



# Inclusionary Housing Ordinance

PR-2022-001391 – Zoning Code Amendment

**Community & Economic Development Department**

Planning Commission

Agenda Item: 7

October 13, 2022

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## BACKGROUND

### *Inclusionary Housing*

- Local policy requiring new housing development to include affordable homes
  - ✓ Common in many California jurisdictions, including locally
  - ✓ Tool in toolbox to expand housing options for all
- May 18, 2021 – City Council authorizes feasibility study
- May 23, 2022 – Housing & Homelessness Committee recommends proposed Inclusionary Housing Program be brought to CPC and CC



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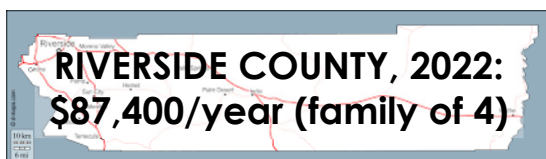
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## BACKGROUND

### Inclusionary Housing

#### WHAT IS AFFORDABLE? AND TO WHOM?

- If you spend no more than **30% of your gross income** on your housing (rent, mortgage, taxes, utilities, etc.), you can afford your housing.
- Income limits* are set by Federal and State standards, based on **Area Median Income** (typically by county).



INCOME LIMIT	INCOME
Very Low (50% AMI)	\$44,000
Low (80% AMI)	\$70,400
Moderate (120% AMI)	\$104,900

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## BACKGROUND

### Inclusionary Housing

#### WHY DOES THIS MATTER NOW?

INCOME LIMIT	INCOME	AFFORDABLE HOUSING COST
Very Low (50% AMI)	\$44,000	\$1,100/month
Low (80% AMI)	\$70,400	\$1,760/month
Moderate (120% AMI)	\$104,900	\$2,622/month

##### Average Rent in Riverside, CA

Last updated July 2022

Average Rent	Average Apartment Size
\$2,167	846 sq. ft.

Source: RentCafe

##### Median Sold Price

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Key Takeaway

**\$581,057**

\$353/sqft

Based on all homes sold in the last 12 months.

Difference Since July 2021

**+\$95,219 (+19.6%) ↑**Homes in Riverside have sold for **19.6% more** than they did a year ago.

Source: RocketHomes

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## PROPOSED AMENDMENTS: INCLUSIONARY HOUSING

### New Chapter: 19.535 – Inclusionary Housing

- Applies to new development with 3+ new homes
- Inclusionary requirements set by type of development:
  - **For-sale single-family:** (up to 10.9 units/acre): 5% affordable to Moderate-Income (110% area median income)
  - **For-sale condo and townhome:** (10.9-14.5 units/acre): 10% affordable to Lower Income (70% AMI)
  - **All rental projects:** 10% affordable to Lower-Income (70% AMI)



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## PROPOSED AMENDMENTS: INCLUSIONARY HOUSING

### New Chapter: 19.535 – Inclusionary Housing

- Alternative Compliance:
  - **Off-site development** – higher affordability:
    - For-sale single-family: 8% affordable to Moderate-Income
    - For-sale condo, townhome and rentals: 15% affordable to Lower Income
  - **In-Lieu Fees** – per unit, same % as off-site
    - Fees deposited into dedicated Affordable Housing Fund
    - Amount set by Council resolution, based on nexus study



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## PUBLIC OUTREACH – INCLUSIONARY HOUSING

- **November 5, 2021**- Virtual stakeholder meeting
- **November 16, 2021** – Virtual stakeholder meeting
- **January 12, 2022** – Virtual community webinar
- **January 25, 2022** – Webinar with Chamber of Commerce
- **June 28, 2022** – Stakeholder meeting with Chamber
- **Monthly updates** to Housing & Homelessness



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## STRATEGIC PLAN ALIGNMENT



### Strategic Priority No. 2 – Community Well-Being

Goal No. 2.1 - Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.



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## RECOMMENDATIONS

That the Planning Commission **recommend the City Council:**

1. **Determine** that Planning Case PR-2022-001391 is exempt from further California Environmental Quality Act (CEQA) review pursuant to Section 15061(b)(3) (General Rule), as it can be seen with certainty that approval of the project will not have an effect on the environment; and
2. **Approve** Planning Case PR-2022-001391 (Zoning Text Amendment) as outlined in the staff report and summarized in the Findings section of the report.



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