



**CITY OF GLENDALE, CALIFORNIA
REPORT TO THE JOINT MEETING: GLENDALE CITY COUNCIL AND GLENDALE
HOUSING AUTHORITY**

AGENDA ITEM

Public Hearing: City Council Approval of a Density Bonus and Inclusionary Housing Plan Application and Associated Environmental Review (Density Bonus Housing Plan Case No. PDBP2112447), Housing Authority Approval of Execution of a Letter of Loan Commitment and Lease Option with LINC and National CORE for a 340-Unit Affordable Rental Housing Project for Seniors and Small Families at 515 Pioneer Drive.

- (1) City Council Motion to Approve Density Bonus and Inclusionary Housing Plan;
- (2) Housing Authority Motion Authorizing Executive Director Execution of Letter of Loan Commitment and Lease Option with LINC and National CORE;
- (3) Resolution of Appropriation in the amount of \$10.0M for the funding of the 515 Pioneer Drive project.

COUNCIL ACTION

Item Type: Public Hearing

Approved for August 10, 2021 **calendar**

ADMINISTRATIVE ACTION

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Approved by:

Roubik R. Golanian, P.E., City Manager

RECOMMENDATION

The Community Development Department (CDD) recommends that the City Council approve the Density Bonus and Inclusionary Housing Plan application after review and consideration of the associated environmental review, and that the Housing Authority authorize the City Manager to execute the Letter of Loan Commitment and Lease Option for the project and adopt the Resolution of Appropriation in the amount of \$10.0M.

BACKGROUND/ANALYSIS

In October of 2019, the Housing Authority acquired 515 Pioneer Drive from AT&T for \$13.1M. See 515 Pioneer Drive Site Map (Exhibit 1). The purpose of the Housing Authority's acquisition was for a future 100% affordable housing development.

In total, the site is 2.81 acres (121,992 square feet) and is located immediately south of the 134 freeway, at the northwest corner of Pioneer Drive and Pacific Avenue. The site has long been owned and operated by AT&T and is improved with three structures totaling approximately 13,500 square feet and surface parking.

On July 29, 2020, the Housing Authority issued a Request for Proposals (RFP) to solicit proposals to develop the site with affordable housing. The RFP called for the development of 270-280 or more units of affordable housing, targeting extremely low, very low and low income households (30% to 80% area median income). The Housing Authority's vision for the site was described as a balance of maximizing the number of affordable units while maintaining neighborhood compatibility, with attention given to the perimeter of the site to provide a thoughtful transition and relationship to the surrounding neighborhood through design, materials, and massing. The RFP requested proposals and site plans that encourage a sense of community and establish connections with nearby Fremont Park. The RFP limited the Housing Authority's financial participation to a long term ground lease and upwards of \$10M in additional funding.

In response to the RFP, Linc Housing Corporation (LINC) and National Community Renaissance of California (National CORE) submitted a proposal dated November 2, 2020 to ground lease the site from the Housing Authority and develop the site with 340 units of 100% affordable rental housing for extremely low, very low, and low income seniors and families (including three manager units). The proposal included a unit mix consisting of 92 affordable senior units (a mix of 32 studio and 60 one-bedroom units) and 245 affordable family units (a mix of 200 one-bedroom units and 45 two-bedroom units) with affordability restrictions between 30-80% of the area median income; three two-bedroom manager units; approximately 31,250 square feet of common open space (including community centers, outdoor recreation stations, tot lot playground, community gardens, outdoor courtyards with BBQ picnic areas, programmed rooftop decks and a walking path); conversion of the Kenilworth Avenue cul-de-sac into a public pedestrian

paseo; and pedestrian tunnel improvements to Fremont Park, including an enhanced plaza at its terminus, overhead lighting, decorative paving, and art applied to the pedestrian tunnel walls (collectively, the “Project” or “proposed Project”). See 515 Pioneer Drive Entitlement Package (Exhibit 2). LINC and National CORE propose to develop the Project with financing that may include multifamily housing revenue bond proceeds, low income housing tax credits, Measure S Funds, Low and Moderate Income Housing Asset Funds, HOME Program Funds, and other private and public funding sources.

On February 16, 2021, the Housing Authority voted unanimously to approve entering into an Exclusive Negotiation Agreement with LINC and National CORE. Concurrent with the ongoing entitlement process, staff has negotiated with LINC and National CORE and is bringing the deal points of a 100% affordable housing development in the form of a Letter of Loan Commitment and Lease Option in time to apply for an allocation of multifamily housing revenue bonds from the California Debt Limit Allocation Committee (CDLAC) and an allocation of 4% low income housing tax credits (4% Tax Credits) from the California Tax Credit Allocation Committee (CTCAC) in September 2021. Approval of the Letter of Loan Commitment and Lease Option are necessary for LINC and National CORE to apply for the bond allocation and tax credits. See Draft Letter of Loan Commitment (Exhibit 3) and Draft Lease Option (Exhibit 4).

Project Description

The Project is addressed as 515 Pioneer Drive, Glendale, CA 91203, and is located approximately one and a half miles northwest of Downtown Glendale (“Project Site”). The Project Site is located within the R-3050 (Moderate Density Residential) zone and has a Moderate Density General Plan designation. The Project Site is approximately 121,992 square feet in size and is currently improved with three masonry buildings that were previously occupied as commercial uses.

The Project Site is bordered on the east by a gas station, to the south (across Pioneer Drive) by multifamily residential buildings, to the north by the 134 freeway, and to the west (across N. Kenilworth Avenue) by multifamily residential buildings.

The Project Site is surrounded by existing urban uses, including low-scale commercial properties and multifamily residential structures.

The proposed Project would demolish the existing structures and parking lot and would redevelop the Project Site with three new 5-story, 75-foot high, residential buildings with 337 for-rent dwelling units reserved for low income households and three manager units, with a mix of 32 studio units, 260 one-bedroom units, 45 two-bedroom units, and 3 two-bedroom manager units. 92 of the units will be set aside for low income seniors.

The Project would provide 13,600 square feet of private open space and 37,750 square feet of common open space, and would include multiple interior ground floor courtyards and roof decks totaling 7,284 square feet. The Project will have a proposed Floor Area Ratio (FAR) of 2.45:1 with a total of approximately, 298,020 square feet of floor area for residential uses, including community rooms, lobby/mail rooms, and office/service space within the ground floor of each of the three buildings for use by the residents.

342 automobile stalls will be provided in a two-level subterranean parking garage, including 35 EV-ready stalls. The Project is providing the required amount of parking per Glendale Municipal Code (GMC). The Project's main pedestrian and vehicular access points will be on Pioneer Drive.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) REVIEW

The proposed Project has undergone review under the California Environmental Quality Act (CEQA) and has been determined to be exempt from any further CEQA review pursuant to section 15332 of Title 14 of the California Code of Regulations (CEQA Guidelines), as a Class 32 "In-Fill Development Project", as the proposed Project meets all the threshold criteria set forth in section 15332(a) through (e). As part of their initial study as required by CEQA, LINC and National CORE contracted with Urban Crossroads to study noise, air quality impacts and health risks, and Linscott, Law and Greenspan, Engineers to study traffic impacts. A separate water study was deemed unnecessary as the project will not make a significant change to 515 Pioneer Drive's impervious surfaces and all applicable regulatory requirements, including the City of Glendale's Low Impact Development (LID) requirements. The following is a list of studies completed:

- Air Quality and Greenhouse Gas Evaluation dated June 21, 2021 by Urban Crossroads, Inc.;
- Trip Generation and Vehicle Miles Traveled Assessment dated June 3, 2021 by Linscott, Law & Greenspan, Engineers;
- Noise Impact Analysis dated June 22, 2021 by Urban Crossroads, Inc.; and
- Diesel Particulate Matter (DPM) Health Risk Assessment dated July 26, 2021 by Urban Crossroads, Inc.

The proposed Project is consistent with the General Plan designation of the Project Site; the development is proposed within the City limits of the City of Glendale on a Project Site of less than five acres and surrounded by urban development; the Project Site has no value as habitat for endangered, rare or threatened species; as confirmed in technical studies, no significant effects relating to traffic, noise, air quality or water quality will result; and the Project Site can be adequately served by all required utilities and public services. For detailed analysis, see CEQA Class 32 Categorical Exemption Findings (Exhibit 5).

DENSITY BONUS AND INCLUSIONARY HOUSING PLAN

Maximum Number of Units Permitted per Glendale Municipal Code (GMC):

The Project is located within the R-3050 (Moderate Density Residential) zone. Multiple residential dwelling units are permitted in the R-3050 zone. Sites zoned R-3050 are permitted one unit per 3,050 square feet. Consequently, a maximum of forty units (39.9, rounded up to 40) are permitted by right within the 121,992 square foot lot area.

Number of Affordable Units Meeting California Density Bonus Requirement per California Government Code Sections 65915, et seq.:

Per California's Density Bonus Law (Government Code sections 65915-65918), housing developments with 100% of all units in the development (including total units and density bonus units, but exclusive of a manager unit or units), that are reserved for lower income households per section 50079.5 of the California Health and Safety Code (HSC), are entitled to an unlimited density bonus if located within one-half mile of a major transit stop, as defined by subsection (b) of section 21155 and section 21064.3 of the California Public Resources Code (PRC).

One hundred percent of the units of the Project (exclusive of the three manager units) are reserved for lower income households per section 50079.5 of HSC. All units except the three manager units will be restricted to and occupied by lower income households pursuant to CTCAC (80% of Los Angeles County area median income or lower), at affordable rents for at least 55 years. This satisfies the 100% lower income requirement of Government Code section 65915(b)(1)(G).

Moreover, in accordance with Government Code section 65915(c)(1)(B)(ii), at least 20% of the units will be available to low income households at State law affordable rents. Such restrictions will be placed on the gross rents (including a utility allowance) to be charged, as follows: a minimum of 14 units must be rented to extremely low income residents (as defined by HSC) at 30% of 30% of area median income and a minimum of 68 units must be rented to low income residents (as defined by HSC) at 30% of 60% of area median income. The balance of the units will be rented to lower income households at the rents required by CTCAC for units financed with low income housing tax credits.

Amount of Density Bonus Requested per Government Code Section 65915, et seq.:

Applicant, LINC Housing and National CORE, is requesting 300 units above the maximum allowable density by right (forty units per GMC) on the Project site. This amounts to a 750% density bonus. Under state density bonus law, the Project qualifies

as 100% affordable per section 50079.5 of HSC and is located within one-half mile of a major transit stop per sections 21064.3 and 21155(b) of PRC. State density bonus law prohibits a city from imposing any maximum controls on density if a 100% affordable housing development is located within one-half mile of a major transit stop (Cal. Gov't Code § 65915(f)(3)(D)(ii)); this allows such 100% affordable projects to have unlimited density. Moreover, such housing developments are entitled to four concessions and an automatic height increase of up to 33 feet or three additional stories. (Cal. Gov't Code § 65915(d)(2)(D)).

Government Code section 65915 defines major transit stop as it is defined in PRC section 21155, which also references PRC section 21064.3. Collectively, PRC sections 21064.3 and 21155(b) define major transit stops as existing rail or bus rapid transit stations, ferry terminals served by either a bus or rail transit service, and the intersection of two or more bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods, as well as "major transit stops that are included in the applicable regional transportation plan." Per PRC section 21060.2, bus rapid transit (BRT) is an enhanced public mass transit service with features that are distinguishable from typical bus operations.

The Project is located within one-half mile of Pacific Avenue and Glenoaks Boulevard intersection, which has been identified as a future bus rapid transit (BRT) station for a project included in the Southern California Association of Governments (SCAG) most recent Regional Transportation Plan. The BRT station in the Regional Transportation Plan qualifies the Project as being located within one-half mile of a major transit stop per Government Code section 65915.

Additionally, Metro is completing its environmental analysis on the North Hollywood to Pasadena Transit Corridor which will extend the G Line (Orange Line) east to connect with the L Line (Gold Line). The Metro Board of Directors have proposed a BRT station at Pacific Avenue and Glenoaks Boulevard. The draft Environmental Impact Report (EIR) was circulated for comment in late 2020 and the staff report for the proposed BRT station at Pacific Avenue and Glenoaks Boulevard received approval on May 27, 2021. Certification of a Final EIR is anticipated in Summer 2021. On September 3, 2020, SCAG unanimously voted to approve and fully adopt Connect SoCal, the 2020 to 2045 Regional Transportation Plan/Sustainable Communities Strategy, which includes the North Hollywood to Pasadena Transit Corridor BRT.

Lastly, PRC section 21155(b) identifies the following as characteristics of transit priority projects: (1) containing at least 50% residential uses or at least .75 FAR when containing between 26-50% residential uses; (2) a minimum density of at least twenty dwelling units per acre; and (3) located within one-half mile of an existing major transit stop or a major transit stop included in the applicable regional transportation plan. The

Project is consistent with the three characteristics of transit priority projects per PRC section 21155(b) as the Project: (1) is a 100% affordable residential project; (2) includes 121 dwelling units per acre; and (3) is located within one-half mile of a major transit stop.

Consistent with sections 21064.3 and 21155(b) of PRC, the BRT station at Pacific Avenue and Glenoaks Boulevard is a planned major transit stop included in the Regional Transportation Plan. The Project is also consistent with the characteristics of transit priority projects under section 21155(b) of PRC. The Project is therefore entitled to an unlimited density bonus per Cal. Gov't Code section 65915(b)(1)(G). See 515 Pioneer Drive Proximity to Major Transit Stop Memorandum (Exhibit 6).

Inclusionary Housing Requirement

Pursuant to Chapter 30.35 of the GMC, all rental development projects of 8 or more dwelling units must reserve 15% of the maximum residential density or number of units proposed (prior to grant of a density bonus), as units affordable to low income households (defined as households whose gross income does not exceed 80% percent of the area median income for Los Angeles County, as defined by HSC 50079.5). The project meets the Inclusionary Housing Requirement by reserving 100% of all units in the development (including total units and density bonus units, but exclusive of the three manager units), to lower income households under Government Code section 65915 (as discussed above, 337 of the 340 units at 515 Pioneer Drive will be made available as rental units for seniors and small families earning between 30% and 80% of area median income for a minimum period of 55 years). Thus, no additional affordable units are required under the Inclusionary Zoning Ordinance (GMC 30.35). See Density Bonus and Inclusionary Housing Plan (Exhibit 7).

DENSITY BONUS FINDINGS

Incentives or Concessions: Pursuant to Section 30.36.080(A) of the GMC, when an applicant for a density bonus requests incentives or concessions, the City Council shall grant the requested incentives or concessions, unless written findings are made, based upon substantial evidence, of any one or more of the following:

1. The incentive or concession does not result in identifiable and actual cost reductions to provide for affordable housing costs or to provide affordable rents.
2. The incentive or concession would have a “specific adverse impact upon public health and safety,” as defined in paragraph (2) of subdivision (d) of California Government Code section 65589.5, or the physical environment or any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactory mitigate or avoid the specific, adverse impact without rendering the housing development unaffordable to low-income and moderate-income households. As used herein, “specific adverse impact upon public

health or safety” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies or conditions as they existed on the date the application was deemed complete. Inconsistency with the Zoning ordinance or the land use designation in the General Plan shall not constitute a specific, adverse impact upon public health or safety.

3. The incentive or concession will be contrary to the state or federal law. The granting of an incentive or concession shall not require or be interpreted, in and of itself, to require a General Plan amendment, zoning change, study or other discretionary approval. For purposes of this subdivision, “study” does not include reasonable documentation to establish eligibility for the concession or incentive or to demonstrate that the incentive or concession meets the definition.

Modification of Development Standards or Waivers: Pursuant to section 30.36.080(B) of the GMC, when an applicant requests waivers or modifications of development standards in addition to the incentives or concessions requested, the City Council shall review the request for modifications of development standards or waivers in conjunction with the density bonus request and incentive or concession requests at a public hearing.¹ The City Council shall grant the request for waivers or reductions in development standards only if the Council makes all of the following written findings:

1. The application of said development standard(s) will have the effect of precluding the construction of the housing development at the density and with the incentives or concessions granted;
2. The requested waiver or reduction in development standards will not have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of California Government Code section 65589.5, upon health, safety or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact;
3. The waiver or reduction in development standards will not have an adverse impact on any real property that is listed in the California Register of Historical Resources; and
4. The waiver or reduction in development standards will not be contrary to state or federal law.

Unless the City Council makes all of the findings required, Council shall deny the request for waivers or reduction in development standards. A proposal for the waiver or reduction of development standards shall neither reduce nor increase the number of incentives or concession to which the applicant is entitled to pursuant to Government Code section 65915.

¹ Pursuant to the Urgency Ordinance Adopted by the Council on April 20, 2021, the Council is the reviewing and approving body for certain public-private partnership density bonus housing applications for 100% affordable projects, as well as projects requesting over 50% density bonus. Therefore, this project is properly before the Council for review and approval.

If a project meets the criteria of Government Code section 65915(b)(1)(G), the project is entitled to four incentives and is additionally entitled to a height increase of up to three additional stories, or 33 feet. The Project meets the above criteria, and is therefore entitled to four incentives/concessions and a height increase of up to three additional stories, or 33 feet.

515 Pioneer Drive Project

Incentives Requested – Number and Description

The Project is entitled to and is requesting **four** concessions (incentives) pursuant to Government Code section 65915(d)(1)(D):

1. Reductions in various street front, street side and interior setbacks;
2. Reduction in studio unit size from 600 square feet to 360 square feet, reduction in one-bedroom unit size from 600 square feet to 530 square feet, and reduction in two-bedroom unit size from 800 square feet to 750 square feet;
3. Increase in building height from 69 feet (36 feet, as permitted under the R-3050 standards plus the automatic height increase of 33 feet) to 75 feet. A maximum of three stories, or 36 feet are permitted under the R-3050 zone and the Project is entitled to a height increase of up to three stories, or 33 feet per Government Code sections 65915(b)(1)(G) and 65915(d)(2)(D); the Project is therefore requesting an incentive for a height increase of an additional 6 feet; and
4. Reduction in permanently landscaped open space from 30% to 15%.

Waivers Requested – Number and Description

The Project is requesting **two** waivers pursuant to Government Code section 65915(e):

1. Increase in floor area ratio (FAR) from 0.65:1 to 2.45:1 in the R-3050 zone; and
2. Increase in lot coverage from 50% to 58%.

ANALYSIS OF REQUESTS

Concessions (Incentives) and Modifications (Waivers)

The Density Bonus and Inclusionary Housing Plan meets the requirements of Government Code sections 65915, *et seq.* and GMC section 30.36.050 as all of the proposed dwelling units (with the exception of the three manager units) will be restricted to lower income households per section 50079.5 of HSC and pursuant to the requirements of Government Code section 65915 (b)(1)(G).

Concessions (Incentives) Findings: When an applicant for a density bonus requests incentives or concessions, the Council shall grant the requested incentives or

concessions, unless it makes written findings, based upon substantial evidence, of any one (1) or more of the following three findings:

1. The concessions (incentives) must be granted *unless* the Council finds, based on substantial evidence, that the concessions *do not* result in identifiable and actual cost reductions to provide for affordable housing costs or to provide affordable rents. This denial finding cannot be made as there is no evidence that the incentives will not result in actual cost reduction. To the contrary, there is substantial evidence that the incentives *will result* in identifiable and actual cost reductions to provide affordable rents. The applicant is requesting incentives to:

- reduce street front setbacks along Kenilworth and Pacific Avenue (proposed to be 5 feet for all floors, required to be 25 feet), reduce street side setbacks along Pioneer Drive (proposed to be a minimum of 5 feet with an average of 15 feet on the first floor, a minimum of 5 feet with an average of 15 feet on the second floor, and a minimum of 5 feet with an average of 51 feet on floors three through five, required to be a minimum of 5 feet with an average of 8 feet on the first floor, a minimum of 8 feet with an average of 11 feet on the second floor, and a minimum of 11 feet with an average of 14 feet on the third floor), and along certain interior setbacks (see Exhibit 2 sheet G040: proposed to be a minimum of 5 feet with an average of 6 feet for all floors for Interior Setback 1; required to be a minimum of 5 feet with an 8 foot average on the first floor, a minimum of 8 feet with an 11 foot average on the second floor, and a minimum of 11 feet with a 14 foot average on floors three through five, and proposed to be a minimum of 5 feet with an average of 16 feet on the first floor, a minimum of 5 feet with an average of 13 feet on the second floor, and a minimum of 5 feet with an average of 14 feet on floors three through five for Interior Setback 4; required to be a minimum of 5 feet with an 8 foot average on the first floor, a minimum of 8 feet with an 11 foot average on the second floor, and a minimum of 11 feet with a 14 foot average on the third floor);
- reduce minimum studio unit size to 360 square feet where 600 square feet is required, reduce minimum one-bedroom unit size to 530 square feet where 600 square feet is required, and reduce minimum two-bedroom unit size to 750 square feet where 800 square feet is required;
- an increase in maximum building height from 69 feet to 75 feet; and
- reduce the minimum Permanently Landscape Open Space requirement of 30% of lot area to allow for the proposed 15% of lot area to be permanently landscaped.

The Project is designed to maximize unit yield and to provide functional community space to serve its residents in an urban setting. In order to achieve this, the applicant needs to construct 340 units, in three five-story adjacent buildings with reduced setbacks, decreases in minimum unit sizes, increased building height, and reduced

permanently landscaped ground floor area. The reduction in various setbacks and permanently landscaped ground floor area will allow more buildable area on the Project Site, which in turn will allow more units to be developed. Similarly, the increase in building height and reduction in unit sizes will allow a greater number of units to be constructed in the same amount of area.

These four incentives together will reduce costs to the applicant of providing affordable units by creating construction efficiencies and an inherent reduction in cost by allowing the construction of a greater number of units. The additional units will result in actual and identifiable cost reductions because the additional units will take advantage of construction efficiencies when being built, and will generate rental income to offset the cost of providing the units at an affordable rent. Accordingly, this finding to deny the incentives cannot be made.

2. The concessions (incentives) must be granted *unless* the Council finds, based on substantial evidence, that they will have a “specific adverse impact upon public health and safety,” as defined in paragraph (2) of subdivision (d) of California Government Code Section 65589.5, or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the housing development unaffordable to low-income and moderate-income households. Specific, adverse impact is defined as “a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.” (Government Code section 65589.5(d)(2).) This denial finding cannot be made as there is no evidence that the incentives will have any adverse impacts. To the contrary, no specific adverse impacts upon public health or safety or on the physical environment or on any real property that is listed in the California Register of Historical Resources would occur by granting the requested incentives or concession.

The concessions (incentives) do not include or necessitate reductions in standards to any state or local Building and Safety Division (Community Development Department), Fire Department or Engineering Division (Public Works Department) requirements or any other objective, identifiable written requirements pertaining to health and safety. Moreover, the proposed Project is exempt from further CEQA review based on the fact that it meets the requirements to qualify for a Class 32 “In-fill Development Project” and thus, does not exceed thresholds for noise, traffic, air quality and water and will not result in significant cumulative impacts.

The concessions (incentives) allow for additional buildable area on the site, which will then accommodate additional dwelling units. The additional density resulting from the

concessions (incentives) will, in fact, promote the City's health and safety in that there will be greater opportunities for the growing senior population to age in place within Glendale as well as greater opportunities for low income family households. Moreover, because the proposed project is 100% affordable, it will advance the goals and policies of the General Plan, Housing Element (2014-2021), including, but not limited to:

- Chapter 2, (2.1.6) Goal 1 "A City with a Wide Range of Housing Types to Meet the Needs of Current and Future Residents;
- Chapter 2, (2.1.9) Goal 4 "A City with Housing Services that Address Groups with Special Housing Needs); and
- Policies 4.1 and 4.2 "Encourage both the private and public sectors to produce or assist in the production of housing for special needs groups such as: the handicapped, the elderly, large families, single parent households, and formerly homeless" and "Promote the development of extremely low, very low, low and moderate income housing by allowing developers density bonuses or other financial incentives for providing units for low and moderate income residents. The unit mix and location of affordable housing units in density bonus projects must be approved by the City and included in an affordable housing agreement".

Therefore, this finding for denial of the incentives is not met.

As to any specific adverse impacts upon any real property that is listed in the California Register of Historical Resources, the Project Site has not been listed on the National Register of Historic Places, California Register of Historical Resources, or Glendale Register of Historic Resources, and has not been identified as a historic resource in any survey. Accordingly, this denial finding cannot be met.

3. The concessions (incentives) must be granted unless the Council finds, based on substantial evidence, that the concessions will be contrary to state or federal law. The concessions (reductions in various street front, street side and interior setbacks; reduction in studio unit size from 600 square feet to 360 square feet, reduction in one-bedroom unit size from 600 square feet to 530 square feet, reduction in two-bedroom unit size from 800 square feet to 750 square feet; reduction in minimum required permanently landscaped open space from 30% to 15%; and increase in maximum building height from 69 feet to 75 feet) are concessions from Zoning Code requirements that do not implicate or violate state or federal law. Accordingly, this denial finding cannot be met.

Therefore, since there is no substantial evidence to support any of the three findings for denial, the Council must grant the requested concessions (incentives).

Modification of Development Standards or Waivers

As stated above, the Council must make four findings in order to grant the Waivers:

1. The Council must find that the application of the development standards seeking to be waived will have the effect of physically precluding the construction of the housing development at the density and with the incentives or concessions granted. This finding can be made. Without approval of the requested waivers, construction of the proposed project at the density provided would be physically precluded.

The applicant proposes two waivers: an FAR increase from 0.65 to 2.45 in the R-3050 zone and an increase in the maximum lot coverage of 50% to allow for a lot coverage of 58%. Based on design and site constraints, without the granting of each of the waivers requested for FAR and increased lot coverage, the construction of the housing development would be physically precluded.

GMC allows 0.65 FAR in the R-3050 zone, which would allow a development with a total area of only 79,279 square feet, with approximately 11,281 square feet being used for community, office and service spaces, leaving 68,016 square feet for residential uses. At that size, the average dwelling unit size would be approximately 210 square feet. This average unit size would make it physically impossible for the Project to provide one or two-bedroom units due to space constraints. This size is also a greater deviation from the City's minimum unit size requirement and would violate the unit sizes for one and two-bedroom units set by applicable funding sources such as CTCAC (minimum unit sizes are 200 square feet for an efficiency, 450 square feet for a one-bedroom and 700 square feet for a two bedroom).

GMC allows 50% lot coverage in the R-3050 zone, which would allow a development to cover only 60,984 square feet, and would reduce the overall project to 257,086 square feet to maintain the Project's previously identified height and FAR. With approximately 112,700 square feet being used for community, office, service spaces, and circulation, only 144,386 square feet would remain for the dwelling units. Maintaining the density in this reduced area would result in the following average unit sizes: 270 square foot studios, 413.5 square foot one-bedroom units, and 587.5 square foot two-bedroom units. These average unit sizes would make it physically impossible for the Project to provide one or two-bedroom units due to space constraints. This size is also a greater deviation from the City's minimum unit size requirement and would violate the unit sizes set by applicable funding sources such as CTCAC (minimum unit sizes are 200 square feet for an efficiency, 550 square feet for a one-bedroom and 700 square feet for a two bedroom).

The increase in FAR and lot coverage enable a greater area of the site to be developed with multifamily dwelling units. The increase in floor area ratio enables a greater capacity of the site to be developed with multi-family dwelling units. The number of units and sizes of the units proposed would not be able to be constructed without granting the

waivers requested. Accordingly, mandating compliance with the FAR and lot coverage standards would physically preclude construction of this affordable housing Project. For detailed analysis, see Project Architect's Justification for Approval of Waivers Letter (Exhibit 8).

2. The Council must find that the waiver or reduction in development standards will not have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Government Code section 65589.5, upon health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact. Specific, adverse impact is defined as "a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete." (Government Code section 65589.5(d)(2)).

This finding can be made. The granting of the proposed FAR and lot coverage waivers will not have a specific adverse impact upon public health or safety or on the physical environment. The Project is exempt from further CEQA review as a Class 32-"In-fill Development Projects" exemption, pursuant to State CEQA Guidelines section 15332, because the Project meets all the conditions for an in-fill development project. While the FAR and lot coverage is greater than allowed by right, these waivers do not rise to the level of a specific, adverse impact under the law, which requires a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete. *Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse impact upon the public health or safety.* The proposed FAR and lot coverage waivers do not include waivers of any Building and Safety, Fire Department, Engineering or other requirements pertaining to health or safety. The proposed increased FAR and lot coverage will allow additional density to accommodate a growing senior population, improving the City's public health and safety by establishing greater opportunity for residents to age within their community, as well as providing greater opportunities for low income family households. Further, as the Project is exempt from further CEQA review as a Class 32 "In-fill Development Project," it does not exceed thresholds identified for environmental impacts including noise, traffic, and air quality and will not result in significant cumulative impacts. Thus, this finding is met.

3. The Council must find the waiver or reduction in development standards will not have an adverse impact on any real property that is listed in the California Register of Historical Resources.

This finding can be made. The Project site has not been listed on the National Register of Historic Places, California Register of Historical Resources, or Glendale Register of Historic Resources, and has not been identified as a historic resource in any survey.

4. The Council must find that the waivers or reduction in development standards will not be contrary to state or federal law.

There is no state or federal law that prevents, prohibits, limits or in any way effects or pertains to any of the requested waivers, and therefore, the waivers are not contrary to state or federal law. Therefore, this finding can be made.

As demonstrated above, all four findings for the grant of the requested waivers can be made, and therefore, staff recommends that the Council make and adopt the findings and grant the requested waivers.

Building Height

The applicant is requesting the mandatory and automatic height increase set forth in Government Code section 65915(d)(2)(D) because the Project qualifies as a 100% affordable project located within one-half mile of a major transit stop, as analyzed in detail above. A maximum of three stories, or 36 feet are permitted in the R-3050 zone by right. The Project is additionally entitled to a height increase of up to three stories, or 33 feet because it meets the criteria of Government Code section 65915(b)(1)(G) & 65915(d)(2)(D). This additional height allowance brings the total height allowed to 69 feet. The Project, as designed, has a height of five stories, or 75 feet from the building's lowest point to the top of stair penthouse, 6 feet above what is allowed; an incentive for the 6-foot height increase is requested (see above).

Amount of Vehicular Parking Concessions Requested per Government Code Section 65915:

If a project is both 100% affordable to lower income households per section 50079.5 of HSC and has unobstructed access to a major transit stop located within one-half mile of the housing development, then a local jurisdiction shall not impose a parking ratio per Government Code section 65915(p)(3)(A). A housing development has unobstructed access to a major transit stop if a resident is able to access the major transit stop without encountering natural or constructed impediments. Natural or constructed impediments include, but are not limited to, freeways, rivers, mountains, and bodies of water, but do not include residential structures, shopping centers, parking lots, or rails used for transit.

The Project has unobstructed access to a major transit stop located within one-half mile of the development. As such, the City of Glendale may not impose any parking ratio for

the development. Despite the parking allowance under Government Code section 65915(p)(3)(A), the project, as designed, will provide a total of 342 automobile stalls.

TARGET POPULATION, INCOME LIMITS AND RENT SCHEDULE

The Project will provide affordable rental housing for a period of at least 55 years to households having income ranging from 30% to 80% of area median income. Table 1 indicates the annual income limits for households at 30% to 80% of area median income, adjusted for household size in 2021.

TABLE 1		Number of Persons in Household		
Income Limits		1	2	3
Extremely Low Income	0-30% of AMI	\$24,850	\$28,400	\$31,950
Very Low Income	30-50% of AMI	\$41,400	\$47,300	\$53,200
Low Income	50-80% of AMI	\$66,250	\$75,700	\$85,150

Monthly rents (plus utilities) for the units will range from approximately \$420 to \$621 per month for the studio units before utility allowances are deducted, \$665 to \$1,774 per month for the one-bedroom units, and \$2,128 per month for the two-bedroom units. The total number of rent restricted units is 337. Table 2 shows the number of studio, one-bedroom, and two-bedroom units that will be available for each income level of households. Three, two-bedroom units will be reserved for the resident managers and will not have rent restrictions.

Table 2: Unit Mix and Rents					
Unit	No. of units	% AMI	Gross rent	Utility allowance	Net rent
Studio	14	30%	\$420	\$57	\$363
Studio	18	30%	\$621	\$57	\$564
1-bedroom	2	30%	\$665	\$68	\$597
1-bedroom	48	40%	\$887	\$68	\$819
1-bedroom	29	50%	\$1,108	\$68	\$1,040
1-bedroom	131	60%	\$1,330	\$68	\$1,262
1-bedroom	50	80%	\$1,774	\$68	\$1,706
2-bedroom	40	80%	\$2,128	\$92	\$2,036

TAX CREDIT PROGRAM FINANCING

Low income housing tax credits were established by Congress in 1986. The program allows owners of qualified low-income rental housing developments to receive tax credits. Recipients of these credits are able to sell, or syndicate the credits to profitable organizations and individuals that have federal income tax obligations. The sale proceeds are then used to help finance the Project.

The proposed development includes a financing plan that involves the utilization of 4% Tax Credits from CTCAC. LINC Housing and National CORE will apply for approximately, \$74,436,385 in 4% Tax Credits in September 2021. If not awarded in this round, LINC Housing and National CORE will have the opportunity to apply for other sources of funds prior to a second application for 4% Tax Credits in 2022. These additional funds will make the second 4% application more competitive.

Nine percent (9%) Tax Credits are considered the best leverage of funds; however, given the size of the Project and the \$25M limit on 9% Tax Credits, LINC Housing and National CORE will pursue the 4% Tax Credit option.

PROJECT ECONOMICS

The estimated Project budget is \$143,266,763. LINC Housing and National CORE are requesting a long term lease (valued at the prorated land acquisition price of \$12,400,000 or approximately, \$36,471 per unit) from the Housing Authority to assist with development. LINC Housing and National CORE are also seeking a \$10 million development loan from the Housing Authority. The remaining \$120,866,763 will be financed using \$74,436,385 in tax credit equity; approximately, \$35,216,420 in multifamily housing revenue bond financing; \$1,904,000 in accrued and deferred soft loan interest; approximately, \$4,385,789 in developer fee contributions; and approximately, \$4,924,069 in deferred developer fees. Table 3 shows the Sources of funds during and post-construction for the project.

Table 3: Sources of Funds		
Construction	Amount	Per unit
Conventional Construction Loan	\$72,667,942	\$213,729.24
Construction Loan Taxable Tail	\$10,261,078	\$30,179.64
Glendale Housing Authority (Land Loan)	\$12,400,000	\$36,470.59
Glendale Housing Authority (Development Loan)	\$10,000,000	\$29,411.76
Accrued and Deferred Soft Loan Interest	\$1,904,000	\$5,600.00
Developer Fee Contribution	\$4,392,861	\$12,920.18
Deferred Developer Fee	\$4,917,492	\$14,463.21
Costs Deferred Until Completion	\$4,423,479	\$13,010.23

General Partner Capital Contributions	\$100	\$0.29
Tax Credit Equity	\$22,338,209	\$65,700.61
Total Sources	\$143,305,161	\$421,485.77

Permanent	Amount	Per unit
Conventional Permanent Loan	\$ 35,230,013	\$ 103,617.69
Glendale Housing Authority (Land Loan)	\$ 12,400,000	\$ 36,470.59
Glendale Housing Authority (Development Loan)	\$ 10,000,000	\$ 29,411.76
Accrued and Deferred Soft Loan Interest	\$ 1,904,000	\$ 5,600.00
Developer Fee Contribution	\$ 4,392,861	\$ 12,920.18
Deferred Developer Fee	\$ 4,917,492	\$ 14,463.21
General Partner Capital Contributions	\$ 100	\$ 0.29
Tax Credit Equity	\$ 74,460,695	\$ 219,002.04
Total Sources	\$ 143,305,161	\$ 421,485.77

TERMS OF LETTER OF LOAN COMMITMENT AND LEASE OPTION

Summary of Terms of Letter of Loan Commitment

The key terms of the Letter of Loan Commitment are summarized as follows:

- LINC Housing and National CORE will finance and construct 340 residential dwelling units for seniors and small families, 337 as affordable rental housing and three will be reserved as on-site manager units.
- The housing units will be reserved for rent by lower income households at affordable rent levels between 30% and 80% area median income for a minimum period of 55 years from the date of recordation of the regulatory agreement by LINC Housing and National CORE in favor of CTCAC, or a longer period as mutually agreed upon by the Housing Authority and LINC Housing and National CORE, upon terms and conditions approved by the Housing Authority.
- The Housing Authority's total assistance to the Project will be \$22,400,000 (consisting of \$12,400,000 for land and \$10,000,000 development loan), or approximately, \$65,882 per unit.
- The Housing Authority's assistance will be in the form of residual receipt loans secured by Leasehold Deeds of Trust that will be subordinate to a Permanent Financing Loan.
- The Letter of Loan Commitment will expire December 31, 2022.
- Additional terms and conditions will be detailed in an Affordable Housing Agreement to be brought to the Housing Authority for consideration prior to the expiration of the Letter of Loan Commitment.

Summary of Terms of Lease Option

The key terms of the Lease Option are summarized as follows:

- The term of the Lease Option will be for a minimum of 55 years at a rate of \$1 per year. The term will begin concurrent with construction loan closing for the Project and will continue for a minimum of 55 years following Project completion.
- The Lease Option will expire on December 31, 2022.
- The Lease Option will automatically expire if LINC Housing and National CORE have not received an award of 4% Tax Credits from CTCAC in the 2022 awards.
- The fully capitalized value of the annual rent (land) will be \$12,400,000 paid in the form of a promissory note by LINC Housing and National CORE upon the terms set forth in the Affordable Housing Agreement to be brought to the Housing Authority for consideration later this year.
- The Housing Authority and LINC Housing and National CORE will execute a Ground Lease subject to conditions precedent to execution of the Ground Lease set forth in the Affordable Housing Agreement and upon LINC Housing and National CORE's exercise of the Lease Option. The Ground Lease will run with the affordability covenants.

FISCAL IMPACT

LINC and National CORE are requesting a long term ground lease from the Housing Authority in an amount equal to the Housing Authority's acquisition price of \$12,400,000. The Housing Authority previously appropriated Low and Moderate Income Housing Asset Fund (Low & Mod Fund) and Tax Allocation Bond proceeds for the acquisition of the site. In addition to the long term ground lease, LINC and National CORE are requesting \$10M in additional funding (gap financing).

Staff is proposing to fund the \$10,000,000 gap by using \$4,620,781 from the Low & Mod Fund (Fund 2130) fund balance, \$1,300,000 from the Tax Allocation Bonds Housing Fund (Fund 2250) fund balance, and \$4,079,219 from the Measure S CIP Fund (Fund 4011). Since HUD rules don't allow jurisdictions to commit HOME funds to a project until it is fully funded, including commitment of tax credit funding, staff will return to City Council seeking approval to use HOME (Fund 2030) dollars to fund \$2,017,000, in conjunction with seeking approval for an Affordable Housing Agreement for the Project. These HOME funds will replace \$2,017,000 in Measure S Funds currently being requested.

Staff is proposing to use Measure S funds previously dedicated for new affordable housing land acquisitions to help fund the 515 Pioneer project, due to the restrictions tied to the Low & Mod Fund (funds must be utilized to fund extremely low income units only.) Therefore, the proposed Low & Mod funds for the 515 Pioneer project is equal to the maximum limit justifiable, given the number of extremely low income units in the Project and overall Project costs.

To track the Project costs by funding source, staff is requesting approval of a Resolution of Appropriation in the amount of \$10.0M as follows:

From:

24214-2130-CDD-0000-P0000-T0000-F0000-0000-0000- (Low & Mod Fund Balance)	\$4,620,781
24214-2250-CDD-0000-P0000-T0000-F0000-0000-0000- (Tax Allocation Bonds Housing Fund Balance)	\$1,300,000
51100-4011-CDD-0020-P0000-T0000-F0000-0000-0000- CDD00487AN (Shifting from existing Measure S new affordable housing acquisition project)	\$4,079,219

To:

43112-2130-CDD-0020-P0000-T0000-F0000-0000-0000- CDD00717AN	\$4,620,781
43112-2250-CDD-0020-P0000-T0000-F0000-0000-0000- CDD00717BN	\$1,300,000
43112-4011-CDD-0020-P0000-T0000-F0000-0000-0000- CDD00717CN	\$4,079,219

NEXT STEPS

With approval of the Density Bonus, Letter of Loan Commitment and Lease Option, LINC and National CORE will apply for an award of 4% Tax Credits on September 9, 2021. The Project is tentatively scheduled for Design Review Board approval on September 23, 2021. If awarded tax credits and with approval of design, the Project will need to secure all remaining financing, secure building permits, and enter into an Affordable Housing Agreement which will be brought to the Housing Authority later next year for consideration and approval. Construction of the Project could then commence with a completion date in Summer 2024. Marketing and lease-up of the Project would begin approximately six months prior to expected Certificate of Occupancy with the goal of having a fully leased and occupied Project on or before March 31, 2024.

ALTERNATIVES

Alternative 1: The City Council may approve the Density Bonus and Inclusionary Housing Plan for the proposed, 340-unit affordable housing Project for seniors and small families at 515 Pioneer Drive as presented. The Housing Authority may authorize execution the Letter of Loan Commitment and Lease Option as presented, allowing LINC and National CORE to pursue 4% Tax Credits September 9, 2021. The Housing

Authority may elect to change terms of the Letter of Loan Commitment such as Housing Authority funding levels, income targeting or the term of the Lease Option. In order to meet the September 9, 2021 deadline for the Tax Credit application, any of these changes could be incorporated into the Affordable Housing Agreement, which will be brought to the Housing Authority for consideration later next year.

Alternative 2: The City Council may elect not to approve the Density Bonus and Inclusionary Housing Plan for the proposed 340-unit affordable housing Project for seniors and small families at 515 Pioneer Drive. The Housing Authority may elect not to authorize execution of the Letter of Loan Commitment and Lease Option in any form. If this option is chosen, the Housing Authority could terminate its involvement in the potential joint development of the Project Site.

Alternative 3: City Council and/or Housing Authority may consider any other alternatives to the proposed Project not considered by staff. Staff would analyze the City Council's/Housing Authority's direction and provide an appropriate response.

EXHIBITS

- 1. 515 Pioneer Drive Site Map**
- 2. 515 Pioneer Drive Entitlement Package**
- 3. Draft Letter of Loan**
- 4. Draft Lease Option**
- 5. CEQA Class 32 Categorical Exemption Findings & Supporting Studies**
- 6. Proximity to Major Transit Stop Memorandum**
- 7. Density Bonus and Inclusionary Housing Plan**
- 8. Project Architect's Justification for Approval of Waivers Letter**
- 9. Campaign Disclosures**