



Inclusionary Housing Ordinance Research Update

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The Ask...

The City Council provide direction to staff on preparing an Inclusionary Housing Ordinance and hiring a consultant to prepare a fee analysis for determining an "in lieu fee" associated with the ordinance.



Background

- Request by Council Member Speake.
- Presented to Council on September 18, 2024.
- City Council direction to staff:
 - Would like to learn more about it.
 - Has an inclusionary housing ordinance produced affordable housing in other cities?



What is an Inclusionary Housing Ordinance

Requires developers of new residential construction to:

- Provide a certain percentage of residential units to be set aside for the sale or rent to low or moderate income households.

OR

- Pay the city a fee in-lieu of building affordable units. The in-lieu fee would be dedicated to affordable housing to facilitate the construction, acquisition or preservation of affordable housing.

The Intent

- Increase the availability of affordable housing units in the city.

Inclusionary Housing Ordinance

Research of other Cities

Riverside County	
City	IH Ordinance
Norco	Yes
Jurupa Valley	Yes
Riverside	No
Moreno Valley	No
Banning	No
Lake Elsinore	No
Temecula	No
Eastvale	No
San Jacinto	No

Orange County	
City	IH Ordinance
Tustin	Yes
Irvine	Yes
Yorba Linda	No

San Bernardino	
City	IH Ordinance
Rancho Cucamonga	No
Ontario	No
Chino Hills	No

Research of other Cities

City	New Residential Development Affected	Common Affordable Housing Requirement	Common Alternatives To Providing On-Site Affordable Units	In Lieu Fee	Housing Fund
Norco	≥ 5 single family units ≥ 5 multi-family units	15% of the total units* (requiring a combination of low- and moderate-income units) *Jurupa Valley requires only 7% of the total units	<ul style="list-style-type: none"> • In lieu fee • Offsite units • Land donation • Conversion of market rate units to affordable units • Preservation of at-risk units 	Escalating fee. Fee is based on square foot per market rate unit type & project size.	Inclusionary Housing Trust Fund
Jurupa Valley	All residential types.			\$2.50 per square foot of each market rate unit in the project.	Affordable Housing Trust Fund
Tustin	All residential types.			\$15,494 per market rate unit but allows a 50% reduction under the Voluntary Workforce Housing Incentive Program (VWHIP).	VWHIP Fund
Irvine	All residential types.			\$16,693 per market rate unit in project.	Affordable Housing Fund

Affordable Housing Outcomes

CITY	IH ORDINANCE ADOPTION	AFFORDABLE UNITS RESULTING FROM IH ORDINANCE	NOTES
Irvine	2003	2,111 units constructed 433 units entitled <small>(Irvine Housing Element, May 24, 2022)</small>	Irvine has a robust housing market. 5th Cycle Housing Element 2014-2020: <ul style="list-style-type: none">▪ Housing unit permits issued: 31,009<ul style="list-style-type: none">• 16,825 above moderate units• 14,184 affordable units (using IH Ordinance and other various funding sources and partnerships with developers) <small>(Irvine Housing Element, May 24, 2022)</small>
Tustin	2018	2 units constructed 9 units entitled	Limited to two geographical areas (Red Hill Specific Plan and Downtown Commercial Core Specific Plan)
Jurupa Valley	2022	No reportable metric	Ordinance fairly new. <ul style="list-style-type: none">▪ City staff is required to provide an update within 3 years (August 2025) on the effectiveness of the ordinance.
Norco	2022	No reportable metric	Ordinance fairly new.

Inclusionary Housing Ordinance Process

➤ **TIME**

- 12 to 18 months.

➤ **FEASIBILITY STUDY**

- Hire a consultant for feasibility analysis of in-lieu fee (housing market analysis of construction costs, sale prices, rents, % of income category allocation).

➤ **COST**

- \$20,000 to \$50,000 (consultant cost for feasibility analysis).
- Staff time devoted to the project

➤ **PUBLIC OUTREACH**

- Home builders, stakeholders, BIA.

➤ **CITY COUNCIL UPDATES**

- Updates throughout the process at City Council meetings.

➤ **PERIODIC REVIEW**

- Periodic review of in-lieu fee after its adoption.

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