Attachment 2

City of Arts & Innovation

Housing and Homelessness Committee Memorandum

TO: HOUSING AND HOMELESSNESS COMMITTEE MEMBERS **DATE: FEBRUARY 28, 2022**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: ALL**

SUBJECT: UPDATE ON INCLUSIONARY HOUSING PROGRAM STUDY FOR THE CITY OF RIVERSIDE

ISSUE:

Receive a presentation on updates related to the City of Riverside Inclusionary Housing Program study and preliminary recommendations for inclusionary requirements.

RECOMMENDATION:

That the Housing and Homelessness Committee:

1. Receive an update on the Inclusionary Housing Program Study for the City of Riverside, including preliminary recommendations on inclusionary housing program requirements; and

2. Provide staff with direction on how to proceed with the Inclusionary Housing Program Study.

BACKGROUND:

In recent years, the State of California has identified the shortage of housing, particularly affordable housing, as a legislative priority. A housing shortage impacts the State' s economy, contributes to homelessness, and results in long commutes, increasing production of greenhouse gas emissions, air pollution, and poor public health. Affordable housing is defined as rent/utilities or mortgage/taxes/insurance/utilities that cost 30% or less of the gross household income and are available to persons who earn at or below 80% of the Area Median Income (or $63,200 for a family of four in 2021). The State further delineates affordability levels for “low-income” households, earning between 50% and 80% of the Area Median Income; and for “very-low income” households, earning between 30% and 50% of the Area Median Income. The State also defines households earning “moderate incomes,” between 80% and 120% of Area Median Income.

Facing a rise in local rents and housing costs, a steady rise in homelessness, and a decrease in homeownership associated with the high cost of housing, on May 18, 2021, the City Council and Housing Authority Board authorized the award of an Agreement with Economic & Planning Systems, Inc., (EPS) to explore the possibility of implementing an inclusionary housing policy in the City of Riverside. By definition, inclusionary housing policies are local policies that could require developers to sell or rent a percentage of new residential units to lower-income residents or pay an in-lieu fee to support the development of such units. To offset the cost of providing affordable housing in all new projects, an Inclusionary Housing Program can offer incentives to developers in the form of zoning concessions such as reduced parking, density bonuses, or tax abatements. Developers can also be given an option to choose an alternative to providing the affordable units in the form of in-lieu fees or providing affordable units at an alternate location. Inclusionary Housing Programs can include both for-sale and rental units and are often implemented through the jurisdiction's zoning code.

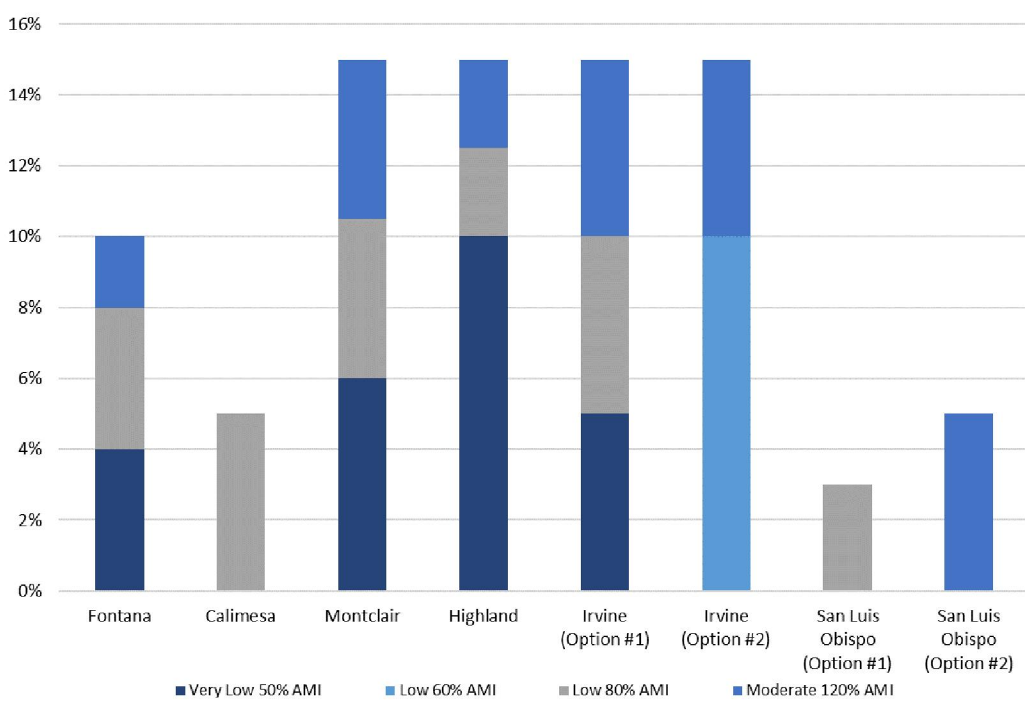
On September 28, 2021, City staff and EPS presented to the Housing and Homelessness Committee on the initial analysis of the development feasibility impacts of a range of inclusionary policy alternatives on new market-rate residential development. At that meeting, the Committee directed Housing Authority staff and EPS to proceed with the next steps of the Study, including stakeholder and community outreach.

DISCUSSION:

Survey of Comparable Jurisdictions

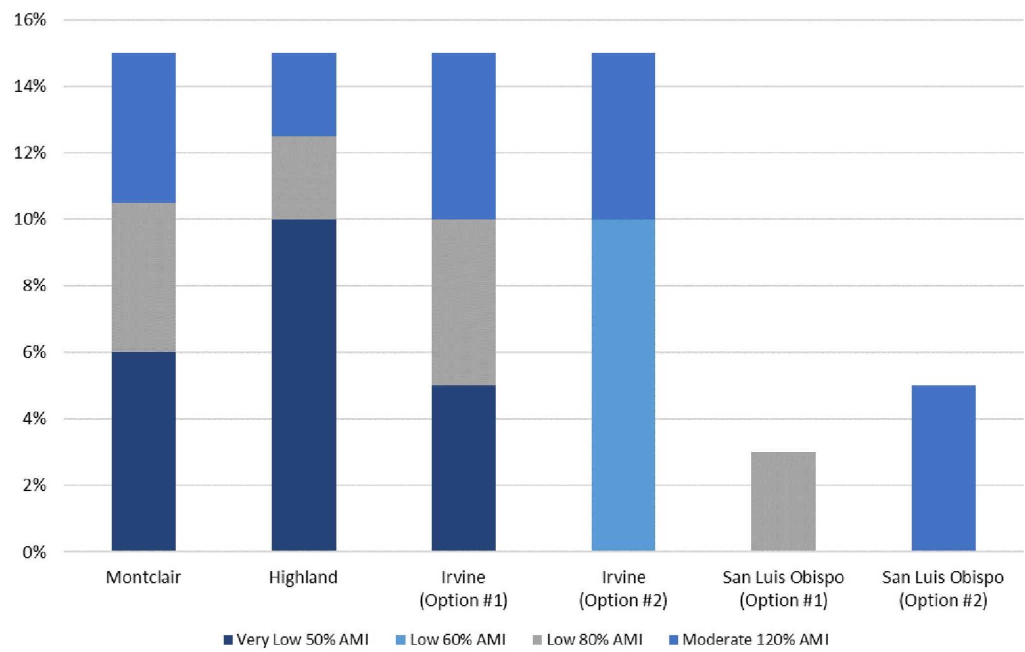
Inclusionary housing requirements are common throughout California, with over 170 jurisdictions imposing such requirements on new residential construction. Communities have considerable flexibility regarding the components of their inclusionary programs, in terms of what percentages of units must be affordable, the income levels required, whether they apply to both rental and for-sale housing, what sizes and types of projects may be exempt, whether they allow fees in lieu of providing units, and other components. A small sample of selected jurisdictions with geographic or economic similarities to Riverside indicates that communities have adopted a wide range of inclusionary programs, as shown below:

Figure 1: Selected Sample of Inclusionary Standards for For-Sale Housing



Note: Fontana and Calimesa do not have inclusionary requirements for rental residential projects.

Figure 2: Selected Sample of Inclusionary Standards for Rental Housing



As shown in Figures 1 and 2, it is common for communities to require as much as 15 percent inclusionary units and with a mix of income levels. However, some communities require lower percentages of units and at a single income level. These findings inform the preliminary recommendations for Riverside's inclusionary program, discussed below.

More data regarding other communities' inclusionary standards can be found at the following website: [California Inclusionary Housing Programs Searchable Database (arcgis.com)]

<u>Stakeholder and Community Outreach:</u>

Following the September 28, 2021, Housing and Homelessness Committee meeting, EPS engaged in several stakeholder and community outreach meetings to present the initial feasibility study findings and solicit feedback on the potential inclusionary program. These meetings are summarized below:

EPS hosted two virtual stakeholder meetings in November 2021. The first stakeholder meeting took place on November 5, 2021, and included seven participants involved in housing advocacy work and/or development of affordable residential properties. Primary feedback from this workshop included:

- Importance of including affordable units in market-rate developments, to avoid clustering of affordable units in existing low-income areas of City.
- Some but not unanimous support for consideration of in-lieu fee option, as it can result in more affordable units in the long-run through funding leverage.
- Program should include option for land donation and/or collaboration with nonprofit builders for separate buildings to meet inclusionary requirement – would be relevant for larger projects.
- Encouraging City to explore other tools for developing permanent/long-term affordable housing, including co-ops and community land trusts, and other funding sources such as transient occupancy tax (TOT).

The second stakeholder meeting took place on November 16, 2021, and included 16 participants involved in developing and operating market-rate residential projects. Representatives from the Riverside Chamber of Commerce and Building Industry Association attended this workshop. Primary feedback from this workshop included:

- Desire for flexibility from City in negotiating on a project-by-project basis, to reflect that every project has unique cost factors.
- Concern that feasibility models may underestimate development costs, in which case financial returns are overestimated and projects may be less able to absorb the costs of inclusionary requirements.
- Interest in having incentives that will reduce costs elsewhere in a project, although higher density allowances do not always improve project feasibility because construction costs can increase.
- Combined with other City policies that are adding costs to development, such as VMT reduction and electrification policies, the addition of inclusionary requirements can push many projects into infeasibility.
- Better option to get affordable units is to support the building of 100% affordable projects on City-owned land; alternately, City should share in cost of inclusionary requirements somehow.

On January 12, 2022, EPS and City staff hosted a virtual community webinar on the Inclusionary Housing Program Study. Approximately 50 individuals signed on to the meeting. EPS provided a presentation on the Study, and EPS and City staff took written and oral questions and comments from attendees. Primary feedback from this meeting included:

- Overall support for an inclusionary housing policy.
- Preference to require units on-site rather than allow in-lieu fee; fee should be higher than cost of providing on-site units to discourage the fee option.
- Questions about other means of encouraging development of affordable units, such as density bonuses (which the City and State do have).
- Stated need for provision of affordable housing that serves special needs population.

On January 25, 2022, EPS staff provided a consolidated version of the community webinar at a meeting of the Riverside Chamber of Commerce's Economic Development Council.

<u>Review of Feasibility Findings</u>

Since presenting to the Housing and Homelessness Committee on September 28, 2021, EPS made some refinements and additions to its feasibility analysis. One refinement includes an adjustment in maximum rents and sale prices affordable to very-low, low-, and moderate-income households. While the State defines the upper limit of these affordability levels at 50%, 80%, and 120% of Area Median Income, respectively, EPS has found that it is a best practice to set the upper limit for low- and moderate-income households at 70% and 110% of Area Median Income, respectively. This approach, which is used by many California jurisdictions, allows more households to qualify for and afford the inclusionary units, but does lower the revenue from those units and thus affects feasibility. Table 1 shown in Attachment 1 summarizes the maximum incomes and associated maximum rents and sale prices used in the feasibility analysis.

One addition to the analysis is the preliminary calculation of affordable housing in-lieu fee levels for various inclusionary requirements. The fee levels reflect the financial subsidy needed to build the affordable units that the development is not providing on-site. Payment of such a fee can be offered as an alternative option to providing on-site units, although some cities do limit the option to specific conditions (e.g., to cover fractional units required, or only for projects below a certain size). The City would collect fee revenues in a dedicated fund to utilize in support of producing and preserving affordable housing units in Riverside. Examples of potential uses include providing local matching funds to support 100% affordable projects, purchasing land for affordable housing development, or purchasing existing units and requiring/extending affordability.

EPS applied a range of inclusionary scenarios, including payment of the in-lieu fee, to the five housing prototypes identified in the preliminary feasibility analysis. These prototypes include for-sale single-family detached homes (10 units per acre) and attached townhomes (15 units per acre), as well as rental apartments at different densities reflecting their locations in the Downtown (100 units per acre), Downtown- and transit-adjacent areas (60 units per acre), or other neighborhoods of the City (30 units per acre). EPS updated its feasibility analysis to compare development costs and revenues under the inclusionary requirements to determine whether they met common investment thresholds for feasibility. For the <u>for-sale housing</u>, the feasibility threshold is a 15% profit margin (values exceed costs by at least 15 percent). For <u>rental properties</u>, the feasibility threshold is a " return on cost" of 5.25%, meaning that the expected net operating income of the project (total rents received less operating expenses) would equal at least 5.25% of the project's total development costs.

For <u>rental housing</u>, EPS tested the following inclusionary requirement scenarios: 1) 15% of units affordable to low-income households; 2) 10% of units affordable to low-income households; and 3) 10% of units affordable to very-low income households. EPS also estimated that if the inclusionary requirement were for 10% of units to be affordable to low-income households, the associated in-lieu fee needed to support the development of the required units elsewhere would be approximately $13,000 per market-rate unit built. EPS found that rental projects developed at 30 units per acre outside of the Downtown and nearby areas could feasibly include affordable units in all of the scenarios. However, rental projects developed at 60 or 100 units per acre in and around Downtown would have higher development costs per unit and could not feasibly include affordable units in any of the scenarios. Therefore, it would be feasible for these higher-density projects to pay the estimated in-lieu fee.

For <u>for-sale attached townhomes</u>, EPS tested the following inclusionary scenarios: 1) 10% of units affordable to low-income households; and 2) 5% of units affordable to very-low income households. EPS also estimated that if the inclusionary requirement were for 10% of units to be affordable to low-income households, the associated in-lieu fee needed to support the development of the required units elsewhere would be approximately $17,000 per market-rate unit built. EPS found that for-sale attached townhome projects are forecast to have strong profit margins and could feasibly provide affordable units under both inclusionary scenarios, and that paying the estimated in-lieu fee rather than providing on-site units would be feasible for such projects as well.

For <u>for-sale detached single-family homes</u>, EPS tested the following inclusionary requirements: 1) 5% of units affordable to moderate income households; and 2) 2% of units affordable to low-income households. EPS also estimated that if the inclusionary requirement were for 5% of units to be affordable to moderate-income households, the associated in-lieu fee needed to support the development of the required units elsewhere would be approximately $7,000 per market-rate unit built. EPS found that under current cost and value expectations, for-sale detached single-family developments are forecast to have marginally feasible profit margins even if they are all market-rate units and that such projects would face feasibility challenges whether they provide affordable units on-site under either inclusionary scenario or pay the estimated in-lieu fee.

Preliminary Recommendations

Given the findings of the feasibility analysis and the feedback received from stakeholders and community members, EPS has compiled a preliminary set of recommendations for an Inclusionary Housing Program in Riverside for the Committee's consideration:

1) Inclusionary requirements
   - Multifamily – 10% of units affordable to low-income households (70% AMI)*
   - Townhome - 10% of units affordable to low-income households (70% AMI)*
   - Single-family – 5% of units affordable to moderate-income households (110% AMI)

     *These requirements would automatically qualify projects for the use of State density bonus

2) Develop an in-lieu fee to align with the above requirements. Allowance for payment of fee should be based on City priorities (e.g., encouraging on-site units/mixed-income properties vs. maximize local support for affordable projects).

3) Consider a phased-in approach for requirements to allow markets to adjust and a set timeline for revisiting requirements in light of evolving market conditions.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 2: Community Well -Being** and **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. It also supports **Action 2. 1. 4**, Prepare creative land use regulations that include Adaptive Reuse Ordinance, Inclusionary Zoning, Density Bonus Ordinance, and Infill Ordinance to create incentives for housing development.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** — The initiative to explore an inclusionary policy merges best practices in policy development with intensive outreach and communication with both the development community and public to be transparent and make decisions based on sound policy, and inclusive community engagement based on timely and reliable information.

2. **Equity** — Inclusionary Housing promotes the integration of affordable housing into the City's market rate stock which allows people of different races, backgrounds, and economic circumstances to live throughout Riverside, lessening the concentration of poverty and broadening the experiences of those who live in affordable/market mixed units.

3. **Fiscal Responsibility** — By using local development resources to ensure a balanced housing market, Riverside is a prudent steward of public funds and ensures responsible management of the City' s financial resources while providing quality of life to all residents.

4. **Innovation** — Exploring inclusionary housing potentially creates a development tool to address changing needs and prepares for the future through collaborative partnerships and adaptive processes in consultation with the public and development community.

5. **Sustainability & Resiliency** — By creating a balanced housing market, Riverside is ensuring a balanced economy that serves all income levels of city residents but does not sacrifice growth.

FISCAL IMPACT:

There is no fiscal impact associated with the report.

Prepared by:	Michelle Davis, Housing Authority Manager
Certified as to Availability of funds:	Edward Enriquez, Chief Financial Officer/Treasurer
Approved by:	Lea Deesing, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Table 1: Affordability Standards for the City of Riverside
2. Presentation

Attachment 1

Table 1: Affordability Standards for City of Riverside

Affordability Category	6th Cycle RHNA Allocation	Multifamily Rental Units: 2021 Max Income (3 person household)[1]	Multifamily Rental Units: Maximum Rent (2-bedroom unit)[2]	For-Sale Townhome Units: 2021 Max Income (4 person household)[1]	For-Sale Townhome Units: Maximum Sale Price (3-bedroom home)[3,4]	Single Family For-Sale Units: 2021 Max Income (5 person household)[1]	Single Family For-Sale Units: Maximum Sale Price (4-bedroom home)[3]
Extremely Low Income (ELI) - 30% AMI	2,431	$21,960	$549	[6]	[6]	[6]	[6]
Very Low Income (VLI) - 50% AMI	2,430	$35,550	$889	$39,500	$114,440	$42,700	$147,845
Low Income (LI) - 70% AMI	2,064	$49,802	$1,245	$55,335	$202,498	$59,762	$239,779
Moderate Income (MOD) - 110% AMI	3,139	$76,725	$2,238	$85,250	$423,481	$92,070	$478,887
Above Moderate Income - >120% AMI	7,394	N/A	N/A	N/A	N/A	N/A	N/A
Typical Market Rates [5]			*$2,571*		*$400,000*		*$625,000*

[1] Income levels are based off the median household income for Riverside County, as reported by CA HCD.

[2] Maximum rent for each income level is based on 30% of maximum income for ELI, VLI, and LI; and 35% of maximum income for MOD.

[3] Maximum sale price for each income level assumes mortgage payment equal to 30% of maximum monthly income for ELI, VLI, and LI, and 35% of maximum monthly income for MOD (minus taxes and insurance), on a 30-year mortgage with a 3.5% annual interest rate and 10% down payment.

[4] The maximum sale price for four-person households at moderate income is higher than the estimated market-rate price for townhome products in Riverside. Therefore, EPS's analysis does not include moderate-income inclusionary requirements for townhomes.

[5] Based on EPS market research. Estimated rates are for 2-bedroom, 850 sq. ft. rental unit; 3-bedroom, 1,500 sq. ft. for-sale townhome; and 4-bedroom, 2,500 sq. ft. single family home.

[6] Inclusionary programs do not typically include ELI requirements for-sale housing.

Sources: State of CA HCD; City of Riverside; CoStar; Zillow; EPS

CITY OF RIVERSIDE INCLUSIONARY HOUSING PROGRAM STUDY

Housing and Homelessness Committee Meeting Update

February 28, 2022

Economic & Planning Systems, Inc.
The Economics of Land Use

949 South Hope Street, Suite 103 ▪ Los Angeles, CA 90015
213.489.3838 ▪ www.epsys.com

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AGENDA

- Study Process To-Date
- Review of Inclusionary Housing Policies in Other Cities
- Review of Feasibility Analysis
- Overview of Stakeholder and Community Outreach To-Date
- Preliminary Recommendations for City Program
- Discussion

1

STUDY PROCESS TO-DATE

May 2021
- EPS engaged by City

June-August 2021
- EPS preliminary technical analysis

September 2021
- Presentation of preliminary findings to Housing and Homelessness Committee

November 2021
- Meetings with targeted stakeholder groups

January 2022
- Community town hall presentation

AFFORDABLE HOUSING CONTEXT FOR RIVERSIDE

Riverside Affordable Housing Standards for 2021

Affordability Category	6th Cycle RHNA Allocation	Multifamily Rental Units: 2021 Max Income (3 person household)[1]	Multifamily Rental Units: Maximum Rent (2-bedroom unit)[2]	For-Sale Townhome Units: 2021 Max Income (4 person household)[1]	For-Sale Townhome Units: Maximum Sale Price (3-bedroom home)[3, 4]	Single Family For-Sale Units: 2021 Max Income (5 person household)[1]	Single Family For-Sale Units: Maximum Sale Price (4-bedroom home)[3]
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Above Moderate Income - >120% AMI	7,394	N/A	N/A	N/A	N/A	N/A	N/A
Typical Market Rates [5]			*$2,571*		*$400,000*		*$625,000*

[1] Income levels are based off the median household income for Riverside County, as reported by CA HCD.

[2] Maximum rent for each income level is based on 30% of maximum income for ELI, VLI, and LI; and 35% of maximum income for MOD.

[3] Maximum sale price for each income level assumes mortgage payment equal to 30% of maximum monthly income for ELI, VLI, and LI, and 35% of maximum monthly income for MOD (minus taxes and insurance), on a 30-year mortgage with a 3.5% annual interest rate and 10% down payment.

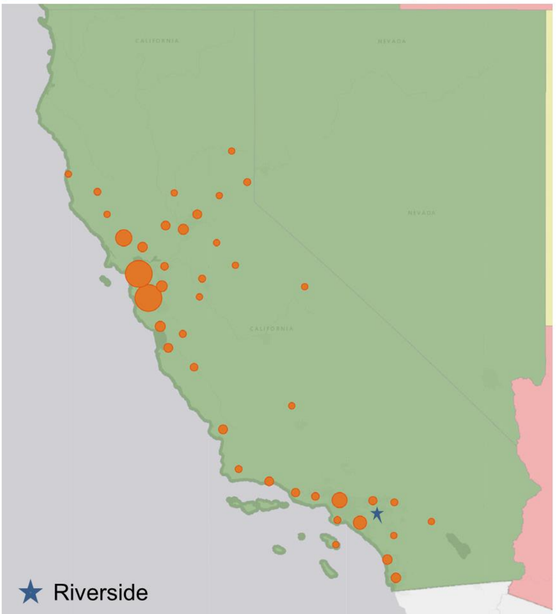
[4] The maximum sale price for four-person households at moderate income is higher than the estimated market-rate price for townhome products in Riverside. Therefore, EPS's analysis does not include moderate-income inclusionary requirements for townhomes.

[5] Based on EPS market research. Estimated rates are for 2-bedroom, 850 sq. ft. rental unit; 3-bedroom, 1,500 sq. ft. for-sale townhome; and 4-bedroom, 2,500 sq. ft. single family home.

[6] Inclusionary programs do not typically include ELI requirements for-sale housing.

Sources: State of CA HCD; City of Riverside; CoStar; Zillow; EPS

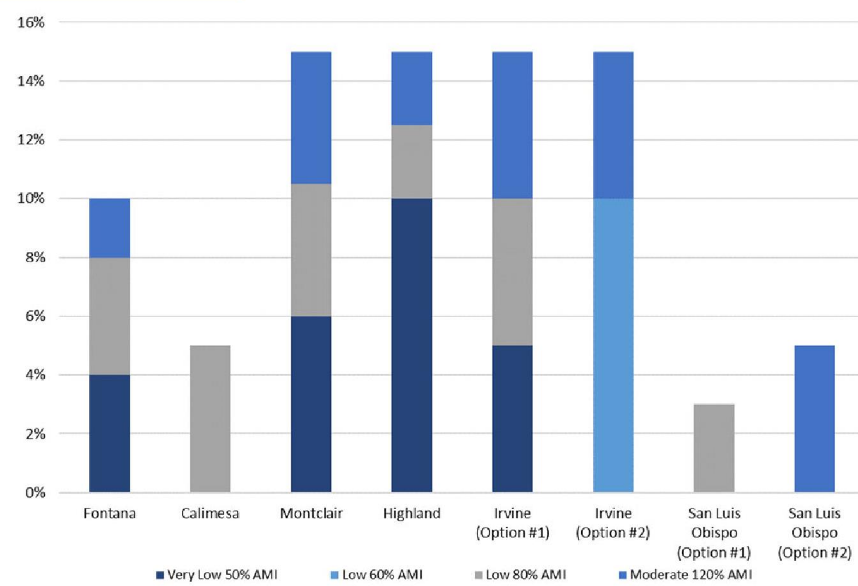
INCLUSIONARY HOUSING POLICIES IN CALIFORNIA



Over 170 cities and counties in California have inclusionary housing policies

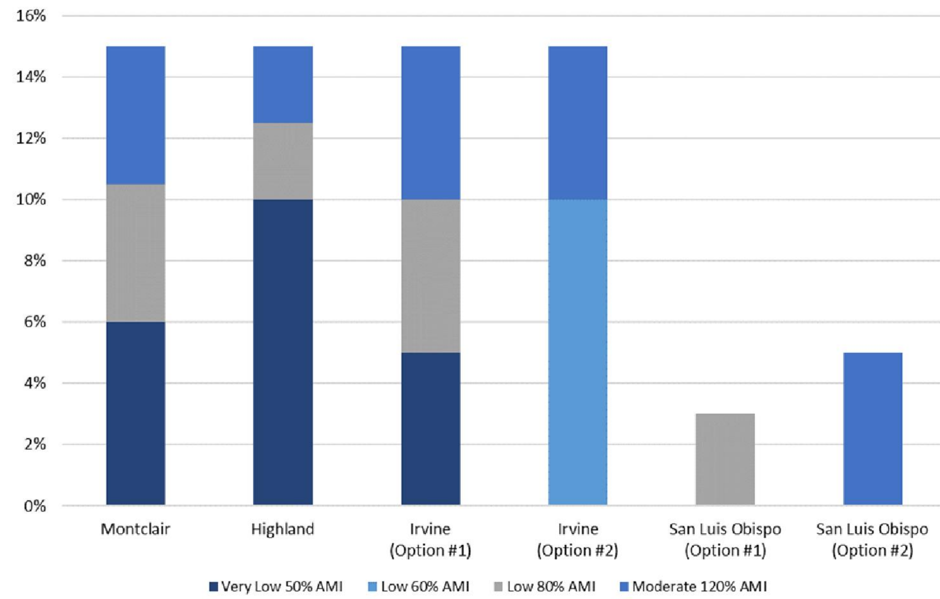
Source: Grounded Solutions Network

IHP IN COMPARABLE JURISDICTIONS – FOR SALE



Note: Fontana and Calimesa do not have inclusionary requirements for rental residential projects.

IHP IN COMPARABLE JURISDICTIONS – RENTAL



FEASIBILITY ANALYSIS

- Developed prototype rental and for-sale market-rate products that the City might see developed in the future.
- Tested feasibility of several scenarios of developing on-site affordable units, using typical return metrics
  - *5.25% return on cost for rental projects*
  - *15% profit margin on for-sale projects*
- Also estimated an in-lieu fee and assessed the feasibility impacts of paying fee as compared to building on-site units
  - Fee calculated as subsidy needed to support development of affordable units off-site *(Unit value at affordable levels – Cost of building unit)*
  - EPS calculated fees for select inclusionary requirements – if City opts to include fee option, calculation will be updated to reflect preferred requirement

PROTOTYPE PRODUCTS

Downtown Multifamily
(~100 units/acre)

Infill Multifamily
(~60 units/acre)

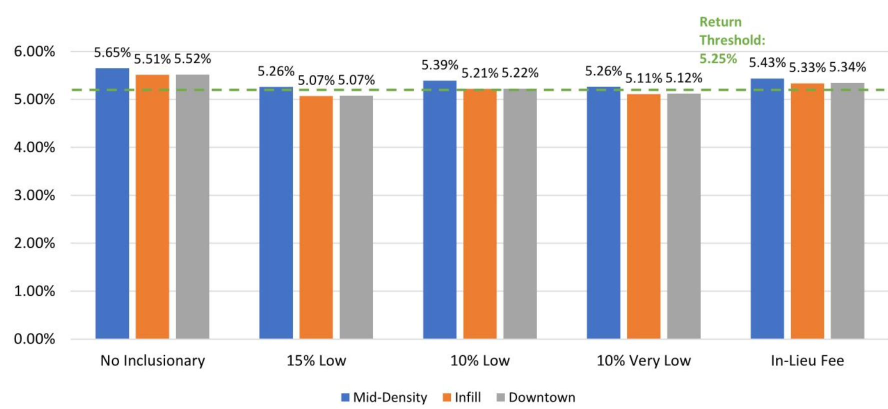
Mid-Density Multifamily
(~30 units/acre)

Townhomes
(~15 units/acre)

Single Family Homes
(~10 units/acre)

INCLUSIONARY SCENARIOS – RENTAL

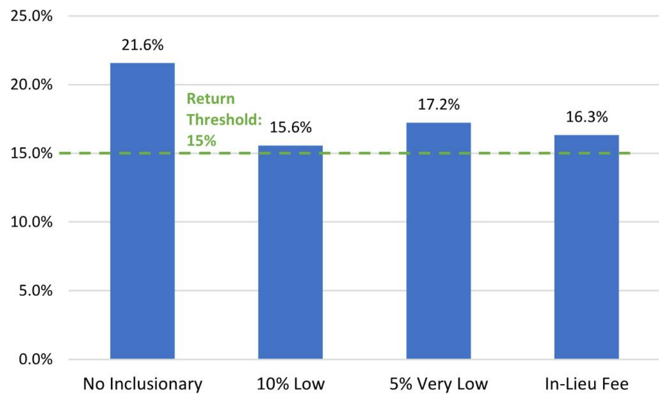
- Scenarios for multifamily rental include:
  - 15% and 10% of units for low-income households
  - 10% of units for very low-income households
  - In-lieu fee on 10% low-income requirement (~$13,000 per market rate unit)



- Higher density projects achieve lower return on cost, and options for including affordable units are limited
- Mid-density projects have more room to feasibly include affordable units
- Payment of in-lieu fee is a feasible option

INCLUSIONARY SCENARIOS – FOR SALE TOWNHOMES

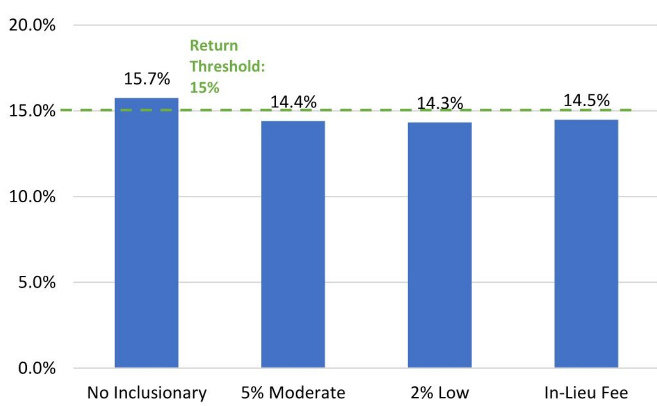
- Scenarios for for-sale townhomes include:
  - 10% of units for low-income households
  - 5% of units for very low-income households
  - In-lieu fee on 10% low-income requirement (~$17,000 per market rate unit)



- ➢ Townhome projects achieve yield on cost well above threshold without affordable units
- ➢ Both inclusionary scenarios and payment of in-lieu fee would still produce a feasible yield on cost

INCLUSIONARY SCENARIOS – FOR SALE SINGLE FAMILY

- Scenarios for single family detached homes include:
  - 5% of units for moderate-income households
  - 2% of units for very low-income households
  - In-lieu fee on 5% moderate-income requirement (~$7,000 per market rate unit)



- ➢ Single family projects just barely achieve profit margin threshold without affordable units
- ➢ Both affordable scenarios and payment of the in-lieu fee would produce a barely feasible profit

SUMMARY OF FEASIBILITY RESULTS

- For-sale single family home products are limited in feasibly providing inclusionary units
- For-sale townhomes products appear able to support inclusionary requirements, but are a less common product
- Multifamily rental products at ~30 units/acre appear to feasibly support inclusionary requirements, and are a common product
- Higher-density multifamily rental products in and near Downtown tend to have higher costs, and providing affordable units is less feasible
- Payment of in-lieu fee yields a higher return than providing on-site units

STAKEHOLDER FEEDBACK

- EPS hosted two stakeholder workshops in November 2021, and presented to the Riverside Chamber of Commerce's Economic Development Council in January 2022
- Workshop #1 included housing advocates and developers of affordable housing projects. Seven stakeholders attended the meeting, and provided following primary feedback:
  - Importance of including affordable units in market-rate developments, to avoid clustering of affordable units in existing low-income areas of City
  - Some but not unanimous support for consideration of in-lieu fee option, as it can result in more affordable units in the long-run through funding leverage
  - Program should include option for land donation and/or collaboration with nonprofit builders for separate buildings to meet inclusionary requirement - would be relevant for larger projects
  - Encouraging City to explore other tools for developing permanent/long-term affordable housing, including co-ops and community land trusts, and other funding sources such as transient occupancy tax (TOT)

STAKEHOLDER FEEDBACK

- Workshop #2 included developers of market-rate residential projects. Sixteen stakeholders attended the meeting and provided following primary feedback:
  - Desire for flexibility from City in negotiating on a project-by-project basis, to reflect that every project has unique cost factors
  - Concern that feasibility models may underestimate development costs, in which case financial returns are overestimated and projects may be less able to absorb the costs of inclusionary requirements
  - Interest in having incentives that will reduce costs elsewhere in a project, although higher density allowances do not always improve project feasibility because construction costs can increase
  - Combined with other City policies that are adding costs to development, such as VMT reduction and electrification policies, addition of inclusionary requirements can push a lot of projects into infeasibility
  - Better option to get affordable units is to support building of 100% affordable projects on City-owned land; alternately, City should share in cost of inclusionary requirements somehow

COMMUNITY FEEDBACK

- EPS and City hosted a community webinar on January 12, 2022
- Approximately 50 individuals signed on to meeting
- Primary feedback included:
  - Overall support for an inclusionary housing policy
  - Preference to require units on-site rather than allow in-lieu fee; fee should be higher than cost of providing on-site units to discourage the fee option
  - Questions about other means of encouraging development of affordable units, such as density bonuses (which the City and State do have)
  - Stated need for provision of affordable housing that serves special needs population

ELEMENTS OF AN INCLUSIONARY HOUSING POLICY

Cities have wide latitude in structuring inclusionary policy – there is no "one size fits all"

- **Inclusionary Requirement**: Proportion of new units that must be affordable
- **Affordability Levels**: Income levels that are served by affordable units
- **Included/Exempted Developments**: Can include a minimum project size or particular project types
- **Requirements for rental vs. for-sale units**
- **District-based Requirements**
- **In-Lieu Fee Option**

PRELIMINARY RECOMMENDATIONS

Given EPS's research and analysis, and the stakeholder and community feedback, we would make the following preliminary recommendations to the City in developing an inclusionary housing program:

1. Inclusionary requirements
   a. Multifamily – 10% of units affordable to low-income households (70% AMI)*
   b. Townhome – 10% of units affordable to low-income households (70% AMI) *
   c. Single family – 5% of units affordable to moderate-income households (110% AMI)

   **These requirements would automatically qualify projects for use of State density bonus*
2. Develop an in-lieu fee to align with the above requirements
   - Allowances for payment of fee should be based on City priorities (e.g. encouraging on-site units/mixed-income properties vs. maximize local support for affordable projects)
3. Consider a phased-in approach for requirements to allow markets to adjust, and set timeline for revisiting requirements in light of new market conditions

Questions/Discussion

TOPICS FOR DISCUSSION/FEEDBACK

- Questions/concerns/feedback regarding recommended inclusionary requirements
  - Changes to requirements? Exemptions for any uses?
- City questions/preferences regarding use of in-lieu fee
  - What are the priorities?
- Timeline for program implementation

COMMITTEE RECOMMENDATIONS

- Receive an update on the Inclusionary Housing Program Study for the City of Riverside, including preliminary recommendations on inclusionary housing program requirements; and
- Provide staff with direction on how to proceed with the Inclusionary Housing Program Study.

Housing and Homelessness Committee - Art Pick Council Chamber/Virtual

Meeting Time: February 28, 2022 at 3:30 p.m.

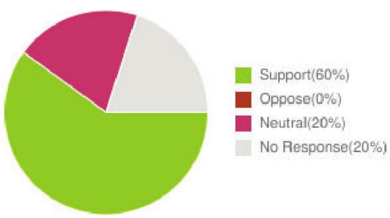
eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Housing and Homelessness Committee - Art Pick Council Chamber/Virtual	02-28-22 15:30	10	5	3	0	1

Sentiments for All Meetings

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Housing and Homelessness Committee - Art Pick Council Chamber/Virtual

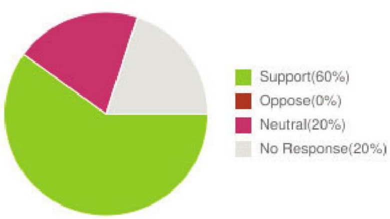
02-28-22 15:30

Agenda Name	Comments	Support	Oppose	Neutral
1. To comment on any matters within the jurisdiction of the Committee, you are invited to participate in person or call at (669) 900-6833 and enter Meeting ID: 926 9699 1265. Press *9 to be placed in the queue to speak. Individuals in the queue will be prompted to unmute by pressing *6 when you are ready to speak. To participate via ZOOM, use the following link: https://zoom.us/j/92696991265, select the "raise hand" function to request to speak. An on-screen message will prompt you to "unmute" and speak - Individual audience participation is limited to 3 minutes.	1	0	0	1
2. Inclusionary Housing Program Study update (All Wards) (10-minute presentation) Julie Cooper, Economic & Planning Systems, Inc.	4	3	0	0

Sentiments for All Agenda Items

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

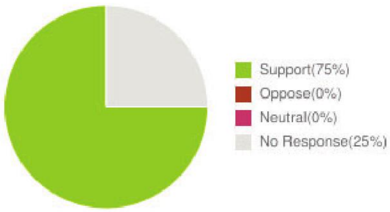
Overall Sentiment



Agenda Item: eComments for 2. Inclusionary Housing Program Study update (All Wards) (10-minute presentation)

Julie Cooper, Economic & Planning Systems, Inc.

Overall Sentiment



vonya quarles
Location: 92506, Riverside
Submitted At: 1:29pm 02-28-22

I am in support of the city continuing to move forward with a plan for an inclusionary housing policy, preferably with some additional adjustments that would ensure we are moving towards housing opportunities for those in our community faced with additional housing barriers. With market-rate units remaining unaffordable to over 60% of our residents according to average rent and median income data, our community residents need as much access to affordable housing as possible. Our ability to actually address the current housing crisis and overall homelessness depends on it. Even with housing vouchers people are unable to get housing because of the voucher amounts, the desired rental requirements, and the barriers related to conviction histories (no matter how old), crime free housing ordinances, eviction histories, or income thresholds that many of our people are unable to meet. Thank you for your service!

Dan Hoxworth
Location: 92506, Riverside
Submitted At: 1:08pm 02-28-22

Dear Riverside City Housing and Homelessness committee:

This is Dan Hoxworth, Riverside Ward 3 resident. I am submitting my public comments on Agenda item #2 Inclusionary housing. My comments on each of the Inclusionary staff/consultants 3 recommendations follow.

Staff Recommendation #1) Inclusionary requirements

Multifamily – 10% of units affordable to low-income households (70% AMI)*

Townhome - 10% of units affordable to low-income households (70% AMI)*

Single-family – 5% of units affordable to moderate-income households (110% AMI)
Comment:
Given the size of the affordable housing crisis we face, the percentage for multi-family, townhome, and single family affordable units percentage is very low. It needs to be much higher to encourage the development of a few affordable housing units.

Staff recommendation #2) In-lieu fees
Develop an in-lieu fee to align with the above requirements. Allowance for payment of fee should be based on City priorities (e.g., encouraging on-site units/mixed-income properties vs. maximize local support for affordable

projects).

Comment:
Increase the in-lieu fee to encourage development of affordable units. The fee should be high enough to create a strong disincentive to developers creating housing without affordable units.

The City must develop more revenue solutions for the housing trust. First, any in-lieu fees that are paid should go to the housing trust. In addition, the City should look for other revenue sources to bolster the housing trust to raise funds for affordable housing projects.

Staff Recommendation 3) Phased In Requirements
Consider a phased-in approach for requirements to allow markets to adjust and a set timeline for revisiting requirements in light of evolving market conditions.

Comment: Do not phase in the requirements. We have an affordable housing crisis so the recommendations must be implemented immediately.

Thank you for your time and consideration.

With gratitude,

Dan H. Hoxworth
Riverside Ward 3 Resident

Maribel Nunez
Location: 92501, Riverside
Submitted At: 11:34am 02-28-22

1) Inclusionary requirements

Multifamily – 10% of units affordable to low-income households (70% AMI)*

Townhome - 10% of units affordable to low-income households (70% AMI)*

Single-family – 5% of units affordable to moderate-income households (110% AMI)
The multi-family, townhome, and single family affordable units % are very low and that will encourage the development of a few affordable housing units. For example, if 18,000 RHNA and they are all apartments and townhomes, would account only 1,800 affordable units. In 6th Riverside's housing element, out of Riverside's 18,000 total RHNA, you need to zone for 7,907 total for Very Low Income/Low Income Area Median Income # of units)

2) Develop an in-lieu fee to align with the above requirements. Allowance for payment of fee should be based on City priorities (e.g., encouraging on-site units/mixed-income properties vs. maximize local support for affordable projects).
Our comments/recommendation: if a developer doesn't want to build affordable housing, make the in-lieu fee high like 25% to encourage the development of affordable units.
Also adding that the city develop housing trust and advocate for more revenue solutions (cannabis tax, tot tax and etc) Any in lieu fees that are paid should go to the housing trust. In lieu fees won't be enough to help raise funds for off site affordable housing projects.

3) Consider a phased-in approach for requirements to allow markets to adjust and a set timeline for revisiting requirements in light of evolving market conditions.
Our comments/recommendations: No phase in approach. We need affordable housing now.

Damien OFarrell
Location: Riverside
Submitted At: 11:30am 02-28-22

I am in support of the city continuing to move forward a plan for an inclusionary housing policy, preferably with some adjustments. With market rate units remaining unaffordable to over 60% of our residents according to average rent and median income data, our community residents need as much access to housing that is affordable as possible. Our future depends on it. Additionally, as a result of our housing crisis even efforts that are proven to provide housing stability (such as the voucher program) are faltering. Case in point: according to the data I've been provided by HUD, only one household has been leased up out of nearly 400 available vouchers since the beginning of the emergency voucher program for those in homeless situations in Riverside County in 2021. Only one! And this is with vouchers that guarantee full fair market rents paid on time every month! The lack of available units is the main cause of this.   All this said, I request that you also ask the staff and consultants to try to make the following items work and include them in their suggestions for the policy: 1) Increase the percentage levels of the requirements by identifying additional sources of possible subsidies to make this work for the developers (such as taxes received from cannabis operations if that ends up moving forward), 2) Ensure that the In Lieu fee program is design in such a way that it actually produces the revenue needed for the city to build the other units; and/or 3) include a requirement that a certain percentage of units (in addition to the affordable requirement) be reserved for exclusive rental to voucher holders and/or participants of other subsidized rental programs (such as rapid rehousing) - doing so could produce a win-win situation in which voucher holders and program participants can find housing while landlords receive full fair market rents.   I am happy to provide more information on everything that I have mentioned in this comment. Thank you for your service!

CITY OF RIVERSIDE
SPEAKER CARD

AGENDA ITEM NO.: 2

WELCOME TO THE RIVERSIDE CITY COUNCIL MEETING.

IF YOU WISH TO ADDRESS THE CITY COUNCIL, PLEASE COMPLETE AND SUBMIT THIS CARD TO THE CITY CLERK. SPEAKER CARDS WILL BE ACCEPTED UNTIL CONCLUSION OF PUBLIC COMMENT ON THE AGENDA ITEM.

NAME: Lou Monville DATE: 2/28/22

CITY/NEIGHBORHOOD: Riverside PHONE # (Optional):

ADDRESS (Optional):
Address City/State/Zip

SUBJECT: Inclusionary Housing

☐ SUPPORT ☐ OPPOSE ☐ NEUTRAL

In accordance with the Public Records Act, any information you provide on this form is available to the public.

Pursuant to the City Council Meeting Rules adopted by Resolution No. 23437, the Members of the City Council and the public are reminded that they must preserve order and decorum throughout the Meeting.