



# City of Culver City

Mike Balkman Council  
Chambers  
9770 Culver Blvd.  
Culver City, CA 90232

## Staff Report

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**File #:** 19-595, **Version:** 1

**Item #:** C-13.

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**CC: HA - Approval of a Professional Services Agreement with Keyser Marston Associates to Prepare an Inclusionary Housing Program including Market Analysis, Affordability Gap Analysis and Pro Forma Model to Formulate an Inclusionary Housing Ordinance.**

**Meeting Date:** December 10, 2018

**Contact Person/Dept:** Tevis Barnes/Housing Division  
Sol Blumenfeld/CDD

**Phone Number:** (310) 253-5700

**Fiscal Impact:** Yes ☐ No ☐

**General Fund:** Yes ☐ No ☐

**Public Hearing:** ☐ **Action Item:** ☐ **Attachments:** ☐

**Commission Action Required:** Yes ☐ No ☐ **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (12/05/18);

**Department Approval:** Sol Blumenfeld, Community Development Director (11/20/18)

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### **RECOMMENDATION**

Staff recommends the City Council and Housing Authority Board approve a professional services agreement with Keyser Marston Associates (KMA) to prepare an Inclusionary Housing Program (Program) including Market Analysis, Affordability Gap Analysis and Pro Forma Model to formulate an Inclusionary Housing Ordinance.

### **BACKGROUND**

The City Council adopted the FY 2018-2019 City Budget which includes the Housing Division work program with 26 affordable housing and homeless programs including adoption of an Inclusionary Ordinance. During the budget hearings, the City Council directed that staff prioritize the proposed housing programs. Adoption of an Inclusionary Ordinance is considered a high priority program as it will make affordable housing a requirement of new mixed use developments.

## DISCUSSION

The KMA proposal (Proposal) addresses citywide Inclusionary Housing through the City's Mixed Use Ordinance and Government Code Section 65915 (State Density Bonus Law). In order to prepare an Inclusionary Housing Ordinance, the City must examine the feasibility of Inclusionary Housing given specified percentages and levels of affordability. The feasibility analysis includes:

1. A Market Analysis
2. Affordability Gap Analysis; and
3. Pro Forma Models for Prototypical Affordable Housing Projects

The scope of the Proposal includes feasibility testing of housing market constraints and review of the City's adopted Housing Element to address unmet affordable housing need at varying income levels. The conclusions of the feasibility testing will help establish the percentage of affordable housing and level of affordability to be included in the Affordable Housing program. The Inclusionary Housing program will include recommendations on:

- Threshold project size to trigger affordability requirements
- Percentage of projected affordable units
- Income and affordability restrictions
- Standards that may be imposed on inclusionary units
- Treatment of fractional units in inclusionary housing projects
- In Lieu payment amounts given affordability gaps in prototypical housing types
- Off-site alternatives to developing inclusionary units on site in market rate projects
- Project types that may be exempt from inclusionary housing requirements
- Methodology for establishing affordable housing requirements to be imposed on proposed density bonus projects

KMA has extensive knowledge and expertise in affordable housing and real estate development finance, State affordable housing law and implementation of density bonus provisions. In addition, KMA has significant institutional knowledge and a thorough understanding of and familiarity with City, Successor Agency and Housing Authority projects. As discussed with the City Council in June 2018, KMA is expected to assist Housing Division staff with the new affordable housing programs, and KMA's knowledge, expertise and understanding of the City and Authority environments will be critical to this process. Also, KMA has been an important resource for the City and Housing Authority in providing fair, high quality, practical and timely work on demand as needed.

Culver City Municipal Code (CCMC) Section 3.07.065.A exempts professional services from the formal competitive bidding process, provided the agreement is based upon competitive quotations, whenever practical, as determined by the City Manager. Based on the foregoing, the City Manager has determined that competitive quotations are not practical in this case.

## FISCAL ANALYSIS

The total contract amount is \$21,000 which is comprised of the Inclusionary Housing Analysis, related Housing Element research and feasibility testing of prototypical projects (\$17,500) and meetings and presentations (\$3,500). Following receipt of the Program findings, the City Council may

adopt an Inclusionary Housing Ordinance which may result in some administrative costs for Ordinance adoption and implementation. There may also be potential in lieu fee proceeds from new Inclusionary Housing developments.

### **ATTACHMENTS**

1. KMA Proposal

### **MOTION**

That the City Council and Housing Authority Board:

Approve a professional services agreement with KMA to prepare an Inclusionary Housing Program including Market Analysis, Affordability Gap Analysis and Pro Forma Model to formulate an Inclusionary Housing Ordinance.