

## **RESOLUTION NO. 7892**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, ESTABLISHING AN AFFORDABLE HOUSING IN-LIEU FEE FOR ELIGIBLE PROJECTS SUBJECT TO THE INCLUSIONARY HOUSING ORDINANCE (SOUTH PASADENA MUNICIPAL CODE SECTION 36.375) AND CREATING A CORRESPONDING FUND ACCOUNT**

**WHEREAS**, On May 5, 2021, the South Pasadena City Council adopted an Inclusionary Housing Ordinance ("IHO") (SPMC 36.375), and

**WHEREAS**, on July 7, 2021, the City Council authorized funding for a study related to the calculation of an in-lieu fee following adoption of the IHO; and following an RFP process, Economic & Planning Systems, Inc. (EPS) was selected to conduct the study and develop options for determining an in-lieu fee; and

**WHEREAS**, EPS prepared a memorandum entitled "South Pasadena Inclusionary Housing In-Lieu Fee Calculation" dated April 4, 2024, which provides the framework, methodology and calculation of the proposed in-lieu fee amounts by estimating the subsidy necessary to support construction of an affordable housing unit using an affordability gap financing approach (In-Lieu Fee Memorandum); and

**WHEREAS**, on April 18, 2022, the Planning Commission reviewed the initial analysis prepared by EPS and provided initial feedback and recommended changes; and

**WHEREAS**, on October 4, 2023, the City Council revised the IHO to apply to all multi-family or mixed-use projects featuring 10 or more residential units and amended the requirement from 20% to 15% of base units; and

**WHEREAS** on March 12, 2024, following the aforementioned Code amendment, the Planning Commission reviewed the revised EPS memorandum and provided suggestions for the establishment of the fee; and

**WHEREAS** in April 2024, EPS prepared a revised and final In-Lieu Fee Memorandum based on the Planning Commission's recommended changes; and

**WHEREAS**, on December 4, 2024, pursuant to Government Code Section 66018, the City Council held a duly noticed public hearing, wherein the City Council received a staff presentation, staff report, public testimony, held discussions about the proposed in-lieu fee, and directed staff to conduct a community meeting before considering implementation of the proposed in-lieu fee; and

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**WHEREAS**, on January 14, 2025, and January 23, 2025, the City hosted two community listening sessions, during which members of the public were invited to provide input regarding implementation of the proposed in-lieu fee, establishment of an “Affordable Housing Fund,” and the development of housing policies and programs; and

**WHEREAS**, on February 5, 2025, pursuant to Government Code Section 66018, the City Council held a duly noticed public hearing, wherein the City Council received a staff presentation, staff report, public testimony, and held discussions about the proposed in-lieu fee; and

**WHEREAS**, all legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**SECTION 1.** The above recitals are hereby declared to be true and correct and are incorporated herein as findings of the South Pasadena City Council.

**SECTION 2.** The City Council has reviewed and hereby accepts the In-Lieu Fee Memorandum prepared by EPS and a copy is on file in the Community Development Department.

**SECTION 3.** The City Council hereby establishes an inclusionary in-lieu fee pursuant to South Pasadena Municipal Code Section 36.375.110 for rental unit and ownership (for sale) unit projects in the amount set forth in Exhibit A.

**SECTION 4.** The amount of the inclusionary in-lieu fee set forth in Exhibit A shall be automatically adjusted annually each July 1 based on the increase in the Construction Cost Index published by Engineering News Record (ENR), for the month of April.

**SECTION 5.** The City Council directs the City Manager to establish an “Affordable Housing Fund,” an account, separate from the general fund, in which all in-lieu fees collected by the City pursuant to South Pasadena Municipal Code Section 36.375.010 et. seq. shall be deposited.

**SECTION 6.** The City Council finds that pursuant to the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15061(b)(3)), the adoption of a fee schedule qualifies for a common sense exemption as the Inclusionary Housing Ordinance in-lieu fee adoption can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment.

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**SECTION 7.** The in-lieu fees described in this Resolution shall take effect on the date this resolution is adopted.

**SECTION 8.** The City Clerk shall certify to the adoption of this resolution.

**PASSED, APPROVED, AND ADOPTED** on this 5<sup>th</sup> day of February, 2025.

Signed by:

*Janet Braun*

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Janet Braun, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

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*Mark Perez*

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Mark Perez, Deputy City Clerk

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*Roxanne Diaz*

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Roxanne Diaz, City Attorney

**I HEREBY CERTIFY** the foregoing Resolution No. 7892 was duly adopted by the City Council of the City of South Pasadena, California, at a regular meeting held on the 5<sup>th</sup> day of February, 2025, by the following vote:

**AYES:** Cacciotti, Ferguson, Rossi, Mayor Braun

**NOES:** None.

**ABSENT:** Primuth

**ABSTAIN:** None.

DocuSigned by:

*Mark Perez*

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Mark Perez, Deputy City Clerk

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**EXHIBIT A**

**PROPOSED AFFORDABLE HOUSING IN-LIEU FEES BASED ON PROJECT  
TYPE**

<b>Project Type</b>	<b>Affordability Basis for Fee Calculation</b>	<b>Fee Per Square Foot</b>
For Rent	Blended (Average of Very Low Income [50% AMI] and Low Income [80% AMI])	\$418
For Sale	Moderate Income (120% AMI)	\$371

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<sup>1</sup> An annual escalation (to be escalated every year on July 1) shall apply to the fees per square foot based on the City Construction Cost Index as reported in the Engineering News Record (ENR), in the manner described in the Resolution.