



Staff Report

TO: Town of Loomis Planning Commission
FROM: Mary Beth Van Voorhis, Planning Director
DATE: October 26, 2021
RE: INCLUSIONARY ORDINANCE – PUBLIC STUDY SESSION

Recommendation

1. Discuss and provide input regarding the creation of an Inclusionary Ordinance, and;
2. Provide staff with recommendation on drafting an Inclusionary Ordinance that will be returned to the Planning Commission for further review.

Issue Statement and Discussion

During the 2021-2029 Housing Element Update, the Committee and Planning Commission discussed the creation of an Inclusionary Ordinance to identify acceptable methods to provide affordable housing. It was through this discussion that the recommendation of Policy 9 was added to the 2021-2029 DRAFT Housing Element that was recommended by the Town Council for submittal to California Housing and Community Development (HCD) on May 11, 2021 under Resolution #21-19.

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Policy 9 states:

The Town will recommend adoption of an inclusionary housing ordinance to Town Council. This ordinance will identify acceptable methods to provide affordable housing such as: (a) construction of housing on-site, (b) construction of housing off-site, (c) dedication of land for housing, and (d) payment of an in-lieu or affordable housing linkage fee. Development of this ordinance requires an analysis of the following variables:

- a. Limiting the application of the ordinance to developments exceeding a certain size.
- b. Percentage of housing units required to be set aside as affordable.
- c. Feasibility of waiving 100 percent of application processing fees for developments in which 5 percent of units are affordable to extremely low-income households.
- d. Design and building requirements.
- e. Timing of affordable unit construction.
- f. Determination of a fee in lieu of development affordable units.
- g. Developer incentives, such as fee deferrals and waivers.
- h. Administration of affordability control.

Following adoption of an inclusionary housing ordinance, an evaluation of its effects on the cost and supply of housing will be conducted. If constraints are identified, the inclusionary housing ordinance will be written to minimize the constraints and increase the chances of housing development at multiple income levels.

Responsible Entity: Planning Director
Timeframe: Analyze variables to be incorporated in the inclusionary ordinance by December 2023 and recommend adoption to Town Council by March 2024.
Funding: General Fund
Quantified Objective: 15 lower-income units, encourage 5 in areas of concentrated overpayment.

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At the Planning Commission meetings on July 27, 2021 and August 24, 2021, the Planning Commission heard presentations from the Town Attorney and housing industry experts regarding inclusionary housing ordinances. Based on those presentations, this item is before the Planning Commission again to give the Planning Commission another chance discuss how it wishes to see the Town’s Inclusionary Housing Ordinance prepared and to provide direction to staff and the Town Attorney. The Town Attorney prepared Attachment #1 (“Inclusionary Ordinance Considerations”) for your review and discussion during this Public Study Session. Attachment #1 remains substantively unchanged from the version discussed at the July 27, 2021 meeting, though certain decision points have been highlighted where Staff and the Town Attorney respectfully request the Planning Commission to provide specific direction.

Based on a request by Commissioner Hogan at the meeting of August 24, 2021, Attachment #2 provides the approved 2021-2029 Housing Element vacant sites inventory and map of available lands that can be used for affordable/inclusionary housing.

Staff reached out to Veronica Blake, Placer Community Foundation Chief Executive Officer, to provide a presentation on affordable housing, however, at this time we have not coordinated a date/time for this presentation to the Commission.

ATTACHMENTS

1. Inclusionary Ordinance Considerations
2. Vacant Sites Inventory

Inclusionary Ordinance Considerations

The following is a non-exclusive list of issues to consider in preparing an inclusionary housing ordinance:

I. Applicability of Ordinance

A. Multi-family.

1. Affordable rent set are typically based on percent of area median income, tied to number of bedrooms.¹

2. Most of the considerations outlined below are also applicable to single-family (for sale) developments.

B. Single-family.

1. Affordability set based affordable housing cost (mortgage + HOA fees + utility allowance typical).

2. Typically applies to duplexes and triplexes, condominiums for at least some purposes.

3. Exemptions for small projects (e.g. less than 5 lots?)

C. Although tempting to distinguish as for-sale v. rental, it is actually clearer to make the distinction based on the type of construction.

II. Inclusionary Requirement

A. **How much inclusionary?** (e.g. 10% of multi-family, 5% of single family)

¹ Most low income rental housing developments rely in part on federal Low Income Housing Tax Credits (LIHTC) as a primary source of construction funding. LIHTC rents are set at 30% of the Area Median Income (AMI) tied to the unit. AMI is calculated with an assumed family size of 1.5 persons per bedroom. The following example uses LIHTC-required rents:

Joe and Ana moved into a 1-bedroom apartment targeted for 50% AMI. The AMI for Placer County is \$56,050 for a 1-person household and \$64,100 for a 2-person household.

The tax credit program assumes a 1.5 person bedroom size. To calculate the income of "1.5 people" the owner will average the AMI of a one person household (\$56,050) with the AMI of a two person household (\$64,100). The average equals \$60,075. Joe and Ana are in a unit targeted to families that make 50% of the AMI so divide \$60,075 in half which is \$30,038 (.50 x \$60,075).

Rent is set at 30% of the AMI tied to the unit and 30% of \$30,038 is \$9,011.40 (annually). To calculate the monthly rent, divide this number by 12 which equals \$750.95. Joe and Ana's monthly rent is \$750.95.

B. For single family, when do the units have to be completed?

1. Ahead of market rate units in the same development or phase?

Considerations include cost (developer's typically make their profit on the last units built), acceptability (building affordable first reduces negative reaction of market-rate buyers).

2. Concurrent with market? Lessens cost impact, still retains acceptability benefits.

3. Prior to last market? Allows developer to receive revenue from market to help with loss on affordable, but increases the possibility of empty affordable lots.

C. How deep should the targeting go (who is the intended market)?²

1. Very low. Helps with RHNA; most expensive to produce because it supports less debt service.

(a) Very challenging for for-sale product, since households may not have the resources to repair and maintain property.

2. Low. Helps with RHNA; still expensive to produce.

3. Moderate. Doesn't help as much with RHNA except in very tight housing markets (where "market-rate" units are not affordable to moderate income households), but helps provide a range of opportunities including "move-up" and retirement.

4. Some ordinances allow substitution (e.g. one VL income counts as two Low income units, etc.)

D. How long does the unit stay rent or price-restricted (i.e. how long must the unit remain "affordable")?

1. Multi-family. Generally these requirements are long. For projects that receive state or federal funding (tax credits, loans) units typically must remain affordable for at least 55 years.

2. Single-family. Great variety among programs. Considerations include the primary goal – production of units that can be counted toward RHNA number? Ensuring a broad mix of housing opportunities over time? Avoiding a “windfall” when affordability controls expire? Examples:

(a) First time buyer programs sometimes have short duration affordability requirements consistent with the goal of providing an opportunity for low/mod income renters to enter the ownership market. Purchasers might be able to sell, without price limitations, after a few years.

² Regional Housing Needs Assessment (RHNA) income categories include: Very Low (>50% of AMI), Low (50-80% AMI), Moderate (80-120% AMI) and Above Moderate (<120% AMI). "Affordable" units that are most difficult to produce without incentives/requirements are typically Very Low and Low income units. Note that for some funding sources, an additional "Extremely Low" income category (>30% AMI) is added.

(b) Longer duration affordability requirements require consideration of a variety of issues:

(i) Limits on owner's ability to use the unit as a rental? Owner occupancy requirements are not unusual, but some programs allow for hardship exceptions (e.g. sudden job change, acceptance into out-of-area college or training program, loss of job).

(ii) Limits on resale? Change in household status can create a need to sell the property, sometimes quickly (e.g. death of owner, medical issues, divorce, job relocation, job loss). Programs that require sales to an individual in the same income group can slow the sale process down and create a hardship for the homeowner, who may have limited assets beyond the home.

(c) Imposing no limitation on resale price (or short duration limits) may allow initial purchaser to sell at a substantial profit. While some see this as a windfall, others see it as an opportunity to move-up

E. Other considerations.

1. Exemptions for reconstruction after fire or disaster?

2. A requirement that affordable units in a single-family development be "visually indistinguishable" is sometimes included, ostensibly to reduce the "stigma" of being the affordable unit on the block. Balance that against cost savings if affordable homes are allowed to be slightly smaller, or have relaxed development standards, etc.

3. Location within development project. Should the ordinance require that affordable units be disbursed within the project, or allow them to be clustered/concentrated?

III. **Incentives**

A. Density bonus, in addition to bonuses already available under state law.

B. Fee reductions or deferrals.

C. Relaxed development standards (e.g. parking, setback, lot coverage, lot size).

D. Expedited processing (priority consideration of land use entitlements, building permits; less or no design review).

E. Financial assistance to seller or to buyer.

IV. **Alternatives**. For single-family developments, standard requirement is typically on-site construction of affordable units. Most jurisdictions, however, allow at least some of the following alternatives. For many, Council approval is required for alternatives.

A. **Accessory dwelling units to satisfy inclusionary requirement.**

1. With sale restrictions (price, targeted income group)?
2. “Affordable by design” (typically smaller units on smaller lots with less amenities, where the initial sales price might be limited but there are no long-term affordability requirements)?
3. Other possible requirements/limits:
 - (a) No more than a certain percentage can be ADUs
 - (b) Less than 1 for 1 (e.g. 1.5 or 2 ADU to satisfy 1 affordable unit obligation).

B. Off-site construction. Typically available only for single-family developments, but could be allowed for multi-family as well.

C. **Substitution of multi-family for single-family.** For large projects, perhaps a small apartment complex. For smaller projects, duplex/triplex/fourplex units.

D. **In-lieu fees.** Can be tricky to calculate, and work best in communities with active affordable housing developers that need local funding to close a gap in their financing.

E. Substantial rehabilitation of existing units coupled with affordability limits as outlined above.

F. Dedication of land. Land dedication can be a way to obtain a parcel suitable for development of affordable units by a third party, especially in larger developments. Considerations:

1. Dedication to whom? Some communities require a developer to have identified an affordable housing developer willing to partner with them.

2. Minimum parcel size? For a single-family project, dedication of individual lots? Or a single, larger lot suitable for a small apartment building?

3. Does the parcel have to be “shovel ready”? (e.g. require that utilities be stubbed out, sidewalks and curb cuts installed, will-serve letters from utilities; Town retains right to decide suitability of parcel).

Site #	APN	Zoning Designation	General Plan Designation	Address/Location	Acres	Allowable Density (du/acre)	Total Unit Capacity	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Income Category
27	044-330-019-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
28	044-330-020-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
29	044-330-021-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
30	044-330-022-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
31	044-330-023-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
32	044-330-024-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
33	044-330-025-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
34	044-330-026-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
35	044-330-027-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
36	044-330-028-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
37	044-330-029-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
38	044-330-030-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
39	044-330-031-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
40	044-330-032-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
41	044-330-033-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
42	044-330-034-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
43	044-330-035-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
44	044-330-036-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
45	044-330-037-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
46	044-330-038-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
47	044-330-039-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
48	044-330-040-000	RM-5-Medium Density Residential	RWH	Heritage Park	0.2	10	2	2	Vacant	Yes	Above Moderate
Subtotal					6			42			
Central Commercial											
49	043-100-025-000	CC-Central Commercial	TC	6045 Horseshoe Bar Road	2.7	20	54	43	Vacant	Yes	Lower
50	043-100-027-000	CC-Central Commercial	TC	6015 Horseshoe Bar Road	2.00	20	40	32	Vacant	Yes	Lower
Subtotal					4.7			75			
Tourist/Destination Commercial											
51	043-080-045-000	CT-Tourist/Destination Commercial	TD	West of Oak Tree Lane, adjacent to I-80	6.6	10	66	52	Vacant	Yes	Moderate
52	043-080-046-000	CT-Tourist/Destination Commercial	TD	West of Oak Tree Lane, adjacent to I-80	6	10	60	46	Vacant	Yes	Moderate
53	043-080-047-510	CT-Tourist/Destination Commercial	TD	West of Oak Tree Lane, adjacent to I-80	4.8	10	48	38	Vacant	Yes	Moderate
54	043-120-003-000	CT-Tourist/Destination Commercial	TD	Northeast of Horseshoe Bar Road, adjacent to I-80	0.3	10	3	2	Vacant	Yes	Moderate
55	043-120-004-000	CT-Tourist/Destination Commercial	TD	Northeast of Horseshoe Bar Road, adjacent to I-80	15.8	10	158	126	Vacant	Yes	Moderate

TABLE 23: VACANT SITES INVENTORY

Site #	APN	Zoning Designation	General Plan Designation	Address/Location	Acres	Allowable Density (du/acre)	Total Unit Capacity	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Income Category
General Commercial											
1	043-030-025-000	CG-General Commercial	GC	3425 Taylor Road	0.2	10	2	1	Vacant	Yes	Above Moderate
2	043-030-046-000	CG-General Commercial	GC	3475 Taylor Road	0.7	10	7	5	Vacant	Yes	Above Moderate
3	043-030-057-000	CG-General Commercial/ RV-5-Medium Density Residential	GC	Adjacent to 3461 Taylor Road	0.9	10	9	7	Vacant	Yes	Above Moderate
4	044-122-005-000	CG-General Commercial	GC	Intersection of Sierra College Boulevard and Taylor Road	3.9	10	39	31	Vacant	Yes	Above Moderate
5	044-141-037-000	CG-General Commercial	GC	3847 Taylor Road	0.6	10	6	4	Vacant	Yes	Above Moderate
Subtotal					6.3			48			
Office Commercial											
6	043-050-024-000	CO-Office Commercial	O/P	Adjacent to 3380 Cherokee Trail	6.5	10	65	52	Vacant	Yes	Above Moderate
7	043-080-008-000	CO-Office Commercial	O/P	Adjacent to 6440 King Road	6.5	10	65	52	Vacant	Yes	Above Moderate
Subtotal					13			10			
High Density Residential Overlay (RH-20)											
8	043-080-015-000, 043-080-044-000	RH-20-High Density Residential Overlay	RH Overlay	3627 Gates Lane	7	25	175	40	Vacant	Yes	Lower
Subtotal					7			140			
Medium Density Residential (RM-5)											
9	044-350-001-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.4	10	4	3	Vacant	Yes	Above Moderate
10	044-350-002-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
11	044-350-003-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
12	044-350-004-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
13	044-350-005-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
14	044-350-006-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
15	044-350-007-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
16	044-350-008-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
17	044-350-009-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
18	044-350-010-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
19	044-350-011-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
20	044-350-012-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
21	044-350-013-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
22	044-350-014-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
23	044-350-015-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
24	044-350-016-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate
25	044-350-017-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.2	10	2	1	Vacant	Yes	Above Moderate
26	044-350-018-000	RV-5-Medium Density Residential	RMH	Heritage Park	0.1	10	1	1	Vacant	Yes	Above Moderate

Site #	APN	Zoning Designation	General Plan Designation	Address/Location	Acres	Allowable Density (du/acre)	Total Unit Capacity	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Income Category
56	043-120-013-000	CT-Tourist/Destination Commercial	TD	Northeast of Horseshoe Bar Road, adjacent to I-80	1.5	10	15	12	Vacant	Yes	Moderate
57	043-120-014-000	CT-Tourist/Destination Commercial	TD	Southwest of Horseshoe Bar Road, adjacent to I-80	12.4	10	124	99	Vacant	Yes	Moderate
58	043-120-015-510	CT-Tourist/Destination Commercial	TD	Southwest of Horseshoe Bar Road, adjacent to I-80	0.4	10	4	3	Vacant	Yes	Moderate
59	043-120-037-000	CT-Tourist/Destination Commercial	TD	Northeast of Horseshoe Bar Road, adjacent to I-80	1.8	10	18	14	Vacant	Yes	Moderate
60**	043-130-001-000	CT-Tourist/Destination Commercial	TD	North of Prairie Road	30.6	10	306	76	Vacant	Yes	Moderate
Subtotal					80.2			470			

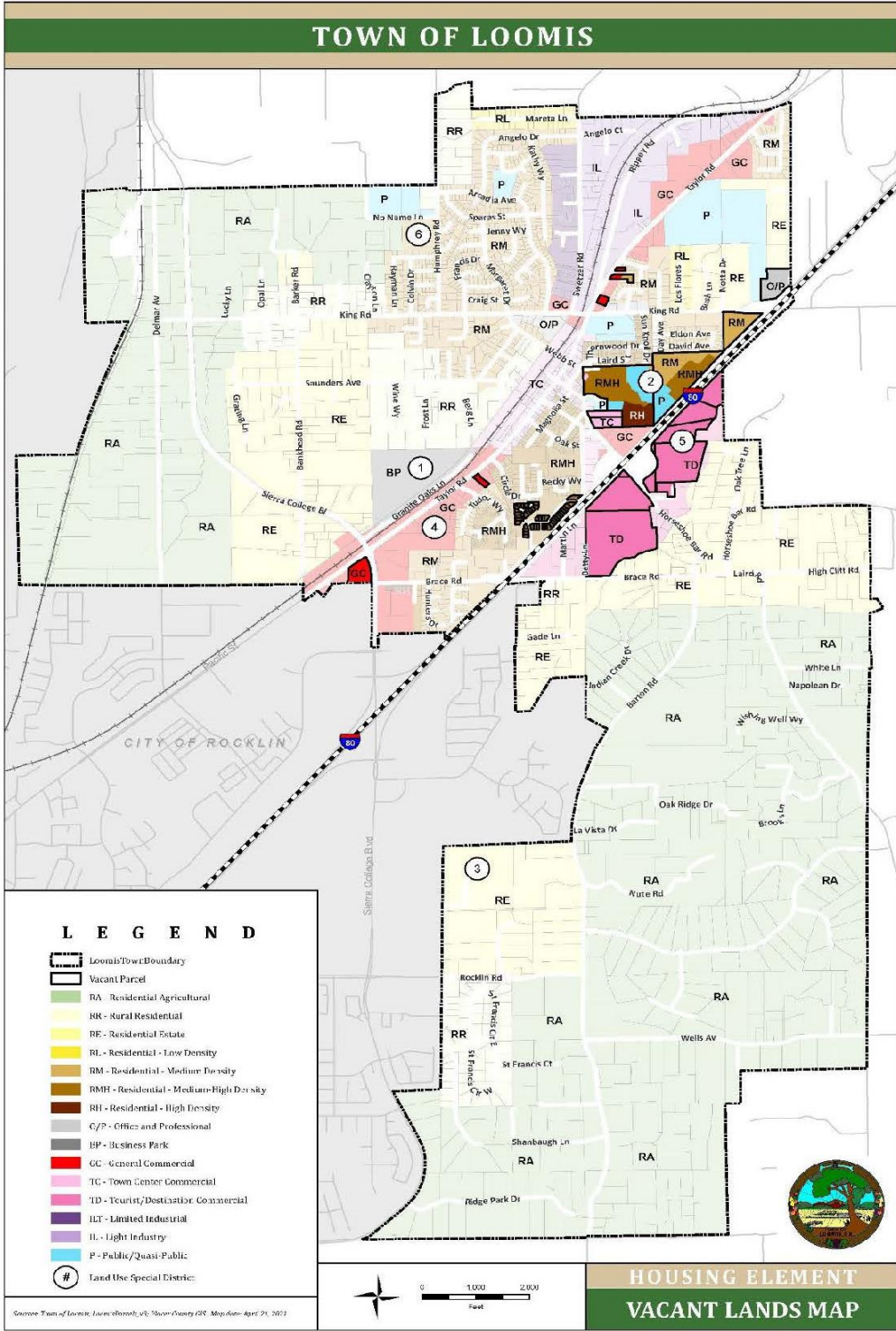
Source: Town of Loomis, April 2021

*The Town does not have any sites listed in Table 22 that have been included in the past two housing elements.

**Site 50 includes large areas of ravine and riparian areas; therefore, the Town has estimated a realistic capacity of 25 percent rather than 80 percent for this site.

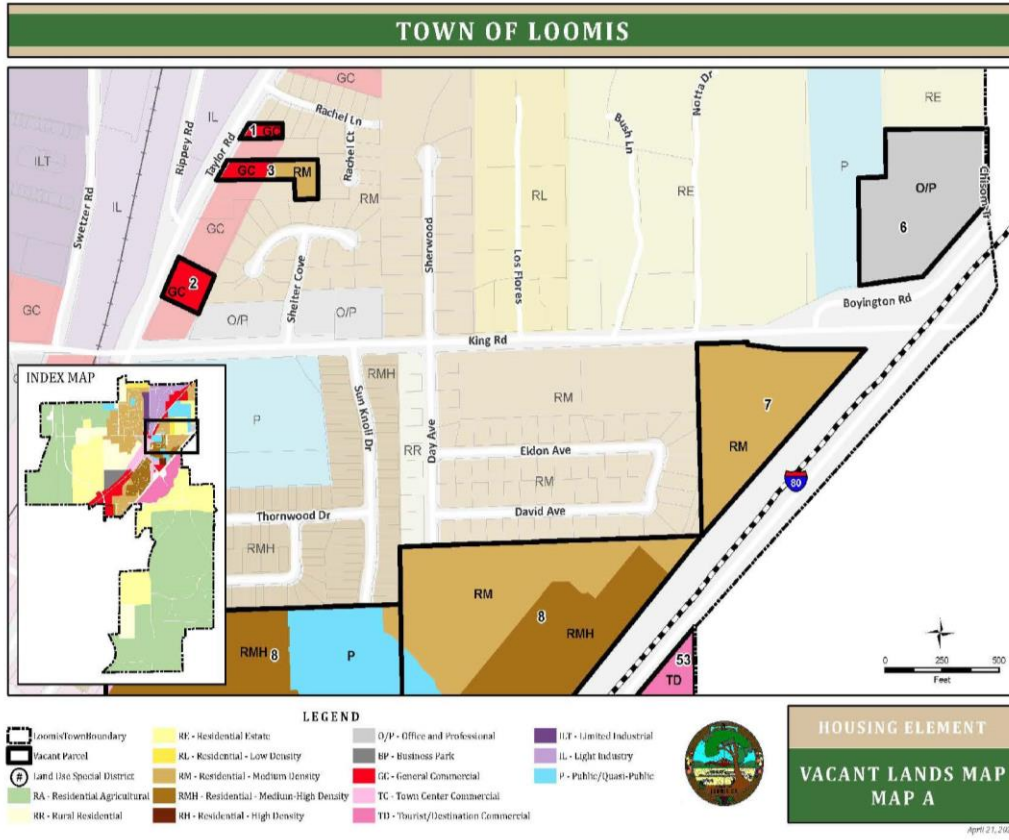
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FIGURE 12 VACANT SITES MAP



1

FIGURE 13 VACANT SITES MAP – MAP A



2

FIGURE 14 VACANT SITES MAP – MAP B

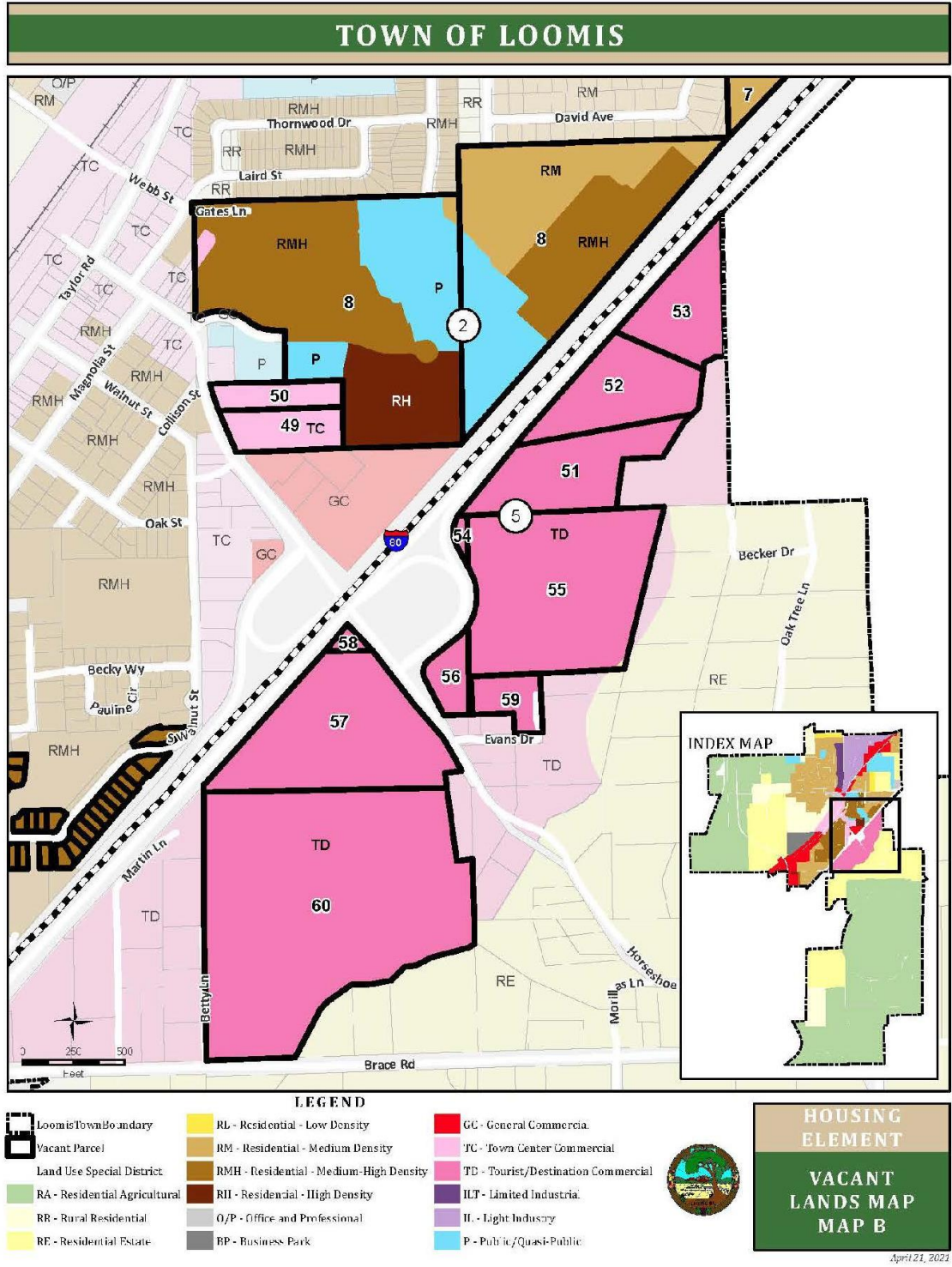


FIGURE 15 VACANT SITES MAP – MAP C

