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People

CITY OF RIVERSIDE

CITY COUNCIL MEMORANDUM



HONORABLE MAYOR AND CITY COUNCIL

DATE: May 27, 2003

ITEM NO: 17

SUBJECT: RESIDENTIAL INFILL STRATEGY—PHASE 2

BACKGROUND:

On April 22, 2003, the City Council approved Phase 1 of the Residential Infill Strategy and adopted a resolution that provides financial incentives to developers who initiate residential infill development consistent with the definition contained in the strategy. Phase 2 of the Residential Infill Strategy is now being submitted to the City Council for consideration. Phase 2, as reflected in the attached resolution, addresses electric and water fees.

The complete infill strategy is attached but in summation the following fee adjustments and cost avoidances comprise Phase 2:

Fee Adjustments—Phase 2:

Fees/Permits	Current Fee	Proposed Fee	Est. Adjustment
Water Backup Fees	2,110	2,110	0
Water Elevation Fee	0	0	0
Water Distribution Fee	2,150	0	(2,150)
Water Service Lateral/Meter	1,010	1,010	0
Street Light In-Lieu Fee	900	0	(900)
Subtotal Phase 2—Estimated Adjustments			(3,050)

Note—Phase 1 and 2 adjustments will total approximately \$5,961.

Cost Avoidances—Phase 2:

Item	Current Fees	Proposed Fee	Est. Adjustment
Electric Service Charge	2,500	500	(2,000)
Subtotal Phase 2—Cost Avoidances			(2,000)

Note—Phase 1 and 2 cost avoidances will total approximately \$7,000.

FISCAL IMPACT:

The fiscal impact of the residential infill strategy will depend on the number of single-family units developed. The financial incentives offered will not have an adverse effect on the City's infrastructure development as necessary infrastructure to support infill development is already in place. Furthermore, there could be significant positive impacts from creating new home ownership opportunities

ALTERNATIVES:

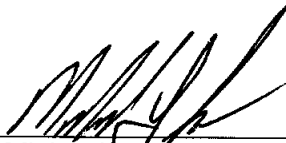
One alternative is to not approve the reduction in development fees necessary to implement the Residential Infill Strategy—Phase 2 as outlined in this report.

RECOMMENDATION:

That the City Council:

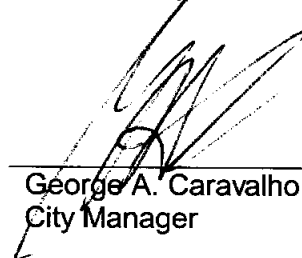
1. Approve the Residential Infill Strategy—Phase 2; and
2. Approve the attached resolution providing fee reductions for residential infill development.

Prepared by:



Michael J. Beck
Deputy City Manager

Approved by:



George A. Carvalho
City Manager

Concurs with:



Ken Gutierrez
Planning Director

Concurs with:



Tom Evans
Public Utilities Director

Approved as to form:

A handwritten signature in black ink, appearing to read "G.P.Priamos", written over a horizontal line.

Gregory P. Priamos
City Attorney

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, AMENDING RESOLUTION NOS. 20195 AND _____ AS REQUIRED TO IMPLEMENT THE RESIDENTIAL IN-FILL STRATEGY PROGRAM FOR QUALIFIED RESIDENTIAL PROPERTIES.

WHEREAS, the City Council of the City of Riverside desires to improve the homeownership opportunities and residential neighborhood development within the City's neighborhoods; and

WHEREAS, there are a number of vacant or underutilized parcels within existing residentially developed areas within the City which provide a significant potential for in-fill and redevelopment projects to provide single-family residential housing; and

WHEREAS, on April 22, 2003, the City Council adopted a Residential In-Fill Strategy Program ("Program"), to encourage the development of such vacant or under utilized single family residential properties meeting the Program criteria by providing incentives for quality residential development and homeownership; and

WHEREAS, it is necessary to redesign regulatory processes and to create more flexible development standards for residential in-fill development; and

WHEREAS, it is necessary to modify certain electric and water development fees assessed for the development of residential properties which qualify for the Program in order to provide incentives to implement the Residential In-Fill Strategy Program.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside, incorporating the above recitals, as follows:

Section 1: Resolution No. _____ is hereby amended to remove the Water Distribution Fee, established pursuant to Riverside City Charter Section 1202(e), from any development of residential property which meets the criteria of the Residential In-Fill Strategy Program previously adopted and established by the City, as set forth in Resolution No. 20400.

Section 2: Resolution No. 20195 is hereby amended to remove the Street Light In-Lieu Fee, established pursuant to Riverside City Charter Section 1202(e), from any development of residential property which meets the criteria of the Residential In-Fill Strategy Program previously adopted and established by the City, as set forth in Resolution No. 20400.

1 Section 3: Resolution No. 20195 is hereby amended to reduce the Electric Service Charge
2 from \$2,500 to \$500, established pursuant to Riverside City Charter Section 1202(e), for any
3 development of residential property which meets the criteria of the Residential In-Fill Strategy
4 Program previously adopted and established by the City, as set forth in Resolution No. 20400.

5 Section 4: Issues concerning the implementation of this Residential In-Fill Strategy Program,
6 adopted herein, shall be administered by the Planning Director or his designee and issues related to
7 interpretation of this Program shall be resolved solely by the Planning Director, whose decision
8 shall be final.

9 ADOPTED by the City Council of the City of Riverside and signed by the Mayor and attested by
10 the City Clerk this day of

11
12
13 Attest:

Mayor of the City of Riverside

14
15 _____
16 City Clerk of the City of Riverside

17 I, Colleen J. Nicol, City Clerk of the City of Riverside, California, hereby certify that the
18 foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council
19 of said City at its meeting held on the day of , 2003, by the following vote,
20 to wit:

21 Ayes:

22
23 Noes:

24 Absent:

25 Abstain:

26 IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the
27 City of Riverside, California, this day of

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City Clerk of the City of Riverside

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City of Riverside
Residential Infill Strategy
April 22, 2003



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Introduction

This Residential Infill Strategy has been developed in support of the ideas presented in the Mayor's Home Ownership Task Force Report adopted in concept by the City Council on July 23, 2002. The Residential Infill Strategy has been further refined to reflect the input of the City Council as provided during a public workshop on October 22, 2002. The Residential Infill Strategy is designed to promote quality development in the City of Riverside and establish priorities and programs to promote infill development and home ownership.

Infill development is the process of developing vacant or underutilized parcels within existing urban areas that are already largely developed. As the Mayor's Home Ownership Task Force Report demonstrates, Riverside has a significant potential for infill and redevelopment on lots, which for various reasons have been passed over in the normal course of urbanization.

To identify possible strategies to encourage residential infill development, an interdepartmental team reviewed various factors related to infill development in general and within Riverside, including the following:

- Analyzing vacant and underutilized land within the city
- Identifying constraints to residential infill development
- Reviewing actions by other local governments to promote residential infill development
- Reviewing issues associated with actual residential infill development projects

Based on this review, infill objectives and programs were identified and are contained in this Residential Infill Strategy. After adoption, the Residential Infill Strategy is intended to be reviewed and updated semi-annually, with reports on progress to the City Council.

Objectives

The major objectives of the Residential Infill Strategy are summarized below:

1. Promote infill development, rehabilitation and reuse that contribute positively to the surrounding area and assists in meeting neighborhood and other city goals, including improving the rate of home ownership.
2. Redesign regulatory processes and create more flexible development standards for residential infill development.
3. Provide focused incentives and project assistance for the development of residential infill sites, including fee adjustments/waivers and cost avoidance strategies.
4. Implement the Riverside Infill Development Incentive (RIDI) program funded by a State of California Pollution Control Finance Authority Sustainable Communities Grant.
5. Revise city plans (including the General Plan) and ordinances (including the Zoning Code and Subdivision Ordinance) to support residential infill development goals.



6. Engage the community to ensure new residential infill development addresses neighborhood concerns and to gain greater acceptance and support for infill development.

Constraints

This section summarizes the constraints to infill development in Riverside and the issues the Residential Infill Strategy seeks to mitigate. The constraints to residential infill development include:

1. Land constraints—As the Mayor's Home Ownership Task Force report points out, there is a substantial number of residentially zoned lots dispersed in existing residential areas that are vacant or underutilized. In many respects much of this land is constrained due to size or shape.
 - a. Size—Many residential infill sites are single or small parcels. Due to their size, they cannot benefit from the economies of scale that larger new developments enjoy. In essence, infill development on single and small lots is small custom homes at modest prices.
 - b. Shape—Existing parcel sizes may be very small, oddly shaped, narrow or deep lots or require aggregation or remapping to accommodate new projects.
2. Financing and marketability—An important aspect of infill development is whether a project will be desirable and profitable as a residential or commercial venture. Many infill areas are difficult to market, especially when compared with newly developed neighborhoods. Real or perceived issues of public safety, the appearance of the neighborhood, and the quality of public schools are major factors affecting desirability and marketability of areas.

Additionally, lenders are frequently more cautious to lend money for infill projects without a demonstrated track record for the specific kind of infill development. Depending on the neighborhood in which it is located, infill development is often not able to command the same market prices as comparable development in newer areas, reducing or eliminating any potential profit margin, and thus negatively impacting project financing.

3. Community concerns—Proposed residential infill projects often face neighborhood opposition based on concerns over the impacts of the new development particularly related to traffic and parking, effects of additional population, and design of the project. Such opposition can extend the review process and require multiple modifications to the development proposal or lead infill developers to abandon the project.

Residential Infill Definition

For differing purposes, the City of Riverside has used or been subject to various definitions of infill, most specifically, State CEQA Guidelines. Section 15332 of the State CEQA Guidelines provides a categorical exemption for infill development of projects with the following characteristics:

1. The project is consistent with the applicable general plan designation, general plan policies, and zoning designation and regulations.



2. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
3. The project site has no value as a habitat for endangered, rare or threatened species.
4. Approval of this project would not result in any significant effects relating to traffic, noise, air quality or water quality.
5. The site can be adequately served by all required utilities and public services.

Building upon the CEQA definition, the City of Riverside's definition of residential infill development shall be as follows (appeals to the interpretation can be made to the Planning Director):

The development, redevelopment or reuse of less than five vacant or underutilized R-1 or RR zoned parcels of 21,780 square feet or less, surrounded by residential uses (80% of land uses within a half mile radius) where the proposed project is consistent with general plan designations and applicable zoning.

The definition will apply only to parcels within 16 of the city's identified neighborhoods. The city will focus its residential infill incentives on the following target neighborhoods, as they have been identified as those neighborhoods that face the greatest hurdles to development. The 16 neighborhoods are:

Infill Eligible Lots by Neighborhood:

Neighborhood	Total No. R-1 and RR Lots	No. R-1 and RR Lots Less Than 21,780 sq. ft. Without Building Footprint	% of R-1 and RR Lots Designated as Infill Lots
1. Airport	1,970	28	1.4
2. Arlanza	3,516	7	0.2
3. Arlington	2,111	18	0.9
4. Casa Blanca	1,338	55	4.1
5. Downtown	1,952	14	0.7
6. Eastside	2,776	74	2.7
7. Grand	1,470	8	0.5
8. La Sierra	4,893	42	0.9
9. La Sierra Acres	427	26	6.0
10. La Sierra South	2,341	7	0.3
11. Magnolia Center	3,802	21	.56
12. Northside	1,668	14	.80
13. Presidential Park	1,129	2	0.0
14. Ramona	5,085	22	0.4
15. University	1,981	13	0.7
16. Wood Streets	2,125	9	0.4
	38,584	360	0.9



The target neighborhoods have the following characteristics:

- A significant number of vacant R-1 and RR zoned parcels of less than 21,780 square feet, where infill development fills in the gaps of the existing neighborhood fabric and will help alleviate blight and illegal activities
- The greatest potential for residential infill development in terms of number of housing units
- The most significant financial challenges to development
- Existing infrastructure is already in place

Infill Strategy Components

Based on input from the Mayor's Home Ownership Task Force and review of successful infill programs in other jurisdictions, the interdepartmental team has identified the components of a successful infill program as the following:

1. Policy support and commitment from the City Council and departments—The obstacles to infill development are significant and require changes to traditional ways of doing business and financial support. The most effective programs have strong City Council support for policy and funding measures to support residential infill development. Presently, there is no framework for infill development programs or to resolve issues on a systematic basis within the city. The Residential Infill Strategy includes the following programs to achieve these objectives:
 - a. Interdepartmental Infill Team—Interdepartmental issues will be resolved through the Interdepartmental Infill Team, comprised of representatives from development related departments and the City Manager's Office. This team will address technical issues and develop solutions in a timely manner and initiate process changes under the direction of the Deputy City Manager.
 - b. Adoption of Residential Infill Strategy with Semi-Annual Monitoring and Reporting on Infill Development—The Deputy City Manager will report to the City Council semi-annually on the status of residential infill development, implementation of the Residential Infill Strategy, assess the effectiveness of programs and recommend new programs or funding.
2. Redesign regulatory processes and create more flexible development standards for infill development—effective infill programs address regulatory process, including reduced regulatory requirements for residential infill development. The Residential Infill Strategy includes the following programs to broadly address redesign and flexibility of processes:
 - a. Pre-Project Review—The City will offer informal pre-application meetings with prospective developers to provide guidance in terms of city requirements, identify potential issues, and discuss the future process for development.
 - b. Development of pre-approved house plans for single-family infill development—The City will commission two house plans for common lot sizes found in infill areas that meet the City's



design standards. The house plans will be pre-approved through the design review and plan check processes and can be purchased at a discounted rate for property owners who wish to use them.

- c. Re-use of house plans—Infill developers who have plans that have already been through the design review and plan check processes and wish to use the same house plan more than once can do so. Initially, the proposed house plans will be reviewed through a public process and reviewed at public meetings of the Design Review Board, Cultural Heritage Board (if necessary), Planning Commission and the City Council. Please note that there is a reduced plan check fee (\$250) for repeat submittals of a previously approved plan.
3. Provide focused incentives and project assistance for the development of residential infill sites—effective infill programs include significant financial or other direct support from a variety of sources. Typical methods include fee adjustments and deferrals, assuming or sharing costs of infrastructure improvements, allocation of general funds, and using or leveraging other funding sources such as Community Development Block Grants (CDBG), housing funds, tax credit programs, and other funding programs.

Given limited available municipal resources, new programs for financial assistance are among the most difficult strategies to achieve. There are specific issues and constraints related to fees.

Fees are a greater factor for smaller (infill) projects and those with lower sales rates than in newer, large-scale residential projects, as they are a greater proportion of the overall costs. Fee adjustments have a greatest impact where there is a slim profit margin and reducing fees can make a project financially feasible.

Although often cited as a good infill development incentive, there are difficulties in enacting new fee adjustments and waivers in California, as virtually all new fee or tax modifications are limited by legal requirements that govern taxes and fees and how they are allocated. In Riverside, most new fee adjustments programs must be paid for with General Funds or some other ongoing funding source, for which there are competing demands.

The Residential Infill Strategy includes the following financial incentives:

- a. Fee adjustments:

Fees/Permits	Current Fees ¹	Proposed Residential Infill Fee	Rationale
Fee Adjustments—Phase 1:			
Local Park Fees	2,922.00	2,922.00	
Regional Park Fees	456.30	456.30	
School Fees	3,280.50	3,280.50	
Sewer Connection Fee	2,684.00	1,342.00	50% waiver—pay for additional plant capacity and not trunk capacity. Note—Sewer Fund must be reimbursed 1,342 per occurrence

¹ Current fees as cited in Mayor's Home Ownership Task Force Final Report, June 21, 2002, for a 1,458 square foot single-family residence.



Fees/Permits	Current Fees ¹	Proposed Residential Infill Fee	Rationale
Sewer Unit of Benefit Fees	0.00	0.00	
Transportation Fee	525.00	0.00	Waive—infrastructure in place
Traffic Signal Fee	190.00	0.00	Waive—infrastructure in place
Building Plan Check Fee	741.95	250.00	If using pre-approved or re-used plans, only pay for repetitive review
Street Tree Plan Check	72.88	72.88	
Building Permit	1,020.00	1,020.00	
Grading Permit	361.90 ²	0.00	Not required if engineer certifies grading
Offsite Permit	0.00	0.00	
Site Improvement Bond	0.00	0.00	
Subtotal—Phase 1			
	12,254.53	9,343.68	
Fee Adjustments—Phase 2:			
Water Backup Fee	2,110.00	2,110.00	
Water Elevation Fee	0.00	0.00	Only Casa Blanca, Presidential Park & University neighborhoods would have to pay (\$590/acre)
Water Distribution Fee	2,150.00	0.00	Waive
Water Service Lateral/Meter	1,010.00	1,010.00	
Street Light In-Lieu Fee	900.00 ³	0.00	Waive street light in-lieu fee as street lights are in place
Subtotal—Phase 2			
	6,170.00	3,120.00	
Total			
	18,424.53	12,463.68	

² Report cited fee of \$308; actual current fee is approximately \$361.90 for Grading Permit.

³Report cited fee of \$3,781; actual current fee is approximately \$900 for Street Light In-Lieu Fee.



b. Cost avoidances:

Item	Cost	Proposed Infill Cost	Rationale
Cost Avoidances—Phase 1:			
Grading	5,000.00	0.00	For infill lots require engineer to certify grading confirms to UBC and City grading ordinance instead of requiring precise grading plan
Subtotal—Phase 1		0.00	
Cost Avoidances—Phase 2:			
Electric Service Charge	2,500.00	500.00	In neighborhoods where existing overhead facilities exist, overhead services will be allowed for infill. A typical cost for overhead service is \$500; a typical cost for underground service is \$2,500
Subtotal—Phase 2		500.00	
Total		500.00	

c. Targeted Single Family Fee Adjustment Program—Consideration should be given to allocating new funding to support the write-down of other development fees to a designated level to leverage development. Research conducted by the City of Sacramento determined that for residential infill development to be profitable in older, low-density residential areas, total fees need to be \$5,000 to \$6,000. If funds are allocated they could be used on a first come first served basis or their use could be limited to neighborhoods in greatest need of a financial catalyst.

4. Implement the Riverside Infill Development Incentive (RIDI) program—funded by the State of California Pollution Control Finance Authority’s Sustainable Communities Grant Program. RIDI is designed to grant up to \$5,000 to reimburse builders who receive permits and proceed with building a single-family residence in a low to moderate-income area. RIDI reimburses developers’ costs of grading and padding infill lots (up to five contiguous lots can be included in any application). To qualify for RIDI funds, a developer has to demonstrate that:

- a. The house will be built in a qualified low to moderate income census tract
- b. The developer has the financial wherewithal to build a single family home
- c. The developer has site control and a building permit



- d. The grading of the site has occurred (funds will be used as a reimbursement for grading costs) \$300,000 has been awarded to the City of Riverside to implement RIDI. Of the program, the Pollution Control Finance Authority states, "this program (RID) represents a creative, incentive approach to encourage, efficient use of land, neighborhood revitalization, and homeownership that may be easily replicated in other areas of the state."
5. Revise city plans (including the General Plan) and ordinances (including the Zoning Code and Subdivision Ordinance) to support infill development goals—the General Plan, Community and Specific Plans and related zoning need to be updated to include language to support residential infill development. Since the update of these tools is beginning, the city's goals, policies and priorities for residential infill development need to be incorporated.
6. Engage the community to ensure new residential infill development addresses neighborhood concerns and to gain greater acceptance and support for infill development—effective infill programs and projects are those where the community is informed and involved in the process. This usually includes educating the community on the goals and benefits of infill, listening and responding to their concerns, and ensuring high quality and safe design. The following is included in the Residential Infill Strategy:
 - a. Marketing Infill Program—In conjunction with the marketing effort discussed in the Mayor's Home Ownership Task Force Report, the City needs to market the city's available residential infill incentives and available programs to prospective developers and property owners. The city needs to advocate residential infill development, include community concerns in ongoing implementation of the Residential Infill Strategy, and discuss the neighborhood benefits of successful residential infill programs.