity to be heard and to present evidence.

NOW, THEREFORE, the City Council of the City of Arcadia does ordain as follows:

SECTION 1. The recitals above are each incorporated by reference and adopted as findings by the City Council.

SECTION 2. The City Council finds, based upon the entire record:

1. The proposed Development Code Amendment is consistent with the goals, policies, and objectives of the General Plan and any applicable specific plan(s).

FACT: The proposed Text Amendment No. TA 25-01 aligns with the goals and policies of the General Plan Housing Element. The Text Amendment ensures that

Implementation Action No. 5-19 of the Housing Element is met, demonstrating the City's commitment to providing capacity for affordable housing units within the City. To accommodate the number of affordable housing units identified in the City's Regional Housing Needs Allocation ("RHNA"), and meet the specified levels of affordability, this Text Amendment is necessary. The Text Amendment is consistent with the following General Plan Housing Element Goals and Policies:

Housing Element

Policy H-2.4: Maintain development standards, regulations, and design features that are flexible to provide a variety of housing types and facilitate housing that is appropriate for the neighborhoods in which they are located.

Goal H-3: A range of housing choices for all social and economic segments of the community, including housing for persons with special needs.

Policy H-3.2: Facilitate homeownership opportunities for lower and moderate-income households.

Policy H-4.1: Review and modify as appropriate development standards, regulations, and processing procedures that may constrain housing development, particularly housing for lower- and moderate income households and for persons with special needs.

The proposed Text Amendment No. TA 25-01 will add a new Section to the Development Code related to Inclusionary Housing. This amendment will be consistent with all other portions of the adopted General Plan.

1. The proposed amendment is internally consistent with other applicable provisions of this Development Code.

FACT: The proposed Text Amendment will add a new Section 9103.16 to the Development Code. The Inclusionary Housing Ordinance will require a certain percentage of units in qualifying multi-family residential and mixed-use development projects be designated as affordable housing units. This amendment aligns with the City's recent 2024 rezoning efforts, which included upzoning several areas to allow for additional density and to permit residential units in areas where they were previously not allowed. The Inclusionary Ordinance complements these zoning efforts to create the capacity necessary for residential units in accordance with the City's RHNA as set forth by the State of California. Therefore, the proposed Text Amendment is consistent with all other areas of the Arcadia Development Code.

SECTION 3. The City Council has determined that Text Amendment No. TA 25-01 is exempt from review under the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that the Text Amendment would not have a significant effect on the environment and, thus, is not subject to CEQA review.

SECTION 4. For the foregoing reasons, the City Council adopts this Ordinance. Staff is authorized to correct typographical errors, spelling, formatting or codification and to make other minor revisions to improve the reader's comprehension of the changes from this text amendment attached hereto under Exhibit "A" of this Ordinance, provided that any revisions do not alter the regulatory meaning and intent.

SECTION 5. The City Council hereby directs staff to prepare, execute, and file with the Los Angeles County Clerk a Notice of Exemption within five (5) working days of the adoption of this Ordinance.

SECTION 6. The City Clerk shall certify to the adoption of this Ordinance and shall cause a copy of the same to be published in accordance with Resolution No. 7483. This Ordinance shall take effect on July 1, 2025.

SECTION 7. The Custodian of Records for this Ordinance is the City Clerk and the records compromising the administrative record for this Ordinance are located at Arcadia City Hall, 240 W. Huntington Drive, Arcadia CA.

Passed, approved and adopted by the City Council this 15th day of April, 2025.

Michael G.

Mayor of the City of Arcadia

ATTEST: .

John R. L.

City Clerk

APPROVED AS TO FORM:

Michael J. Maurer

Michael J. Maurer
City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF ARCADIA)

I, LINDA RODRIGUEZ, City Clerk of the City of Arcadia, hereby certifies that the foregoing Ordinance No. 2402 was passed and adopted by the City Council of the City of Arcadia, signed by the Mayor and attested to by the City Clerk at a regular meeting of said Council held on the 15th day of April, 2025 and that said Ordinance was adopted by the following vote, to wit:

AYES: Cao, Cheng, Fu, Wang, and Kwan

NOES: None

ABSENT: None



City Clerk of the City of Arcadia

EXHIBIT “A”

**Section 9103.16 of the Development Code,
Inclusionary Housing Ordinance**

Section 9103.16 – Inclusionary Housing

Subsections:

- 9103.16.010 Purpose and Intent
- 9103.16.020 Applicability
- 9103.16.030 Definitions
- 9103.16.040 Affordable Unit Requirements
- 9103.16.050 Alternatives
- 9103.16.060 Incentives
- 9103.16.070 Exemptions
- 9103.16.080 Standards and Procedures
- 9103.16.090 Affordable Housing Plan and Agreement
- 9103.16.100 Enforcement
- 9103.16.110 Affordable Housing Trust Fund

9103.16.010 Purpose and Intent

The purpose of this Chapter is to require and facilitate the construction of below market-rate housing to provide a variety of housing types and opportunities for extremely low, very low, low- and moderate-income households in Arcadia. The goal of this Chapter is to expand the affordable housing stock in proportion with the overall increase in residential units by establishing standards and procedures that encourage the development of extremely low to moderate-income housing and to assist in meeting the City's regional share of housing needs and implementing the goals and objectives of the general plan, including the Housing Element and any applicable specific plans.

9103.16.020 Applicability

- A. The requirements of this Chapter shall apply to any new mixed-use or multi-family development project or condominium conversion projects comprised of ten or more dwelling units. All affordable units required by this Chapter shall be sold or rented in compliance with this Chapter.
- B. The total number of dwelling units shall be used to determine applicability for multi-phased residential projects and any development project that is comprised of less than ten dwelling units but appears to be a part of a larger residential project.

9103.16.030 Definitions

Adjusted for Household Size Appropriate for Unit. A household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, five persons in the case of a four-bedroom unit, six persons in the case of a five-bedroom unit, and seven persons in the case of a six-bedroom unit.

Affordable Housing Costs. The maximum costs that can be paid by a qualifying household based on the requirements imposed by California Health and Safety Code Section 50052.5 for owner-occupied housing, and the affordable rent for rental units as defined by California Health and Safety Code Section 50053, as applicable.

Affordable Housing Trust Fund. Any in-lieu fees or equity share payment collected as a result of requirements of this Chapter shall be deposited in the City's Affordable Housing Trust Fund to be used exclusively to develop and retain the supply of housing affordable to extremely low, very low, low, and moderate-income households.

Affordable Unit. A dwelling unit that will be offered for sale or rent to an extremely low-income household, a very low-income household, a low-income household, or a moderate-income household, at an affordable housing cost, in compliance with this Chapter.

Area Median Income (AMI). The annual median gross income adjusted for household size in Los Angeles County as determined by the United States Department of Housing and Urban Development (HUD) and published by the California Department of Housing & Community Development (HCD), in the California Code of Regulations, Title 25, Section 6932.

Condominium Conversion. Converting an existing market rate condominium and apartments into affordable housing. Converted condominiums and apartments shall be offered for sale or rent to an extremely low-income household, a very low-income household, a low-income household, moderate-income household, or workforce household at an affordable housing cost, in compliance with this Chapter.

Density Bonus. As defined in California Government Code Section 65915 et seq.

Equity Share Agreement. An agreement by which appreciation on the value of an inclusionary unit from the time of the original purchase at an affordable price to the time of resale shall be shared between the purchaser of the inclusionary unit and the City. Such an agreement shall be a condition of sale of the inclusionary unit.

Low-Income Household. As published and periodically updated by HCD pursuant to Health and Safety Code Section 50079.5.

Market Rate Unit. Dwelling unit in a residential development that can be purchased or rented at market rates. These units are not considered to be affordable units.

Moderate-Income Household. As published and periodically updated by HCD pursuant to Health and Safety Code Section 50093.

Offsite Construction. The development of required number of affordable units at a site different than the site of the residential project.

Phasing Plan. A detailed plan provided by a developer that outlines each segment or phase of construction including housing units and site improvements to be developed in a new residential project.

Residential Project. A subdivision, a development project, and/or a condominium conversion project resulting in the creation of ten (10) or more residential lots or ten (10) or more residential dwelling units.

Rehabilitation. Improvement of a unit in substandard condition to a decent, safe, and sanitary level. Units are in substandard condition when, while they may be structurally sound, they do not provide safe and adequate shelter, and in their present condition endanger the health, safety, or well-being of the occupants.

Total Housing Costs. The total monthly or annual recurring expenses required of a household to obtain shelter. For a rental unit, total housing costs shall include the monthly rent payment and utilities paid by the tenant (excluding telephone and television). For an ownership unit, total housing costs shall include the mortgage payment (principal and interest), insurance, homeowners' association dues (if applicable), private mortgage insurance (if applicable), taxes, maintenance costs, and utilities.

Very Low-Income Household. As published and periodically updated by HCD pursuant to Health and Safety Code Section 50105.

9103.16.040 Inclusionary Unit Requirement

- A.** The commonly used income categories are approximately as follows, as published and periodically updated by HCD pursuant to Health and Safety Code Sections 50105, 50079.5, and 50093, respectively. Income categories are subject to variations for household size and other factors:
 - Very low income: 30% to 50% of AMI
 - Low income: 50% to 80% of AMI
 - Moderate income: 80% to 120% of AMI
- B.** All residential projects subject to requirements of this Chapter shall provide affordable units as shown in Table 3-18.

Table 3-18
Affordable Unit Requirements for Residential Projects

Total Percentage of Affordable Units Required (minimum)⁽¹⁾	Minimum Affordability Level of Required Units
Ownership Units	
5%	All required affordable units shall be sold to moderate-income households, at a cost affordable to such household.
Rental Units	
9%	All required affordable units shall be rented to very low-income households, at a cost affordable to such household.
11%	At least 5% of the total number of units in the residential project shall be rented to very low-income households, at a cost affordable to such household. The remaining 6% shall be rented to low-income households, at a cost affordable to such household.
14%	At least 14% of the total number of units in the residential project shall be rented to low-income households, at a cost affordable to such household.
20%	All required affordable units shall be rented to moderate-income households, at a cost affordable to such household.

Notes:

(1) of the total number of units in the residential project.

- C. An applicant may request to deviate from the number and affordability level provisions required by this Chapter if the proposed deviation provides the same or greater level of affordability required and the same or greater number of affordable units required by this Chapter. Such request requires an approval of the Director subject to the provisions of Section 9103.16.040 of this Chapter.
- D. When a residential development includes both ownership and rental units, the provisions of this Chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this Chapter that apply to rental residential development shall apply to that portion of the development that consists of rental dwelling units.
- E. Affordable units required by this Chapter can be used to qualify for a density bonus under California Government Code Section 65915 (State Density Bonus).
- F. Notwithstanding any other provision of this Chapter, any residential project subject to this Chapter that results in the displacement of existing affordable unit(s) shall be required to replace each displaced affordable unit at the same or greater level of affordability of the existing unit, in addition to providing the number of affordable units required by this Chapter.

9103.16.050 Alternatives

An applicant may also satisfy the requirements of this Chapter through one of the following alternatives:

- A. **Offsite Construction.** An applicant may satisfy the requirements of this Chapter by developing the required number of affordable units at a site different than the site of the residential project. An applicant may develop the affordable units required by this Chapter if they satisfy the following conditions:
 - 1. The number of units to be developed offsite shall be consistent with the requirements of this Chapter.
 - 2. Offsite affordable units shall contain the same number of bedrooms, square footage, overall unit mix, appearance, finished quality, materials, and distribution as the non-affordable units in the project.
 - 3. Offsite affordable units shall be developed concurrently with the main project and certificate of occupancy will be contingent on final approval and inspection of the affordable units.
 - 4. Offsite affordable units shall be located within the City.
 - 5. Offsite affordable units shall be subject to the same requirements, standards, and procedures as onsite affordable units.

B. In-Lieu Fees.

1. Ownership Units. Applicants with development proposals of ten (10) or more units may choose to comply with the requirements of this Chapter through payment of a fee, in-lieu of providing the required affordable units on site.
2. Rental Units. Applicants with development proposals between ten (10) and thirty (30) units may choose to comply with the requirements of this Chapter through payment of a fee, in-lieu of providing the required affordable units on site. Applicants with development proposals greater than thirty (30) units must comply with the requirements of this Chapter by providing the required affordable units on- or off-site.
3. The amount of the fee shall be calculated using the fee schedule established by resolution of the City Council.
4. One-half of the in-lieu fees shall be paid prior to the issuance of a building permit for the project with the remaining fees due prior to the issuance of a certificate of occupancy.
5. Any fractional unit resulting from the calculation of the inclusionary requirement referenced in this Chapter will be rounded up to the next whole number or the developer may elect to pay the appropriate in-lieu fee for the fractional unit.
6. Fees collected in-lieu of developing affordable units pursuant to this Chapter shall be placed in the City's Affordable Housing Trust Fund.

9103.16.060 Incentives

A. An applicant that meets the requirements of this Chapter may request the incentives identified in Table 3-19 below. The number of incentives provided shall be at the City's discretion.

Table 3-19
Types of Incentives and Review Authority

Incentives	Review Authority	Special Provisions
Streamlined Entitlement Plan Check Review and Building Plan Check Review	Director	May also include pre-application meetings.
Deferral of Developer Impact Fee Payments	Director	Such deferred impact fees shall be fully paid prior to the issuance of a certificate of occupancy.
Partial or full waiver of building permit fees	Director	-
Partial or full waiver of required development fees	Planning Commission	-
Reasonable alternatives	Planning Commission	City Council approval required if the requested alternative has budgetary implication to the City

B. If the residential project subject to this Chapter is also utilizing State Density Bonus provisions, such project is eligible to request the number and types of incentives allowed in this Chapter and by State Density Bonus provisions.

C. At the discretion of the City Council, the City may offer a financial incentive using funds from the Affordable Housing Trust Fund.

9103.16.070 Exemptions

The provisions of this Chapter shall not apply to the following:

- A. Residential developments with nine (9) or fewer units.
- B. Residential projects that obtain entitlement approvals prior to the adoption of this Chapter.
- C. Reconstruction of structures which have been damaged by fire, flood, wind, earthquake, or other unforeseen force, as determined by the Director or designee.

- D. Residential projects that are exempt from this Chapter by State law.
- E. Units approved as accessory dwelling units or junior accessory dwelling units.

9103.16.080 Standards and Procedures

The applicant of a project subject to the provisions of this Chapter must submit an Affordable Housing Plan which shall indicate the scheduling and phasing of construction of the required affordable units. The Affordable Housing Plan requirements can be found in Section 9103.16.090. Additionally, projects pursuant to this Chapter must comply with the following standards.

- A. All affordable units in a residential project or phases of a residential project shall be constructed prior to the issuance of a certificate of occupancy for the project or phase of the project.
- B. All affordable units shall be reasonably dispersed throughout the project site unless approval for an off-site location has been granted.
- C. The affordable units shall contain the same number of bedrooms and bedroom size as the market rate units in the project. The unit mix for bedroom count shall be proportional to the unit mix of market rate units in the project.
- D. The materials and finished quality of the affordable units shall be comparable with the market rate units.
- E. Affordable units shall have the same access to amenities as the market-rate units, including common spaces, parking, laundry rooms, fitness centers, and other facilities in the residential development.
- F. Affordable units required under this Chapter shall be retained as affordable units as follows:
 1. For sale units: Cumulative forty-five (45) years or until sold or transferred with an equity share, whichever occurs first.
 2. Rental units: Cumulative fifty-five (55) years.
- G. The affordability period begins upon the initial sale or rental of the unit.
- H. An equity share agreement for any inclusionary units that are for-sale shall be in a form approved by the Director and City Attorney in conformance with this chapter.

9103.16.090 Affordable Housing Plan and Agreement

- A. Affordable Housing Plan.
 1. An application for a residential development shall include an Affordable Housing Plan describing how the development will comply with the provisions of this Chapter. The Director or their designee is the reviewing authority for reviewing and approving an Affordable Housing Plan. No application for a residential development may be deemed complete unless an Affordable Housing Plan is submitted in conformance with this Chapter. The City has the ability to attach conditions of approval to an Affordable Housing Plan, if determined necessary.
 2. An approved Affordable Housing Plan may be amended prior to issuance of any building permit for the residential development or project phase. A request for a minor modification may be granted by the Director or their designee if the modification is in substantial compliance with the original Affordable Housing Plan and conditions of approval. If significant modifications are requested, a new Affordable Housing Plan may be required.
 3. An Affordable Housing Plan shall include, but not be limited to, the following:
 - a. The number of affordable units proposed, with calculations;
 - b. The proposed location of the affordable units;

- c. Level of affordability for affordable units;
- d. The unit square footage, and number of bedrooms for market rate and affordable units and tenure (ownership or rental);
- e. Amenities and services provided, such as common spaces, parking, laundry rooms, fitness centers, and other facilities in the residential development;
- f. Construction schedule for all units;
- g. Alternatives requested, if applicable;
- h. Incentives requested, if applicable; and
- i. Evidence to justify any requested alternative or incentive, if applicable.

B. Affordable Housing Agreement.

- 1. An applicant shall enter into an Affordable Housing Agreement with the City. The Affordable Housing Agreement shall be approved by the City Attorney, and executed by the City Manager or their designee, to ensure that all the requirements of this Chapter are satisfied. The Affordable Housing Agreement shall be recorded against the residential development prior to final subdivision map approval, or, where a subdivision map is not being processed, prior to issuance of any building permits, with the exception of demolition permits for such parcels or units. The agreement shall be recorded with the office of the Los Angeles County Recorder. The Affordable Housing Agreement shall be binding on the applicant and all future owners and successors in interest thereof.
- 2. The Affordable Housing Agreement shall include all information requested in the Affordable Housing Plan and any other provisions necessary to ensure that the requirements of this Chapter are satisfied.
- 3. The Affordable Housing Agreement shall include the procedures for income verification of potential purchasers or renters.

9103.16.100 Enforcement

- A. The Director, or their designee, may suspend, revoke, or deny any building permit or other approval upon finding a violation of any provision of this Chapter. The provisions of this Chapter shall apply to all owners, agents, and successors of an applicant proposing a project. No entitlement approval, grading permit, building permit or certificate of occupancy shall be issued if it is found in noncompliance with the provisions of this Chapter.
- B. Any individual or entity who sells or rents an affordable unit in violation of the provisions of this Chapter shall be required to forfeit all monetary gains obtained through noncompliance. Recovered funds shall be deposited into the Affordable Housing Trust Fund.
- C. The City may use any appropriate legal actions or proceedings necessary to ensure compliance with this Chapter, including but not limited to:
 - 1. Actions to revoke, suspend, or deny any grading permit, building permit, certificate of occupancy, or discretionary approval.
 - 2. Any other action, civil or criminal, authorized by law or by any regulatory document, restriction, or agreement in this Chapter.
- D. The City shall be entitled to recover its reasonable attorney's fees and costs.

9103.16.110 Affordable Housing Trust Fund

Any in-lieu fees or equity share payment collected as a result of requirements of this Chapter shall be deposited in the City's Affordable Housing Trust Fund to be used exclusively to develop and retain the supply of housing affordable to extremely low, very low, low, and moderate-income households. The City shall provide ongoing implementation programs utilizing funds deposited in the Affordable Housing Trust Fund for the benefit of extremely low, very low, low, and moderate-income households.