

# Inclusionary Housing Redondo Beach City Council

**November 10, 2020**

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# What is inclusionary housing?

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- Programs that encourage development of affordable housing within market-rate developments
- Require a specific percentage of units in a development to be affordable
- Include options in-lieu of providing units under specified circumstances

# What does “affordable” mean?

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- Affordability – 30% of household income on housing costs
- Based on Area Median Income (AMI) calculated by HCD for each county
- The 2020 AMI in Los Angeles County for a family of four is \$77,300.

# 2020 Median Household Income

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Household Size	Moderate Income (120% AMI)	Low Income (80% of AMI)	Very Low Income (50% of AMI)	Extremely Low Income (30% of AMI)
1	\$64,900	\$63,100	\$39,450	\$23,700
2	\$74,200	\$72,100	\$45,050	\$27,050
3	\$83,500	\$81,100	\$50,700	\$30,450
4	\$92,750	\$90,100	\$56,300	\$33,800
5	\$100,150	\$97,350	\$60,850	\$36,550
6	\$107,600	\$104,550	\$65,350	\$39,250
7	\$115,000	\$111,750	\$69,850	\$41,950
8	\$122,450	\$118,950	\$74,350	\$44,650

# Inclusionary and RHNA

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- RHNA
  - Requires that the City plan for adequate capacity
  - Density is used as a proxy for aligning affordability
    - 30 units/acre as feasible for facilitating lower income housing development – default density per State law
    - Medium density for moderate income
    - Low density for above moderate income

# Inclusionary and RHNA

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- Inclusionary requirement
  - Applies to actual development projects
  - Credits against RHNA based on project proposal or development agreement
  - HCD does not allow applying inclusionary requirement on sites that have no development proposal yet
    - e.g., no RHNA credits for lower income on medium density sites because Inclusionary Housing program requires X% lower income

# Benefits of Inclusionary Housing

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- Increase housing choice for community and help City reach RHNA affordability targets.
- Mitigate No-Net-Loss (SB 166) requirement
  - Maintain an adequate sites inventory throughout Housing Element planning period
  - Demonstrate adequate remaining sites for remaining RHNA as sites are developed:
    - With fewer units
    - In different income category
  - Inclusionary requirement can reduce the need for replenishing the sites inventory

# Benefits of Inclusionary Housing

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- Slow displacement of residents in a community
- Maintain economic diversity in a community
- Disperse affordable housing throughout the community



# Drawbacks of Inclusionary Housing

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- Additional cost to developer
- May be considered a constraint to market-rate housing
- Cost of feasibility and in-lieu fee studies
- Implementation costs and direct administration by City

# General Characteristics of Programs

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- Requirement percentage
  - AB 1505 – if under 15%, no requirement to conduct nexus study for proportionality of impacts
  - Income distribution
- Applicability thresholds
  - Project size
  - Owner versus renter
- On-site construction
- In-lieu options
  - Payment of fee
  - Donation of land
  - Purchase of affordability covenants (may not get RHNA credits)

# Next Steps

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- Presentation by feasibility study consultant (Keyser Marston Associates) on parameters for testing
- City Council to provide direction on basic parameters to test for feasibility