



# City of Culver City

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## Staff Report

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### **CC - Authorization to Release a Request for Proposals to Prepare an Affordable Housing Linkage Fee Nexus Study and Conduct Related Community Outreach**

**Meeting Date:** September 23, 2019

**Contact Person/Dept:** Todd Tipton/Economic Development Division  
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**Phone Number:** (310) 253-5783

**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 and Housing (09/17/19);  
Committee on Homelessness (09/17/19); Landlord Tenant Mediation Board (9/17/19);

**Department Approval:** Sol Blumenfeld, Community Development Director (09/12/19)

### **RECOMMENDATION**

Staff recommends the City Council authorize the release of a Request for Proposals (RFP) to prepare an Affordable Housing Linkage Fee Nexus Study and conduct related community outreach.

### **BACKGROUND**

The City Council has expressed interest in examining alternatives for incentivizing the production of low, moderate and workforce housing in the City to address the problem of housing affordability.

The median home value of a two bedroom, single family home is \$1.14 million. The median price of a home sold five years ago (2014) was approximately \$595,000 which reflects an increase of approximately 52% over the last five years. This average price far exceeds federal and state standards for affordability which are set at \$129,700 for a low income household and \$280,000 for a moderate income household.

In Culver City, the average rent for a two bedroom unit is approximately \$2,210 per month and a

three bedroom unit rents for \$3,000, however the affordable rent for a low income household is \$875 per month and \$1,603 per month for a moderate income household. These rents are consistent with Westside housing costs in general and make it increasingly difficult to afford to live in Culver City.

The problems of housing affordability also affect the business community. In a series of recent City hosted roundtable meetings, Culver City businesses expressed their concerns that affordable housing development should be a City priority. In Culver City, there are approximately 45,340 employees and only 16,958 housing units, which indicates the need for significant additional housing in order to satisfy potential City housing demand and achieve a job/housing balance consistent with good planning practice. According to the 2013-2021 Culver City Housing Element, the current jobs to housing ratio in Culver City is 2.67 jobs for each dwelling unit. This imbalance exacerbates housing prices since there are limited units for sale or rent.

The City Council has expressed interest in examining alternatives for requiring the production of low, moderate and workforce housing in the City in order to address the problem of housing affordability and satisfy state and regional mandates (see attached 2013-2021 Housing Element). The City Council recently adopted an interim rent control measures ordinance and will be considering adopting an inclusionary ordinance. These initiatives along with a proposed linkage fee will impact housing affordability but their cumulative effects are unknown relative to overall housing production in the City.

Until 2012, affordable housing in the City had largely been produced by the former Culver City Redevelopment Agency. Since that time, the City has been using funds from an Educational Revenue Augmentation Funds (ERAF) loan to operate affordable housing programs. The funds are anticipated to be depleted over the next several years so other methods of funding affordable housing must be identified.

One method to address the funding shortfall is through the creation of a Housing Linkage Fee applied to commercial development. Applying the fee to market rate residential development is not recommended particularly if other measures such as inclusionary affordable housing are enacted, as it could burden the financial feasibility of residential projects and result in an overall reduction in the amount of housing created.

## **DISCUSSION**

The RFP would require a qualified consultant to perform the following services:

1. Preparation of a nexus study that analyzes the relationship between new commercial development and affordable housing impacts, identifies the types of commercial development projects subject to the fee, determines how the fee is calculated (e.g. by business size, location, or other factors), determines when the fee is payable and examines other factors related to exemptions, appeals or credits or offsets that may be considered.
2. Preparation of an assessment as to how a proposed Housing Linkage Fee will impact the overall supply of affordable housing in the City.
3. Preparation and implementation of a comprehensive outreach program consisting of four stakeholder and community meetings with residents, business owners and property owners,

two City Council subcommittee meetings, two City Council meetings and weekly telephone meetings with staff during the contract period.

Once the RFP process is complete staff will return to the City Council with a recommendation for approval of a contract with a qualified consultant. Following preparation of the nexus study staff will prepare a draft ordinance for City Council consideration.

### **FISCAL ANALYSIS**

There is no fiscal impact to release the RFP for the preparation of an Affordable Housing Linkage Fee Nexus Study and conduct related community outreach. Sufficient funds will be allocated from the Housing Division Fiscal Year 2019/2020 budget to cover the anticipated cost of this procurement.

### **ATTACHMENT**

1. 2019-09-23\_ATT - Draft RFP #2003 - To Prepare an Affordable Housing Linkage Fee Nexus Study and Conduct a Comprehensive Community Outreach Program.

### **MOTION**

That the City Council:

Authorize the release of a Request for Proposals to prepare an Affordable Housing Linkage Fee Nexus Study and conduct a comprehensive community outreach program.