CITY OF DUARTE
PLANNING COMMISSION
M I N U T E S
April 15, 2019

Planning Commission
Commissioners
Paula Watson-Gardner, Chair
Tina Heany, Vice-Chair
George K. Farra
Sara Vasquez
Wallace J. Wolff

1. CALL TO ORDER AND NOTATION OF ANY ABSENCES

Chair Vasquez called the meeting to order at 7:10 p.m. The following were in attendance:

PRESENT	Vasquez, Wolff, Farra, Watson-Gardner, Heany
ABSENT:	None
STAFF	Hensley, Hernandez
DEPUTY CITY ATTORNEY:	None

2. PLEDGE OF ALLEGIANCE

Heany led the Pledge of Allegiance.

3. APPROVAL OF MINUTES: September 17, 2018 and February 19, 2019

Farra moved to approve the minutes of September 17, 2018. Seconded by Wolff. Motion approved 5-0-0-0. (PC Minutes - 9-17-18)

Watson-Gardner moved to approve the minutes for February 19, 2019. Seconded by Farra. Motion approved 5-0-0-0. (PC Minutes - 2-19-19)

4. COMMISSION REORGANIZATION

Director Hensley opened nominations for Chairperson. Heany nominated Watson-Gardner. Wolff seconded the nomination. Director Hensley called for roll call for additional nomination. Farra nominated Wolff. Farra's nomination died in lack of Second and Wolff declining the nomination.

Ayes: Vasquez, Wolff, Farra, Heany, Watson-Gardner

The vote carried unanimously for Commissioner Watson-Gardner to be Chairperson, 5-0-0-0.

Chairperson Watson-Gardner opened nominations for Vice-Chair. Farra nominated Heany for Vice-Chair. Watson-Gardner seconded the nomination. Chairperson Watson-Gardner called for the roll call vote on Heany:

Ayes: Watson-Gardner, Heany, Farra, Vasquez, Wolff

The vote carried unanimously for Commissioner Heany to be Vice-Chair, 5-0-0-0.

5. ORAL COMMUNICATIONS ITEMS NOT ON THE AGENDA

Chairperson Watson-Gardner opened Oral Communications for items not on the Agenda. Seeing none Chairperson Watson-Gardner closed the Item.

6. ITEMS FROM DIRECTOR

Hensley provided an update on various local development projects:

He welcomed comments from the Commission.

Wolff inquired about the status of the approved Cell Tower at Royal Oaks Park.

Vasquez inquired about the status of a new business in the previous Fresh & Easy establishment.

Heany commented on time of vacancy for occupancy at previous Fresh & Easy location along with the Frontier Hardware establishment.

7. ITEMS FROM COMMISSIONERS

Farra expressed his concerns on previously approved projects and expectations when approving new projects. He also commented on some residents' concerns that he encountered in the "Next Door Media" and the need to address their concerns.

Heany addressed Farra's concern about the "Next Door Media" comments.

Chair Watson-Gardner asked Farra to elaborate more on the comment about "Rubber Stamping Projects". Farra provided some examples on some approved projects.

Vasquez discussed the power to vote and alternatives vs. rubber stamping a project.

Hensley explained the City's Council policy process of approval and alternatives options given to the Commission when approving a project.

Heany recommended Farra to attend a conference for Commissioners like the one Watson-Gardner and herself attended recently, stating that it was very helpful in understanding the concerns, process and the recommendation of an item.

Hensley addressed the comment discussed from the "Next Door Media" explaining the market and State challenges that mandates the development of residential vs. commercial sites.

Vasquez inquired about the fading conditions of the Street Signs. Hensley informed the Commission that the signs will be replace city wide in the next few weeks.

Vasquez complemented the new set up of the Christmas lighting in front of City Hall and Buena Vista.

Chairperson Watson-Gardner reminded the Commission of the Taste of Duarte event coming up on May 8th.

8. ADJOURNMENT: Monday, May 20, 2019

Chairperson Watson-Garner adjourned the meeting at 7:40 p.m.

_____

Craig Hensley, Secretary

CITY OF DUARTE
HOUSING STRATEGY

AUGUST 2018

City of Duarte
COMMUNITY DEVELOPMENT DEPARTMENT
1600 HUNTINGTON DRIVE
DUARTE, CA 91010

KAREN WARNER ASSOCIATES
Housing Policy Consultants

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EXECUTIVE SUMMARY

Duarte's Housing Strategy for the five-year (2018-2022) period is comprised of the following components:

HOUSING NEEDS SUMMARY

RESOURCES

- Financial
- Land Resources
- Zoning Incentives/Regulations

FIVE-YEAR HOUSING STRATEGY

- Guiding Principles for Housing Assistance
- Housing Activities

The following summarizes the Strategy's Guiding Principles and Housing Activities.

GUIDING PRINCIPLES FOR HOUSING ASSISTANCE

1. Focus on supporting projects that address Duarte's **unmet RHNA needs** for very low, low and moderate income units for the balance of the planning period (2018-2021), or continue to face mandatory streamlining of multi-family projects under SB 35.

2. Prioritize funding assistance for affordable **rental housing near high-quality transit.**

3. **Pursue leverage** of City assistance in new construction and acquisition/rehabilitation projects, emphasizing deeper affordability.

4. Utilize **regulatory tools**, such as density bonuses, fee waivers and flexible development standards, to integrate affordable units within market rate developments.

5. Encourage housing which is **"affordable by design"**, such as accessory dwelling units.

6. Preserve **assisted rental housing at-risk of conversion** to market rents by working with property owners, tenants and non-profit purchasers.

7. Emphasize housing activities which **sustain and strengthen neighborhoods.** Stabilize the existing housing stock through:
   - Affordable housing via acquisition/rehabilitation
   - Code enforcement

8. Evaluate establishing a **rental inspection program** to complement neighborhood enhancement activities.

HOUSING ACTIVITIES

Duarte's Housing Strategy encompasses the following three topic areas:

- Affordable New Construction
- Preservation of Existing Affordable Housing
- Neighborhood Stabilization and Improvement

AFFORDABLE NEW CONSTRUCTION

The Housing Strategy's guiding principles for affordable housing construction focus on addressing Duarte's unmet regional housing needs (RHNA), and providing direct support for rental housing near transit. Regulatory incentives are identified which can also help facilitate the production of affordable units.

AFFORDABLE NEW CONSTRUCTION ACTIVITIES
1. AFFORDABLE HOUSING DEVELOPMENT ASSISTANCE
2. DENSITY BONUSES/AFFORDABLE HOUSING INCENTIVES
3. ACCESSORY DWELLING UNITS
4. INCLUSIONARY ZONING

PRESERVATION OF EXISTING AFFORDABLE HOUSING

Preserving Duarte's current portfolio of rent-restricted housing, and ensuring ongoing compliance monitoring for existing and future affordable units is of key importance for a successful housing strategy.

AFFORDABLE HOUSING PRESERVATION ACTIVITIES
5. PRESERVATION OF AFFORDABLE HOUSING WITH EXPIRING USE RESTRICTIONS
6. MONITORING PROCEDURES FOR RESTRICTED HOUSING UNITS

NEIGHBORHOOD STABILIZATION AND IMPROVEMENT

An important guiding principle of Duarte's Housing Strategy is to emphasize housing activities which sustain and strengthen neighborhoods. The following three programs will support the City's goal of stabilizing neighborhoods.

NEIGHBORHOOD STABILIZATION & IMPROVEMENT ACTIVITIES
7. MULTI-FAMILY HOUSING ACQUISITION AND REHABILITATION
8. APARTMENT INSPECTION PROGRAM
9. CODE ENFORCEMENT

I. INTRODUCTION

The purpose of this Housing Strategy is to develop a guide for the implementation of housing programs and projects which will maximize financial resources and effectively address Duarte's housing needs and priorities.

The objectives of the Housing Strategy are to:

- Review existing and projected housing needs
- Evaluate existing and potential financial, land and regulatory resources
- Recommend housing priorities
- Recommend implementation programs

The Housing Strategy for Duarte is comprised of the following components:

HOUSING NEEDS SUMMARY

RESOURCES

Financial
Land Resources
Zoning Incentives/Regulations

FIVE-YEAR HOUSING STRATEGY

Guiding Principles for Housing Assistance
Housing Activities

II. HOUSING NEEDS SUMMARY

The following summarizes the primary housing needs in Duarte as documented in the City's 2014-2021 Housing Element, updated with current market information and a survey of housing conditions.

1. Several **demographic trends** have been occurring in Duarte over the past two decades (1990-2010). Families with children have decreased from 39% to 29% of households. There has been a continuing shift towards an older population, with a loss of young adults (age 25-44) and school age children (age 5-17), resulting in an increase in the median age from 32.1 to 39.9 years. High housing costs are contributing to these trends, serving as a barrier to early professionals and young families wishing to locate in the City. The Market Assessment conducted for the Duarte Town Center Specific Plan (2015) documents an increasing demand for smaller units that offer a "downtown lifestyle" due to the high costs of other residential types and shift in tastes among younger buyers.

2. Decreases in families with children and smaller household sizes has resulted in decreased levels of **household overcrowding**. While the City's renter households are more likely to experience overcrowded living conditions than owner households, the level of renter overcrowding (defined as > 1.01 persons/room) has declined significantly over the past decade, from 21% in 2000 to 12% in 2010. Overall, household overcrowding remains a relatively minor issue in Duarte.

3. Apartment rents relative to incomes in Duarte are at a level that many lower income households face significant **housing overpayment.** The 2012-2016 American Community Survey documents 62% of Duarte's renters are spending over 30% of their income on housing (State and Federal standards for housing overpayment), with one-third spending over half of their income for shelter (severe overpayment). A February 2018 rent survey (Table 1) documents median apartment rents ranging from $1,420 for a one-bedroom, $1,675 for a two-bedroom, and $2,195 for a three-bedroom unit. Apartment rents have increased significantly in recent years, with nearly a 25% increase in the median rent for a two-bedroom unit compared to the 2013 rent survey conducted for Duarte's Housing Element.

Table 1: Survey of Vacant Rental Units in Duarte (Feb 2018)

Unit Type and Bedrooms	# Units Advertised	Rental Range	Median Rent
Apartments/Condominiums/Townhomes			
1	5	$1,350 - $1,624	$1,420
2	12	$1,300 - $1,935	$1,675
3	5	$2,095 - $2,495	$2,195
4	2	$2,500 - $2,750	$2,625
Single-Family Homes			
3	6	$2,100 - $2,800	$2,375
4	6	$2,300 - $4,800	$2,880
Rooms for Rent			
1	4	$600 - $950	$800

Source: Truilia; craigslist; apartments.com. February 2018.

Table 2 compares median apartment rents in Duarte with the maximum affordable rent for very low, low and moderate income households based the standard of spending no greater than 30% of income on housing. As presented, median rents exceed the level affordable to very low and low income households, though a limited number of apartments were advertised at rents affordable to small (2 -3 person) low income households. Households earning moderate incomes can generally afford market rents in Duarte, though rents in the larger, 3+ bedroom townhome units exceed affordability even for moderate income households. The projected rent schedule for the new 161 mixed use project on Huntington Drive are at levels targeted to above moderate income households.

Table 2: 2018 Maximum Affordable Rents

Income Level	Maximum Affordable Rent After Utility Allowance			
	1 Bedroom (2 person)	2 Bedroom (3 person)	3 Bedroom (4 person)	4 Bedroom (5 person)
Very Low Income (50% AMI)	$910	$1,020	$1,125	$1,202
Low Income (80% AMI)	$1,490	$1,672	$1,851	$1,986
Moderate Income (120% AMI)	$1,602	$1,800	$1,992	$2,139
Duarte Median Apartment Rents	**$1,419**	**$1,675**	**$2,195**	**$2,625**

Notes:
1. Income levels reflect the 2017 Official State Income Limits published by State HCD.
2. Maximum affordable rent reflects deduction of LACDC utility allowance effective 7-1-18 (assumes water and trash included in rent): $48 - studios, $60 - 1 bdrms, $71 - 2 bdrms, $86 - 3 bdrms, $106 - 4 bdrms.
3. Duarte median apartment rents based on February 2018 internet rent survey (Truilia, craigslist, apartments.com.)

4. The **Section 8 Rental Assistance Program** administered by the Housing Authority of the County of Los Angeles currently (May 2018) provides rental assistance vouchers to 69 very low income renters living in Duarte. An additional 58 City residents are on the Housing Authority's waiting list for assistance, indicating an unmet need for rental assistance.

5. There are currently six **publicly-assisted, rent restricted housing complexes** in Duarte, providing 456 units of affordable housing for lower income seniors and families (refer to Table 3). The California Housing Partnership Corporation (CHPC) maintains a comprehensive database of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing. Consultation with CHPC (March 2018) identified one of Duarte's rent restricted housing complexes at **high risk of conversion.** Duarte Park Apartments is a 100 unit very low income senior project built in 1992 using HUD Section 236 funds, with affordability entirely tied to the Section 8 Housing Assistance Plan (HAP) contract subject to renewal in 2022. The City plans to initiate contact with the property owner at least one year prior to the renewal date, and, as necessary, could consider providing City funds to extend affordability controls. In 2004, the former Duarte Redevelopment Agency provided funding to extend affordability covenants on Heritage Park Apartments to 2059.

Table 3: Inventory of Assisted Rental Housing

Project Name	Year Built	Tenant Type	Ownership	Funding Source	Applicable Units	Potential Conversion Date	Risk Level
Duarte Manor 1235 Highland Ave.	1972	Family	For-Profit	Section 236 Section 8	42 units 26 – 2 bd 16 – 3 bd	2035	Low
Duarte Park Apts (Gardens) 1901 Buena Vista St.	1992	Senior	For-Profit	Section 236 Section 8	100 units all 1 bd	2022	**High**
Royal Vista Terrace 1310 Royal Oaks Dr.	1981	Senior	Non-Profit	Section 202 Tax Credits Section 8	74 units all 1 bd	2068 2034	Low
Andres Duarte Terrace 1730 Huntington Dr.	2006	Senior	Non-Profit	Section 202 Duarte RDA Section 8	79 units all 1 bd	2054 2018	Low
Andres Duarte Terrace II 1700 Huntington Dr.	2015	Senior	Non-Profit	Section 202 Duarte RDA Tax Credits Section 8	42 units all 1 bd	2060 2018	Low
Heritage Park Apts. 915 Highland Ave.	1976	Senior	For-Profit	Duarte RDA Tax Credits	119 units all 1 bd	2059	Low
Total Assisted Units					**456 units**		

6. Table 4 presents data on all **sales of single-family homes and condominiums** in Duarte during the first quarter of 2018. A total of 40 single-family homes sold during this period for an overall median sales price of $553,500, evidencing a sizable 63% increase from the $340,000 median documented in the City's Housing Element (2012-2013). Just eleven condominiums were sold during this period, reflecting a median price of $385,000 and a more modest 33% price increase from the 2012/2013 survey.

Table 4: Home and Condominium Sales Prices (Jan-March 2018)

Unit Type and Bedrooms	# Units Sold	Price Range	Median Sales Price
Single-Family Detached Homes			
2	9	$353,000 - $527,000	$465,000
3	23	$325,000 - $710,000	$557,000
4+	8	$559,000 - $900,000	$693,500
Total	**40**		**$553,500**
Condominiums/Townhomes			
2	5	$310,000 - $399,900	$365,000
3	6	$365,000 - $440,000	$400,000
Total	**11**		**$385,000**

Source: Zillow.com.

Table 5 presents the maximum affordable purchase price for moderate income households (120% AMI), and compares this with 2018 market sales prices in Duarte. Affordable prices range from approximately $364,000 for a three person household, $406,000 for a four person household, and $437,000 for a five person household. While single-family sales prices fall well above these affordability levels, median condominium prices in Duarte are fairly comparable to the maximum affordable purchase price for moderate income households.

Table 5: 2018 Maximum Affordable Housing Cost (Moderate Income)

Moderate Income Affordable Housing Cost	2 Bedroom (3 persons)	3 Bedroom (4 persons)	4 Bedroom (5 persons)
Household Income @ 120% Median	$74,850	$83,150	$89,800
Income Towards Housing @ 35% Income	$26,198	$29,103	$31,430
Maximum Monthly Housing Cost	$2,183	$2,425	$2,619
Less Expenses:			
Utilities[1]	($140)	($170)	($210)
Taxes (1.10% of sales price)	($334)	($373)	($400)
Homeowner Insurance (0.10% of sales price)[2]	($31)	($34)	($36)
HOA Fees & Other Maintenance	($200)	($200)	($200)
Monthly Income Available for Mortgage	$1,478	$1,648	$1,773
Supportable Mortgage @ 4.5% interest	$291,700	$325,250	$350,000
Homebuyer Downpayment (20%)	$72,900	$81,300	$87,500
Maximum Affordable Purchase Price	**$364,600**	**$406,550**	**$437,500**
Duarte Median Single-Family Sales Price	**$465,000**	**$557,000**	**$693,500**
Duarte Median Condo Sales Price	**$365,000**	**$400,000**	**n.a.**

Source: Karen Warner Associates.
1. Utility costs based on 2018 HACoLA schedule and assumes gas appliances.
2. Estimated from quotes from Progressive Insurance
3. Median sales prices based on sales January - March 2018 as documented on Zillow.com

7. Over three-quarters of Duarte's housing stock is greater than 30 years in age, the age at which housing begins to require major **rehabilitation improvements.** The aging of such a large portion of Duarte's housing indicates a continued need for code enforcement and home improvement programs to stem potential deterioration. In February 2018, City staff conducted an exterior housing conditions survey of Duarte's older multi-family properties (generally 50+ years old), and rated each property based on the following classification system:

   - ✓ **Adequate conditions:** No defects, or slight defects correctable with normal maintenance.
   - ✓ **Deteriorating:** Intermediate defects requiring repair if unit is to provide safe and adequate shelters; more serious defects than those correctable by routine maintenance.
   - ✓ **Dilapidated:** Serious defects making the building a safety hazard or creating an unhealthy environment.

   Of the seventeen multi-family properties surveyed, five were identified as deteriorating, with one property identified as dilapidated, representing a total of 109 units in significant need of repair. These properties may be potentially good candidates for acquisition and rehabilitation assistance through the City. Table 6 on the following page presents the complete results of the housing conditions survey, with images of the surveyed properties included in Appendix A.

Table 6: Multi-family Housing Conditions Survey (Feb 2018)

Address	Project Name	# Units	Parcel Size	Condition	Year Built	Latest Rehab	Property Description
1014 Buena Vista St	Tiki Atoll	12	26,270	Adequate	1964	2016	Gated 2-story apartment community in 2 buildings, covered carports.
914 Buena Vista St	Vista Verde	11	20,438	Deteriorating	1964	1981	2-story apartment building with covered and uncovered parking.
2000-2006 Buena Vista St	-	4	37,047	Adequate	1963	2000	Four detached units, two single-story, two 2-story, with 2 covered carport structures.
2014 Buena Vista St	-	20	31,100	Adequate	1964	2016	Two 2-story apartment buildings with covered and uncovered parking.
1214 Elmhurst Ave	-	12	23,606	Deteriorating	1960	2017	2-story apartment building, 8 covered carports behind commercial building fronting Huntington Drive.
928 Huntington Dr	-	14	25,970	Deteriorating			Five single-story duplexes and one single-family unit. Commercial fronting on Huntington
1001 Las Lomas Rd	Roman Gardens	28	41,743	Dilapidated	1963	2018	2-story apartment building with covered carports in the rear.
2004-2012 Mountain Ave	-	6	15,786	Adequate	1949	2005	2-story apartment building, parking in front along Mountain Ave., 2 car garage alongside alley, 4 covered carports in the rear.
1005 Mount Olive Dr	Royal Oaks Apts.	30	43,630	Deteriorating	1962	2016	Two, 2-story apartment buildings, pool and courtyard, 10 uncovered parking spaces.
1015 Mount Olive Dr	Bradbury Townhouse	14	15,877	Deteriorating	1961	1979	2-story apartment building with 2 covered carport structures.
1118 Oak Ave	-	7	7,903	Adequate	1920	1982	Shared driveway, access & parking. Under single ownership. 1118 Oak contains one 2-story building, 4 uncovered parking spaces. 1122 Oak contains a 886 sf single-family home, uncovered parking spaces in front.
1122 Oak Ave	single-family home	1	11,730	Adequate	1940	1976	
1401-1415 Santo Domingo	-	8	44,230	Adequate	1959	1993	8 detached homes with 2 car garages connected by common driveway.
1404 Highland Ave	-	16	30,173	Adequate	1979	2012	2-story apartment building, covered carport and 11 uncovered parking spaces. Includes commercial storefront on Huntington Dr.
1406-1420 Highland Ave	-	10	29,628	Adequate, roof damage	1962	2002	2-story apartment building, parking (some with carports) in the rear.
1817 Second St	-	30	52,034	Adequate	1966	1990	2-story apartment building, center courtyard with pool, with covered and uncovered parking within the interior of the lot.
915 Mount Olive Dr	Martinique	22	31,026	Adequate	1962	2016	2-story apartment building, center courtyard with pool, 2 covered carports in the rear.
929 Mount Olive Dr	-	7	11,320	Adequate	1962	2016	2-story apartment building, five car garage along Mt. Olive Dr., two car garage in the rear.

8. Duarte's **future housing growth needs** are assigned by the Southern California Association of Governments (SCAG) as part of the Regional Housing Allocation (RHNA) process. The RHNA allocates the amount of growth each jurisdiction must plan for in their housing element by providing "adequate sites" through zoning. As presented in Table 7, Duarte was allocated a total RHNA of 337 units for the 2014-2021 Housing Element planning period. During the first four years of the Housing Element (2014-2017), the City issued a total of 47 building permits, including 43 units in the Andres Duarte II development (42 very low and 1 low income unit), three accessory dwelling units (which fall within the level of affordability for moderate income households), and one single-family unit.

   As depicted in the last column of the Table, the City has an unmet need for 290 units across all four income levels. Duarte has been pro-active in ensuring adequate sites remain available to address its RHNA needs, including through adoption of the Duarte Station Specific Plan, Town Center Specific Plan and the Third Street rezoning.

Table 7: Regional Housing Needs Allocation Progress

Income Level	RHNA Allocation	Building Permits 2014 - 2017	Remaining RHNA by Income Level
Very Low	87	42	45
Low	53	1	52
Moderate	55	3	52
Above Moderate	142	1	141
Total	**337**	**47**	**290**

Source: City of Duarte 2017 General Plan Annual Housing Report.

SB 35 (Chapter 366, Statutes of 2017) established a requirement for jurisdictions to make progress towards their RHNA goals throughout the Housing Element planning period, or face mandatory streamlining of multi-family development applications that meet specified standards. The Housing and Community Development Department (HCD) is tasked with determining whether jurisdictions are subject to SB 35 streamlining based on the number of building permits issued, by income category, as documented in the jurisdiction's Housing Element Annual Progress Report (APR). A determination is made by HCD for each half of the 8 year RHNA cycle, which for SCAG is divided into the 2014-2017 and 2018-2021 periods.

Based on APR data received as of June 1, 2018, HCD has made a determination that just 14 jurisdictions statewide have meet their prorated RHNA goals. A total of 338 jurisdictions (including Duarte) were determined to have made insufficient progress toward their above moderate income RHNA goals, and are thus subject to SB 35 streamlining for projects with at least 10% lower income units. Approximately one-third of jurisdictions (187) were determined to have insufficient progress toward their lower income RHNA goals, and are subject to streamlining for projects with at least 50% lower income units. With approval of the 161 unit Town Center mixed use project which addresses above moderate income needs, **Duarte will need to focus on its RHNA needs for very low, low and moderate income units for the balance of the planning period.**

9. The cities of Duarte and Irwindale have received a joint planning grant to develop a long term strategy to address homeless issues associated with encampments along the San Gabriel River and in their respective cities. As part of this strategy, the communities have conducted three workshops to discuss the state of homelessness locally and in Los Angeles County, and to gain community input. This process lead to the development of the **Plan to Prevent and Combat Homelessness**, approved by the Duarte City Council on June 26, 2018. The Plan has been submitted to the County, and both Duarte and Irwindale will be participating in a post-planning regional summit with other San Gabriel Valley cities in August. Following the summit, the County CEO will submit a recommendation to the Board of Supervisors regarding funding to support homelessness plan implementation. **Programs to address homelessness are thus being addressed separately from this Housing Strategy.**

III. RESOURCES

The ability of Duarte to effectively address its housing needs will be in large part a function of the City's - and its developer and non-profit partners - access to resources. These include financial resources available to support affordable housing, and land resources for housing and mixed use development. Another important resource is the City's zoning incentives, such as density bonuses and modified development standards which foster the production of affordable housing in the private market.

FINANCIAL RESOURCES

A variety of local, state and federal funds are available to support affordable housing activities in Duarte, described below. An important consideration in the use of these funds, however, is the requirement to pay prevailing wage, estimated to increase the costs of construction anywhere from around 10% to 35%.[1]

Successor Agency/Housing Authority Resources

The primary local source of funds for affordable housing in Duarte has traditionally been its Redevelopment Agency's Low- and Moderate-Income Housing Fund. However, due to passage of Assembly Bill (AB) 1X 26, redevelopment agencies across California have been eliminated as of February 1, 2012, removing the primary local tool for creating affordable housing. However, with the passage of AB 1484 in June 2012, the Supplemental Educational Revenue Augmentation Funds (SERAF) borrowed by the State from Redevelopment Agencies Low and Moderate Income Housing Funds are to be repaid, and will be deposited into each Successor Agency's Housing Asset Fund (pursuant to Health and Safety Code Section 34191.4(b)(2)(B) and (C)). The Duarte Successor Agency is projected to receive a cumulative total of **$3,538,714 in SERAF repayments** through July 2021.

The Duarte Housing Authority was formed in March 2011 and maintains ownership of several former Redevelopment Agency properties intended for future development with housing. In 2017, the Housing Authority entered into an agreement to sell three of these parcels on Huntington Drive for development with a major mixed used project, including 161 market rate apartment units. A total of **$2,355,600 in net revenue from the property sale** will be deposited in the Housing Authority Fund and be used to support affordable housing in the City.

Housing Trust Fund

In 2005, Duarte adopted an Inclusionary Housing Ordinance which requires 15% of all new or substantially rehabilitated units in ownership projects with four or more units, and multi-family rental projects with 10 or more units to be affordable to low and moderate income households. The City allowed developers the option of paying a fee in lieu of providing the inclusionary units, which is in turn deposited into an Inclusionary Housing Trust Fund.

[1] http://www.latimes.com/politics/la-pol-sac-construction-workers-housing-20170512-htmlstory.html

Since the program's inception, the City experienced two major impediments to the success of the inclusionary program. First, the 2008-2009 recession significantly impacted housing starts region-wide. And second, the dissolution of redevelopment agencies and elimination of the 20% affordable housing set-aside deprived the Inclusionary Housing Trust Fund from a steady source of funds to leverage collected in-lieu fee revenues. The result has been no produced inclusionary housing units and only limited in-lieu fee deposits since the program's inception. As of May 2018, the **Housing Trust Fund balance was $508,045.**

The City had concerns that under prevailing housing market conditions, the Inclusionary Housing Program may actually be impeding housing development in Duarte. A survey of adjacent communities (Arcadia, Glendora, Monrovia and Temple City) revealed that none had adopted inclusionary requirements, but instead utilize density bonuses to spur the production of affordable housing. In response to these factors, in June 2016, the City Council adopted a temporary suspension of Duarte's Inclusionary Housing Program for five years. During this time, the City will monitor housing developments and trends in Duarte and surrounding areas and assess whether the program is helping or hindering the production of affordable housing.

Community Development Block Grant (CDBG)

Duarte is a participating City in the Los Angeles Urban County Community Development Block Grant (CDBG) Program. The City receives approximately **$150,000 in annual CDBG funds** from the County which can be used for housing and community development activities which primarily benefit low and moderate income households. The City is currently utilizing CDBG funds to upgrade curb ramps to meet accessibility standards, and to fun street improvement projects in low and moderate income neighborhoods.

The City had in the past implemented a housing rehabilitation grant program utilizing CDBG funds. However, due to significant decreases in the amount of CDBG funds received, combined with the administrative burden associated with implementing the federally funded program, in 2012 the City ended the program. Discussions with Duarte's CDBG consultant also indicated interest in the program among homeowners had waned.

Table 8 on the following pages identifies a variety of funding programs currently available on a competitive basis to leverage local funding for affordable housing activities including new construction, acquisition/rehabilitation, preservation of at-risk housing and homebuyer assistance, among others. Three funding new programs initiated under the Governor's 2017 housing package are also presented, with Notices of Funding Availability (NOFAs) projected to be issued within the next three to nine months.

Table 8: Competitive Financial Resources Available for Housing Activities

Program Name	Description	Eligible Activities
Metro Affordable Transit Connected Housing (MATCH) Program *www.matchfundla.com*	Loans for 2 types of development projects within 1/2 mile of high frequency transit node: 1. Predevelopment loans for affordable housing (new construction or substantial rehabilitation) providing 100% of units at or below 60% AMI (min. 49 unit project size) 2. Loans for 20+ unit apartments with market rents affordable to low (80% AMI) households with capacity to be redeveloped with at least double the existing units.	▪ New construction ▪ Substantial rehabilitation ▪ Land Purchase ▪ Acquisition of Existing Housing
Low-income Housing Tax Credit (LIHTC) *www.treasurer.ca.gov/ctcac*	State and Federal tax credits to enable sponsors/ developers of low income rental housing to raise project equity through the sale of tax benefits to investors. 4% and 9% credits available, with 4% credits often coupled with tax-exempt bonds. The 2018 changes to Federal tax law may potentially reduce the value of these credits to investors.	▪ New construction ▪ Acquisition/Rehabilitation
Affordable Housing and Sustainable Communities Program (funded through Cap-and-Trade auction proceeds) *www.hcd.ca.gov/grants-funding/ active-funding/ahsc.shtml*	Provides grants and/or loans to projects that achieve Green House Gas reductions and benefit Disadvantaged Communities, Low Income Communities, and/or Low Income Households through increasing accessibility of: ✓ Affordable housing ✓ Employment centers ✓ Key destinations	▪ New construction ▪ Acquisition/Rehabilitation ▪ Preservation of affordable housing at-risk ▪ Conversion of non-residential to rental
Golden State Acquisition Fund (GSAF) *www.goldenstate-fund.com*	GSAF was seeded with $23 million from HCD's Affordable Housing Innovation Fund, and combined with matching funds, makes up to five-year loans to developers for acquisition or preservation of affordable housing. Loans are up to $13.9 million and are made available over the counter.	▪ Preservation ▪ Site acquisition
Predevelopment Loan Program *www.hcd.ca.gov/grants-funding/ active-funding/pdlp.shtml*	Provides predevelopment short term loans to local government agencies and non-profit developers to finance the start of lower income housing projects.	▪ Predevelopment costs to construct, rehabilitate, convert or preserve assisted housing.
Supportive Housing Multi-Family Housing Program (SHMHP) *www.hcd.ca.gov/grants-funding/ active-funding/shmhp.shtml*	Deferred payment loans to local governments, non-profit and for-profit developers for new construction, rehabilitation and preservation of permanent affordable rental housing that contains a min. 35% supportive housing units.	▪ New construction ▪ Rehabilitation ▪ Acquisition/Rehabilitation ▪ Conversion of non-residential to rental ▪ Social services within project

Table 8: Competitive Financial Resources Available for Housing Activities

Program Name	Description	Eligible Activities
National Housing Trust Fund Program *www.hcd.ca.gov/grants-funding/active-funding/nhtf.shtml*	Deferred payment and forgivable loans for non-profit and for-profit developers and local public entities to support development of housing for extremely low income (30% AMI) households.	▪ New Construction
CalHome *www.hcd.ca.gov/fa/calhome*	Grants to cities and non-profit developers to offer homebuyer assistance to lower income households. Loans to developers for homeownership projects.	Homebuyer assistance: ▪ Downpayment assistance ▪ Rehabilitation ▪ Acquisition/Rehabilitation Developer assistance: ▪ Site acquisition, development, predevelopment and construction period expenses
CalHFA Residential Development Loan Program *www.calhfa.ca.gov/multifamily/special/rdlp.pdf*	Low interest, short term loans to local governments for affordable infill, owner-occupied housing developments. Links with CalHFA's Downpayment Assistance Program to provide subordinate loans to first-time buyers. Two funding rounds per year.	▪ Site acquisition ▪ Pre-development costs
Infill Infrastructure Grant Program *www.hcd.ca.gov/fa/iig/* *www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml*	Funding of public infrastructure (water, sewer, traffic, parks, site clean-up, etc) that supports higher-density affordable and mixed-income housing in locations designated as infill.	▪ Development of parks and open space ▪ Water, sewer or other utility service improvements ▪ Streets, roads, parking structures, transit linkages, transit shelters ▪ Traffic mitigation features ▪ Sidewalks and streetscape improvements
Housing Related Parks Program *www.hcd.ca.gov/hpd/hrpp/*	Financial incentives to jurisdictions who construct new units affordable to very low and low income households.	▪ Grants for creation of new parks, or rehabilitation or improvements to existing parks.
New State Programs under Governor's 2017 Housing Package		
SB 2 (Atkins) - Building Jobs & Homes Act *http://www.hcd.ca.gov/policy-research/housing-package/cahp-faq.shtml#sb2* *NOFA for 1st year funds due Fall 2018, NOFA for 2nd year funds due Spring 2019*	An estimated $200-$300 million to be generated annually for affordable housing through a real estate transfer tax. First year proceeds to be split evenly between planning grants to local governments to streamline housing production, and HCD's programs that address homelessness. Thereafter, 70% of proceeds allocated to local governments to support affordable housing, homeownership opportunities, and other housing-related programs.	▪ Low income multi-family development, permanent supportive housing, acquisition/rehab of foreclosed or vacant homes, accessibility improvements ▪ Home rental and ownership for middle income families, homeownership opportunities, downpayment assistance

Table 8: Competitive Financial Resources Available for Housing Activities

Program Name	Description	Eligible Activities
AB 73 (Chiu) - Housing Sustainability Districts (HSD) http://www.hcd.ca.gov/policy-research/lhp.shtml#milestones *Guidelines to be released Spring 2019, with the first NOFA to follow*	Provides state financial incentives to cities that create a housing sustainability district (HSD) to complete upfront zoning and environmental review to allow housing development through a ministerial permit. City with HCD-approved sustainability district entitled to receive Zoning Incentive Payment based on the number of new units constructed in the district.	Project Requirements: ▪ Min.20% low/moderate units must be constructed within the district. Individual projects must include min. 10% lower income units. ▪ Payment of prevailing wage or use of a "skilled and trained workforce" for projects with >10 units. ▪ Provision of relocation assistance to any persons displaced as result of development.
SB 540 (Roth) - Workforce Housing Opportunity Zones (WHOZ) http://www.hcd.ca.gov/policy-research/lhp.shtml#milestones *Guidelines to be released Spring 2019, with the first NOFA to follow*	Provides planning funds to cities to create a Workforce Housing Opportunity Zone (WHOZ) in areas close to jobs and transit to streamline housing approvals. The WHOZ is established through preparation of an EIR and adoption of a specific plan creating the zone.	WHOZ Requirements: ▪ Specifies distribution/location of 100-1,500 housing units ▪ Identifies distribution of major components of public and private infrastructure and essential facilities, and identifies source of funds ▪ Identifies uniformly adopted mitigation measures for traffic, water quality, public utility, and natural resource protection ▪ Identifies uniformly applied development policies or standards to apply to all development constructed in WHOZ

Source: Karen Warner Associates, 2018.

LAND RESOURCES

The City of Duarte has essentially been built out for many years, as evidenced by the slow rate of growth over the past several decades. Adoption of the Duarte Station Specific Plan (2013) and Town Center Specific Plan (2016) opened up significant additional land resources for development.

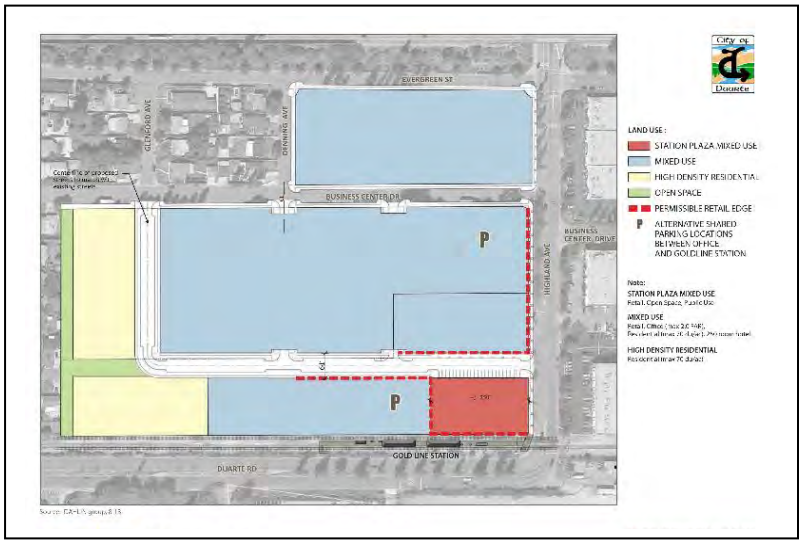
Duarte Station Specific Plan

The Duarte Station TOD Specific Plan consists of three parcels totaling 19 acres, each parcel developed with a single industrial warehouse building, as summarized in Table 9. Adoption of the Specific Plan created zoning entitlements and CEQA approvals for up to 475 residential units, a 250 room hotel, 400,000 square feet of office, and 12,000 square feet of supporting retail. Based on increasing housing needs in the region since the Specific Plan was adopted, the City would consider a specific plan amendment to change the mix of residential and office use, increasing the residential cap and reducing the amount of office allowed.

Table 9: Duarte Station Specific Plan Residential Capacities

Parcel Identifier	Parcel Gross Acreage	Existing Facilities	General Plan/ Zoning Designation	Specific Plan Land Use Designations & Unit Capacities
8528-011-021 (Parcel 1)	6.6 acres	128,466 sf industrial warehouse	Specific Plan-Gold Line	Mixed Use 12.06 acres 40-70 du/acre 297 units High Density Residential 2.55 acres 40-70 du/acre 178 units
8528-011-020 (Parcel 2)	9.16 acres	114,599 sf industrial warehouse		
8528-011-022 (Parcel 3)	3.32 acres	78,890 sf Industrial warehouse		
Specific Plan Totals	**19.08 acres**	**313,955 sf**		**475 units**

Note: A minimum of 178 high density residential units must be located within the High Density Residential land use designation located along the western Specific Plan boundary. The remainder of the units may be located within the Mixed Use land use designation.



With the opening of the Gold Line Station in 2016, the City has received significant interest in development under the Specific Plan. Parcel #2 is currently on the market for sale, and the City has met with the LA Metropolitan Transportation Authority to determine their interest in participation in development of the 1.4 acres of surface parking under Metro ownership. The City is committed to working with a developer to create a path to development of the site.

While it is anticipated that the proposed Duarte Station Specific Plan project would occur over multiple years based upon market conditions, the City will also entertain overall development of the property at one time. The City's goal for the development of the property would be to either have an affordable component built into the project, or to negotiate an in-lieu fee that would be tied to a specific project at another location in the City to provide affordable units. One benefit of providing a stand-alone, 100% affordable project within the Station Specific Plan is greater access to development funds, including Metro's MATCH program funds, SB 32 Cap & Trade funding, and Low Income Housing Tax Credits, among others.

Town Center Specific Plan

The Duarte Town Center Specific Plan provides a long-term strategy for revitalizing central Duarte and creating a more downtown-like environment by providing incentives for substantial growth of commercial, mixed-use, residential and lodging. The 75-acre Plan Area encompasses parcels on the north and south sides of Huntington Drive between Highland Avenue and Buena Vista Street, extending south to the I-210 freeway along these two streets. The Plan provides for a net increase in over 1,000 medium and high density multi-family and mixed use housing units in locations near transit and services.

In September 2017, the City approved the first major project under the Plan, a mixed use project including 161 apartments and commercial space. In addition to providing various zoning incentives, the City facilitated the project by selling the developer three city-owned lots on Huntington Drive. The project represents the first market-rate apartment development in Duarte in over 20 years, providing much needed housing for the community and hopefully serving as a catalyst to additional development in the Town Center.

Third Street Rezoning

The Third Street rezoning project involved a partnership between the City of Duarte and a private developer in the redevelopment of six City-owned parcels with an 18 unit, owner-occupied townhome project. The 1.65 acre project site included the existing Third Street Park, a building housing the Chamber of Commerce, the City's north yard and office building, and associated parking lots. The City's interest in selling these properties was based on necessary upgrades to the buildings to make them marketable to future uses, along with the prospect of less than compatible uses (e.g. office, commercial or school) were the buildings to be rehabilitated. The project involved the demolition of all existing

buildings and parking areas, removal of the existing Third Street park, and the relocation and complete reconstruction of a new Third Street park at the southwest corner of Oak Avenue and Third Street.

The project required multiple entitlements, including: a General Plan Amendment and Zone Change; subdivision of the 1.65 acre parcel into 18 residential parcels and one common lot to provide shared common open space for the townhome project; a Planned Development Permit to allow customized development standards in exchange for developer-provided enhancements to project architecture, site design and upgraded common areas; and Site Plan and Design Review for the two-story, multi-family development.

The Third Street rezoning provides an excellent example of the City's success in utilizing public-private partnerships to provide quality housing and achieve redevelopment goals.

Publicly-Owned Land

The City and its former Redevelopment Agency have a history of providing land resources in support of housing, and affordable housing in particular. The City provided a land write-down to Southern California Presbyterian Homes to assist in development of Andres Duarte Terrace II, providing 42 units for very low income seniors. Most recently, the City supported the creation of Duarte's first major mixed use project, including 161 apartment units, by selling the developer three city-owned lots on Huntington Drive. Revenue from the property sale is being deposited into Duarte's Housing Authority Fund to be used to support affordable housing in the City.

Table 10 on the following page identifies three publicly-owned parcels in Duarte available for development with affordable and market rate housing.

Table 10: Publicly-Owned Land Resources

Address	Parcel Size	Current General Plan/Zoning	Comments
946,952,962 Huntington Drive	1 acre	C-F Commercial (proposed rezone to R-4)	City owned parcels proposed for assembly with adjacent privately owned parcel for development with 25 townhomes.
2400 Huntington Drive	20,345	Multifamily Medium/ R-3	Housing Authority owned property envisioned to be assembled with developed properties to the east to create larger parcel.
Business Center Drive & Highland Avenue	1.4 acres	Duarte Station Specific Plan	Metro owned land at Gold Line station currently used as surface parking lot.

The former Duarte Redevelopment Agency acquired three vacant parcels on Huntington Drive (946, 952, 962) approximately ten years ago, with the intention of assembling for commercial development. The properties remained vacant, and were subsequently transferred to the Successor Agency for sale to a private developer. In April 2018, the City entered into a purchase agreement with a developer who has acquired the adjacent property at 956 Huntington Drive, providing for a consolidated 1.24 acre site. The developer is proposing to rezone the property to R-4, and construct 25 attached owner-occupied townhomes. The proposed project will consist of three and four bedroom units, providing housing for families.

The Housing Authority currently owns a 20,345 square foot parcel on Huntington Drive that was acquired with the intent of encouraging assembly with properties to the east for a comprehensive development between the Elks Club and Las Brisas homes. If all properties in this area are combined, the developable area would be approximately 1.29 acres in size and would accommodate about 25 units under the current zoning.

LA Metro owns a 1.4 acre parcel at the Gold Line Station currently used for surface parking. This parcel is a candidate for development under Metro's Joint Development program through which Metro collaborates with municipal partners, community members and qualified developers to build transit-oriented developments on Metro-owned properties. In July 2015, Metro updated its Joint Development Program Policies and Process, including the following new policies to encourage development of affordable housing on its properties:

- **35% Portfolio-Wide Goal.** Metro established a goal that 35% of total housing units in the Joint Development portfolio be affordable to households earning 60% of AMI or below
- **Proportional Land Discounting.** Metro may discount Joint Development ground leases below the fair market value to accommodate affordable (60% AMI) units. The discount is based on the development's percentage of affordable units, with a maximum discount of 30%.

OTHER CITY ZONING INCENTIVES AND REGULATIONS

Duarte implements several provisions within its Zoning Code that facilitate the development of affordable housing without direct subsidy.

Density Bonus/Affordable Housing Incentives

Consistent with Government Code Sections 65915 through 65918, the City's Development Code (Chapter 19.64) outlines provisions for density bonuses and incentives for projects which provide for one of the following:

- ✓ 10 percent of the total units for lower income households; or
- ✓ 5 percent of the total units for very low income households; or
- ✓ A senior citizen housing development or mobilehome park that limits residency based on age requirements for housing for older persons; or
- ✓ 10 percent of the total dwelling units in a condominium for moderate income households.

The amount of density bonus varies according to the amount by which the percentage of affordable housing units exceeds the established minimum percentage, but generally ranges from 20-35 percent above the specified General Plan density. In addition to the density bonus, eligible projects may receive 1-3 additional development incentives, depending on the proportion of affordable units and level of income targeting. Duarte also provides an additional discretionary density bonus up to two times the density provided for in the General Plan for projects dedicated to very low and low income seniors.

Numerous amendments have been made to State density bonus law over the last several years, and as a means of avoiding the continual amendment of the Development Code, Duarte has written its regulations in a way to allow the most recent State law to prevail.[2] The recent changes to density bonus law deal primarily with reduced parking ratios and exemptions (for sites near transit), requirements for replacement housing, adoption of streamlined processing procedures, bonuses for special needs populations, and other changes designed to facilitate the use of density bonus incentives. The City has prepared a Supplemental Density Bonus Application form consistent with current State requirements (included in Appendix B), and has been working with an applicant in defining and evaluating replacement housing requirements necessary to qualify for the requested density bonus.

Given the breadth of changes to density bonus law, along with increased local interest and the City's desire to utilize as a tool to provide affordable housing, it may be appropriate for the City to update its ordinance to fully incorporate current state law.

[2] Chapter 19.64 (Density Bonus for Affordable Housing) specifies that "where regulations are not specifically addressed in this Chapter or where there are conflicts between these provisions and the provisions of Government Code Sections 65915 through 65918, the provisions of the Government Code, as they may be amended over time, shall apply."

Accessory Dwelling Units

Accessory dwelling units (also known as second units or "granny" flats) are complete independent housing units that can be either detached or attached from an existing single-family residence. Based on their relatively small size, and because they do not require paying for land or major new infrastructure, accessory dwelling units ("ADUs") are considered affordable by design. The State legislature has passed a series of bills aimed at encouraging single-family homeowners to add ADUs to their property by requiring local jurisdictions to adopt regulations to facilitate their production and streamline their approval. ADUs can provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible.

In January 2017, the City of Duarte updated its accessory dwelling unit regulations (Section 19.60.160 of the Development Code) to provide consistency with the most recent changes made to state law under AB 2299 and SB 1069. Highlight's of Duarte's current ADU regulations include:

- Ministerial processing of ADUs in all residential zone districts
- Parcel must be developed with an existing, single-family dwelling
- Parcel must be a minimum 6,000 square feet, unless ADU is located entirely within an existing structure (such as a garage conversion)
- ADU may be attached to the primary residence, located within the living area of the primary residence, or detached
- Attached and detached ADUs cannot exceed 50% of the total floor area of the primary residence, up to a maximum of 400 square feet. A maximum of one bedroom is permitted.
- One off-street parking space is required, and may be uncovered and provided in tandem with other parking on the parcel. Pursuant to state law, no parking shall be required in the following instances:
  - ✓ ADU is within 1/2 mile of a transit stop (including bus stops)
  - ✓ ADU is part of the existing primary residence or an existing accessory structure, such as a garage
  - ✓ ADU is within an architecturally and historically significant historic district

In the first 18 months since adoption of its new ADU regulations in January 2017, Duarte has received six applications, compared to a total of eight applications in the ten years prior. Many cities across the state are receiving record numbers of applications for ADUs under the new State requirements, including communities with relatively small parcels similar to Duarte. For example, the City of Burbank has received over 150 applications since 2017, with the majority of ADUs on smaller parcels being accommodated through conversion of detached garages to living space.

Inclusionary Zoning

Duarte's Inclusionary Housing Ordinance previously imposed a 15% affordability requirement on new development, with an option to pay an in-lieu fee. As discussed earlier in this report, in June 2016, City

Council adopted a five year suspension of Duarte's Inclusionary Housing Program amid concerns that the program may be impeding development. During the suspension period, the City will monitor housing developments and trends in Duarte and surrounding areas and assess whether the program is helping or hindering the production of affordable housing in the City.

Transitional and Supportive Housing and Emergency Shelters

In 2010, the City adopted a comprehensive update to the Development Code, including provisions for transitional and supportive housing and emergency shelters consistent with SB 2. More specifically, the Duarte Development Code accommodates transitional housing within several zoning districts subject to the same standards as other residential uses based on the project's physical structure: 1) "residential care facilities," defined as shared living quarters which provide 24 hour care for occupants, are conditionally permitted in the R-3, R-4, C-G and C-P zones.; 2) "multi-family residential" is permitted by right in the R-3 and R-4 zone districts. Similarly, permanent supportive housing structured as single-family or multi-family residential are permitted as residential uses subject to the same standards as residential uses of similar physical structure. Emergency shelters have been identified as a permitted use in M, P-F and H zones subject to the same development and management standards as other permitted uses.

IV. FIVE-YEAR HOUSING STRATEGY

The Housing Strategy for Duarte has been developed to respond to the various issues and opportunities presented in the prior chapters of this report, including the City's existing and projected (RHNA) housing needs; financial and land resources; and City zoning and other incentives for housing.
The resulting five-year Housing Strategy is comprised of the following components:

1) **GUIDING PRINCIPLES FOR HOUSING ASSISTANCE**

2) **HOUSING ACTIVITIES**

The Housing Strategy will serve to provide guidance to staff and the City's decision-makers in the allocation of resources and the implementation of housing programs and projects over the 2018 to 2023 period.

The Huntington Mixed Use

Huntington and Mountain Townhomes

GUIDING PRINCIPLES FOR HOUSING ASSISTANCE

1. Focus on supporting projects that address Duarte's **unmet RHNA needs** for very low, low and moderate income units for the balance of the planning period (2018-2021), or continue to face mandatory streamlining of multi-family projects under SB 35.

2. Prioritize funding assistance for affordable **rental housing near high-quality transit.**

3. **Pursue leverage** of City assistance in new construction and acquisition/rehabilitation projects, emphasizing deeper affordability.

4. Utilize **regulatory tools**, such as density bonuses, fee waivers and flexible development standards, to integrate affordable units within market rate developments.

5. Encourage housing which is **"affordable by design"**, such as accessory dwelling units.

6. Preserve **assisted rental housing at-risk of conversion** to market rents by working with property owners, tenants and non-profit purchasers.

7. Emphasize housing activities which **sustain and strengthen neighborhoods.** Stabilize the existing housing stock through:
    - Affordable housing via acquisition/rehabilitation
    - Code enforcement

8. Evaluate establishing a **rental inspection program** to complement neighborhood enhancement activities.

HOUSING ACTIVITIES

To implement the "Guiding Principles for Housing Assistance", the Housing Strategy sets forth a variety of programs organized around the following topic areas:

- **Affordable New Construction**
- **Preservation of Existing Affordable Housing**
- **Neighborhood Stabilization and Improvement**

The implementing programs and activities proposed within each of these areas are presented in the following section.

AFFORDABLE NEW CONSTRUCTION

1. Affordable Housing Development Assistance

Funding: The City and its Housing Authority will continue to play a key role in facilitating the development of quality affordable housing in the community through both land assembly and write-downs, and through direct financial assistance. While funding available through Duarte's Successor Agency, Housing Authority and Housing Trust Fund is somewhat limited, there are a number of housing assistance programs available (see Table 8) which may serve to directly reduce the amount of City assistance needed, as well as provide for deeper levels of affordability. One option would be to work with a development team that includes a non-profit developer, thereby providing greater access to affordable housing funds, including low income housing tax credits, SB 32 Cap & Trade funding, and METRO's MATCH program funds. The City could also evaluate establishing an EIFD (Enhanced Infrastructure Financing District) to generate tax increment in support of a variety of projects including transit oriented development and supporting infrastructure, among others.

Land: Two publicly-owned parcels in the City have been identified as available for development with affordable housing (see Table 10). The 1.4 acre parcel owned by Metro at the Gold Line Station is a candidate for transit-oriented development under Metro's Joint Development program, and could potentially develop[along with a larger scale development as part of the Duarte Station Specific Plan. And the 1/2 acre R-3 parcel owned by the Housing Authority on Huntington Drive could potentially be assembled with properties to the east to create a comprehensive development project. Additional site opportunities may exist through reuse or redevelopment of City-owned properties, as demonstrated in the Third Street rezoning project and proposed townhome project at Huntington & Mountain.

When providing land write downs or direct financial assistance in support of affordable housing, the City should target funds to very low and low income renters to best address its unmet RHNA needs, and in locations near high quality transit to reduce greenhouse gas emissions and increase access to funding. Directing available housing funds for affordable workforce housing at the Gold Line Station, combined with market rate housing to provide a mix of income levels, should be a priority for the City.

2. Density Bonuses/Affordable Housing Incentives

In addition to direct assistance, density bonuses and other regulatory incentives are important tools available to the City to help achieve its affordable housing goals. Andres Duarte Terrace II, Duarte's most recent affordable housing project, received a 100% density bonus, reduced parking and setbacks, and a land write-down to achieve 42 extremely low and very low income units.

As discussed earlier in this Report, the State recently adopted a series of changes to State density bonus law dealing primarily with reduced parking ratios and exemptions (for sites near transit), requirements for replacement housing, adoption of streamlined processing procedures, bonuses for special needs populations, and other changes designed to facilitate the use of density bonuses. Given the extent of these changes and in order to most effectively make use of density bonuses incentives, it is recommended that the City update its ordinance to fully incorporate the most recent updates. The City recently prepared a Supplemental Density Bonus Application to reflect current State requirements and is utilizing with applicants to help navigate the density bonus process (see Appendix B).

In addition to density bonuses, other regulatory incentives the City may offer include permit fee waivers and flexible development standards in exchange for provision of affordable units.

3. Accessory Dwelling Units

Accessory dwelling units (ADUs) represent a "low impact" way to expand the supply of affordable units in the community. ADUs produce what is referred to as "hidden density" because they are subordinate to the primary residence and usually out of view. They provide housing for family members, students, elderly, in-home health care providers, the disabled and others, at below market rental rates within existing neighborhoods. Homeowners who create residential accessory dwelling units benefit from added income and an increased sense of security.

With such a large portion of the housing stock consisting of single-family homes, Duarte has significant additional capacity to accommodate ADUs on lots with underutilized square footage or through conversion of existing space. A rent survey of similar sized units in Duarte indicates that market rents for ADUs would likely fall within the level of affordability for moderate and possible even low income households.

The City of Duarte amended its ADU regulations in January 2017 to comply with requirements under AB 2299 and SB 1069. The revisions addressed State Law and established a maximum unit size of 400 square feet, and 700 square feet on properties 15,000 square feet or larger. The intent of the size limitations was to encourage smaller units to promote greater affordability. The City will monitor this program for its use and affordability to determine the effectiveness of the new regulations.

4. Inclusionary Zoning

Inclusionary housing policies offer a tool to provide mixed income housing within a single residential development, or generate in-lieu fees in support of affordable housing at an off-site location. However, in a soft residential market, a city's inclusionary requirements may impact the financial feasibility of development.

When the City suspended its 15% inclusionary requirement for five years in June 2016, Duarte hadn't seen any market rate multi-family development in over 20 years. Since that time, the City has approved a 161 unit mixed use project, an 18 unit townhome project, received applications for a 25 unit townhome project and 22 unit apartment project, and experienced significant development interest within the Duarte Station Specific Plan. As the City's residential market has certainly improved since 2016, the City may want to consider evaluating re-establishment of its inclusionary program prior to the five year suspension ending in 2021. Any inclusionary units produced during the 2018-2021 planning period would contribute towards the City's RHNA goals and progress towards SB 35 streamlining requirements.

PRESERVATION OF EXISTING AFFORDABLE HOUSING

5. Preservation of Affordable Housing with Expiring Use Restrictions

As presented in the Housing Needs chapter of this report, of the six publicly-assisted, rent restricted housing complexes in Duarte, one has been identified at high risk of losing its affordable status and converting to market-rate housing. Duarte Park Apartments is a 100 unit very low income senior project built in 1992 using HUD Section 236 funds, with affordability entirely tied to the Section 8 Housing Assistance Plan (HAP) contract subject to renewal in 2022.

AB 1521 (Bloom), passed as part of the Governor's 2017 Housing Package, increases the noticing and reporting requirements on owners of at-risk properties. Specifically:

- *Notice requirements. Increases the required notice of "expiring use restrictions" from 1 to 3 years prior to the expiration date of restrictions. Notice must be given to prospective tenants, current tenants, and "affected local entities" if the rental restrictions are set to expire after January 1, 2021. "Affected local entities" are the local city, any local housing authority, and HCD.*
- *HCD Monitoring and Annual Report Requirements. Owners of assisted affordable developments where 25% or more of units are subject to affordability restrictions will need to report annually on forms to be provided by HCD.*

The owner's first annual report on Duarte Park Apartments will be due to HCD in April 2019 at which time the City may request a copy of the report as a means of monitoring the owner's intentions. In addition, at least one year prior to the 2022 Section 8 renewal date, the City should contact the property owner directly, and as necessary, consider providing City funds to extend affordability controls. Table 8 in this report identifies two sources of funds (Golden State Acquisition Fund, Affordable Housing & Sustainable Communities Program funds) available to help finance preservation of at-risk housing. As an

additional resource, the California Housing Partnership Corporation (*https://chpc.net/)* offers training to local governments on best practices to preserve at-risk housing.

6. Monitoring Procedures for Restricted Housing Units

Duarte's portfolio of rent-restricted housing currently consists of six projects totaling 456 low income units, including four projects assisted through HUD (Section 236 and Section 202 loans), and two projects through State and Federal Low Income Tax Credits. Each of these projects is subject to a compliance monitoring program to: a) ensure continued affordability and rent restrictions; b) verify tenant income eligibility; and c) verify compliance with HUD Uniform Physical Condition Standards (UPCS).

As Duarte's affordable housing portfolio grows to include locally funded projects and projects restricted based on local incentives (such as density bonuses), monitoring of these projects will become the City's responsibility. Given the administrative burden associated with monitoring and the expertise required, combined with Duarte's small staff size, the City should consider "outsourcing" some or all of the monitoring and program administration. There are many organizations experienced in compliance monitoring of affordable housing. The City will want to consider the following as it evaluates outsourcing: the availability of internal resources for monitoring, which functions of each program (and monitoring) does the City want to control more closely; and the experience, resources, and services offered by organizations.

It is possible for the City to charge a monitoring fee based on staff costs, though few cities have done so. Cities have expressed concerns about creating a potential barrier to the development of affordable housing, and about collecting monitoring fees from property owners on an annual basis.

NEIGHBORHOOD STABILIZATION AND IMPROVEMENT

7. Multi-family Housing Acquisition and Rehabilitation

As part of the housing needs research conducted for this report, City staff conducted an exterior housing conditions survey of Duarte's older multi-family properties (generally 50+ years old), and rated each property as either: a) adequate, b) deteriorating, or c) dilapidated. Of the seventeen properties surveyed, five were identified as deteriorating, with one property identified as dilapidated, representing a total of 109 units in significant need of repair and potentially good candidates for rehabilitation (refer to photo exhibit in Appendix A).

The acquisition and rehabilitation of aging and/or deteriorating apartment complexes is a key program in many cities' affordable housing strategies. Under such a program, the city acquires or assists in the acquisition of a problem apartment complex and then works with a non-profit development partner to coordinate the rehabilitation, maintenance, and management of the property as long term affordable housing. Acquisition/rehabilitation projects are eligible for a variety of public funds (see Table 8), and can be structured to qualify for RHNA credit in the Housing Element.

8. Apartment Inspection Program

Of Duarte's approximately 2,000 rental housing units, 90% are greater than 30 years old, the age in which units typically begin to have substantive rehabilitation needs, such as new plumbing, roof repairs, foundation work, etc. And given that six of the seventeen multi-family properties surveyed evidenced deterioration based on exterior evaluation alone, based on the age of this housing, it is likely interior evaluation would like reveal additional deficiencies.

As a means of monitoring and maintaining rental housing conditions, the City may want to consider initiating a multi-family residential inspection program. As an example, Pasadena has operated its Rental Inspection Program for over 30 years, originally developed with the cooperation of the Foothill Apartment Owner's Association and the Pasadena Board of Realtors. All rental properties containing three or more units are subject to the City's Program, and are inspected once every four years. After inspection, property owners are notified of any existing code violations and given a reasonable time for their correction. Upon correction of all violations, a Certificate of Occupancy is issued for the rental properties.

9. Code Enforcement and Abatement

Duarte's Code Enforcement program remains an important tool to eliminating unsafe conditions and improving the quality of life within the community. The City's program is both pro-active, in that inspectors canvas the City to identify substandard housing and neighborhood conditions, and re-active in its response to complaints of violations from neighboring property owners. Code Enforcement staff work with property owners, landlords, and tenants to correct violations in a timely manner with an emphasis on voluntary compliance.

V. GLOSSARY OF HOUSING TERMS

"ADU" means Accessory Dwelling Unit which is a complete independent housing unit that can either be detached or attached from a single-family residence.

"Affordable Ownership Housing Cost" means the total housing costs (including mortgage, utilities, taxes, insurance, HOA fees) which shall not exceed a specified fraction of gross income (generally 35%) as specified in California Health and Safety Code Section 50052.5.

"Affordable Purchase Price" means the purchase price for a housing unit that is calculated so that the total monthly housing cost does not exceed the affordable ownership cost.

"Affordable Rent" means the total housing costs, including a reasonable utility allowance, which shall not exceed 30% of the household's gross income.

"Affordable Unit" means a dwelling unit within a residential development which will be reserved for sale or rent to, and is made available at an affordable Rent or affordable Ownership Cost to very low, low, or moderate-income households.

"AMI" means Area (County) Median Income.

"CDBG" means Community Development Block Grant. Awarded to the City by Los Angeles County on a formula basis for housing and community development activities for activities primarily benefiting lower income (<80% AMI) households. Duarte receives approximately $150,000 annually in CDBG funds.

"Density Bonus" means the granting of a density increase above the maximum residential density specified in the General Plan, along with 1 - 3 additional incentives, in exchange for provision of affordable units consistent with the parameters specified in State density bonus law (Government Code Section 65915).

"HCD" means the California Department of Housing and Community Development. Provides a variety of loan and grant programs for housing, and maintains responsibility for review of jurisdictions housing elements for statutory compliance.

"High-Quality Transit" means housing within a half-mile of either a rail line or two bus lines with peak hours service every 15 minutes or less *(LA Metro definition)*.

"HOME" means a flexible federal HUD grant program awarded to the City on a formula basis for housing activities benefiting lower income households. Duarte has access to HOME funds on a competitive basis through the Los Angeles Community Development Commission.

"Household Income Levels: Very Low, Low and Moderate" means households whose gross incomes do not exceed the qualifying very low, low and moderate income limits established in Section

6932 of the California Code of Regulations, and amended annually based on the U.S. Department of Housing and Urban Development (HUD) estimate of area median income (AMI) in the Los Angeles-Long Beach Primary Metropolitan Statistical Area, and as adjusted by the State Department of Housing and Community Development (HCD) . Pursuant to Code Sections 6926, 6928 and 6930, these income limits are equivalent to the following:

Very low income household: 50% of area median income (AMI), adjusted for household size appropriate for the unit and other factors determined by HUD

Low income household: 80% of AMI, adjusted for household size appropriate for the unit and other factors determined by HUD

Moderate income households: 120% of AMI adjusted for household size appropriate for the unit and other factors determined by HUD

For purposes of establishing income thresholds, "household size appropriate for the unit" is set by HUD as one person more than the number of bedrooms in the unit.

"Household Overcrowding" as defined by HUD and SCAG, means an average of more than one person per room in a housing unit (excluding kitchens, porches, and hallways). Severe overcrowding is defined as greater than 1.5 persons per room.

"Inclusionary Unit" means a dwelling unit offered for rent or sale to very low, low or moderate income households at an affordable rent or affordable ownership housing cost in an otherwise market rate development.

"Renter Overpayment" as defined by HUD and SCAG, means spending greater than 30% of household income on total housing costs, including rent, utilities and other incidental costs. Severe overpayment is defined as spending greater than 50% of income on housing costs.

"SCAG" means the Southern California Association of Governments, the regional planning agency. Among SCAG's many responsibilities are preparation of the Regional Housing Needs Assessment (RHNA) to document jurisdictions existing and projected housing needs.

"SERAF" means Supplemental Educational Revenue Augmentation Funds borrowed by the State from Redevelopment Agencies and now required to be repaid and deposited into each Successor Agency's Housing Asset Fund.

"Total Housing Costs" means the total monthly or annual recurring expenses required of a household to obtain shelter. For a rental unit, total housing costs include the monthly rent payment, utilities and any parking costs. For an ownership unit, total housing costs include the mortgage payment (principal and interest), utilities, homeowner's association dues, taxes mortgage insurance and any other related assessments.

APPENDIX A

MULTI-FAMILY HOUSING CONDITIONS SURVEY

1014 Buena Vista St. [Tiki Atoll]

914 Buena Vista St. [Vista Verde]

914 Buena Vista St. [Vista Verde]

2000-2006 Buena Vista St.

2000-2006 Buena Vista St.

2014 Buena Vista St.

1214 Elmhurst Ave.

1214 Elmhurst Ave.

1214 Elmhurst Ave.

APPENDIX B

DUARTE DENSITY BONUS APPLICATION

Community Development Department
1600 Huntington Drive
Duarte, CA 91010
(626) 357-7931

SUPPLEMENTAL APPLICATION FOR DENSITY BONUS

The following supplemental application is required for all housing permit applications requesting a residential density bonus pursuant to California Government Code 65915 et seq. A density bonus application will be processed at the same time as any other applications required for the project.

PROPERTY INFORMATION

Applicant Name: _____

Property Address: _____

Assessor Parcel Number(s): _____

RELATED APPLICATIONS

Preliminary Project Application and/or Environmental Evaluation Applications No(s): _____

Related Entitlement Applications No(s): _____

PROJECT DESCRIPTION

Please list out the proposed number of units for the following:

Number of units in base project: _____

Number of affordable units for Very Low Income Households (up to 50% AMI): _____

Number of affordable units for Low Income Households (51% - 80% AMI): _____

Number of affordable units for Moderate Income Households (81% - 120% AMI): _____

Length of affordability restrictions: _____

Proposed number of bonus units: _____
(Refer to density bonus calculator on next page)

Total number of units in proposed project: _____

Residential Tenure: _____
(Owner vs. Renter)

DENSITY BONUS CALCULATOR
Please calculate the density bonus the project is seeking:

BONUS CALCULATOR

Affordability Level or Housing Type	Minimum Set-Aside of Affordable, Senior, or Specialized Units	Density Bonus		
		Base Bonus Granted	Each Additional 1% of Affordable Units Adds:	Total Maximum Density Bonus
Very Low Income	5%	20%	2.5%	35%
Low Income	10%	20%	1.5%	35%
Moderate Income (Common Interest Development Only)	10%	5%	1.0%	35%
Land Donation (very low income projects only)	10%	15%	1.0%	35%
Condominium/Apartment Conversions	33% low-to-moderate income 15% lower income	25%	No Sliding Scale Available	25%
Senior Citizen Housing Development[1]	100% [1] (35 units minimum)	20%	No Sliding Scale Available	20%
Specialized Housing: transitional, foster youth, disabled veterans or homeless[2]	10%	20% of restricted units	No Sliding Scale Available	20%

Notes:
[1] A senior citizen housing development is not required to be affordable in order to receive a density bonus. However, 100% of the units in the development (35 units minimum) must be restricted as senior housing.

[2] Due to the required very low income restriction, specialized units may also be counted towards the standard density bonus for providing very low income units.

DENSITY BONUS PROJECT EXAMPLE

Base Project Total Units: 66 rental units
Affordable Units: 8 low income units (12.1% of base project, rounded up to 13%)
Market Rate Units: 58 units
Eligible Density Bonus: 20% + 4.5% = **24.5%** (project is providing 13% low income units, 3% over min. required. Bonus ↑ by 1.5% (above 20%) for every 1% above min., rounded up)
Density Bonus Units: 66 base units x 24.5% bonus = 16.2 units, rounded up to **17 units**
Total Project Units with Bonus: **83 units** (58 market rate, 8 low income, 17 bonus units)
Project is also eligible for one concession or incentive (refer to table on next page)

CONCESSIONS/INCENTIVES CALCULATOR
Please calculate the number of concessions or incentives for which the project is eligible:

CONCESSIONS/INCENTIVES CALCULATOR

Target Unit	**Percent of Target Units in Project**		
Very Low Income	5%	10%	15%
Low Income	10%	20%	30%
Moderate Income	10%	20%	30%
Concessions Based on Percentage of Units Provided Above:			
# Concessions	**1**	**2**	**3**
Condominium Conversions	1 concession/incentive or prescribed density bonus at City's option		
Day Care Center	1 concession/incentive or prescribed density bonus at City's option		

CONCESSIONS AND INCENTIVES

Please list the concessions and incentives (up to 3) the project is seeking, and describe how each requested concession or incentive would result in cost reductions for the project.

_____
_____
_____
_____
_____
_____
_____
_____

WAIVERS

Please list the waivers the project is seeking, and describe how each requested waiver would allow the project to accommodate any additional permitted density.

_____
_____
_____
_____
_____
_____
_____
_____

HOUSING REPLACEMENT REQUIREMENTS

In order to receive a building permit for a density bonus project that involves the demolition or conversion of rental units and/or construction on vacant land where rental units were demolished and/or converted within five years, an owner must comply with the housing replacement provisions of Government Code section 65915, as amended by Assembly Bills 2222 and 2556. These provisions require replacement of any rental units that are either existing at the time of application, or have been vacated or demolished in the five year period preceding the application, which meet any of the following criteria:

1. subject to a recorded covenant, ordinance, or law that restricts rent to levels affordable to persons and families of low or very low income;
2. subject to any other form of rent or price control; or
3. occupied by low or very low income households.

The replacement units must be at least the equivalent size of units being removed (same number of bedrooms), and must be made available at affordable rent/cost to households in the same income category.

Please provide the following information to determine the proposed project's replacement housing requirements:

EXISTING AFFORDABLE UNIT(S) TO BE DEMOLISHED/CONVERTED ON PROJECT SITE

Affordability Level	Number of Units						
	Total	Ownership Units			Rental Units		
		Criteria 1	Criteria 2	Criteria 3	Criteria 1	Criteria 2	Criteria 3
Very Low Income							
Low Income							
Moderate Income							

If there are units indicated in the highlighted cells in the Table above, the project is required to comply the replacement housing requirements under Government Code section 65915. It is the responsibility of the owner/applicant to obtain all necessary documentary evidence (e.g. employer pay stubs of tenants, IRS forms, rent rolls, rent receipts, etc) verifying the existing property's affordability status and submit them to the City along with this Supplemental Density Bonus Application for review. In the absence of sufficient documentation, it shall be presumed that the building is occupied by the same proportion of lower income rent households to all renter households in the city as a whole, as documented by the latest federal Comprehensive Housing Affordability Database (CHAS).

APPLICANT'S AFFIDAVIT

The undersigned is the owner or authorized agent of the owner of this property. The information presented is true and correct to the best of my knowledge. Other information or applications may be required.

_____		_____
Signature	Date	Name (Printed)

_____	_____	_____
Relationship to Project *(i.e. Owner, Architect, etc)*	Phone	Email