

5 Constraints

5.1 GOVERNMENT CONSTRAINTS

The Redlands General Plan and Zoning Ordinance establish locations where housing can be built and identify housing density, lot size, setbacks, and required site improvements. These land-use controls can be viewed as constraints in that they determine the amount of land to be developed for housing and establish a limit on the number of units that can be built on a site.

GENERAL PLAN POLICIES

Growth Management and Land Use Elements

The Growth Management Element grew out of the first growth management voter initiative, Proposition R, which was passed by Redlands voters in 1978.

While Redlands has had several voter initiatives, these have not been a constraint to growth. No new voter initiatives pertaining to land use and growth management have been passed by voters since the adoption and HCD certification of the City's last Housing Element in 2002.

Annual Development Limitation and Recent Growth

Proposition R was amended by Measure N (a zoning ordinance) in 1987; this policy restricts the development of residential dwelling units to 400 units a year within the city, and the extension of utilities to 150 units per year outside the existing city limits (within the Sphere of Influence, and therefore in the County of San Bernardino's jurisdiction). Of the 400 units within the city, 50 are, by resolution, reserved for single family homes, duplexes, triplexes and four-plexes on existing lots; the remainder are allocated on a point system (adopted as Ordinance No. 2036), which emphasizes design amenities. (This point system is described in the Residential Development Allocation section which follows.)

Measure U, adopted by the voters in 1997, further articulated growth management policies. This General Plan Amendment reinforced and modified certain provisions of Measure N, adopted Principles of Managed Growth, and reduced the development density of San Timoteo and Live Oak canyons by creating a new land use category: Resource Preservation. Measure U has a negligible effect on the ability of the City to accommodate future residential development because it concerns an area of the city with steep hillsides, natural resources, and other conditions that would limit the development potential of this part of Redlands, regardless of governmental controls. In addition, under Measure U, no land designated by the General Plan as Urban Reserve as of June 1, 1987, is to be re-designated for a higher density than the RE designation as the same existed on June 1, 1987 unless specified findings are made by a four-fifths vote of the City Council.

Growth management measures were originally adopted in response to rapid residential development during the 1980s, when 30 percent of the current housing stock was constructed in a single decade. This pace of development was an aberration in the city's development history and would not likely be repeated even without growth management. Over the last approximately seven years (April 2000 to January 2007), about 1,737 housing units, or about

250 per year, have been added to the city's housing stock.¹ This is much less than the maximum permitted under Measure U. Under the present growth management system, the city's housing supply could expand by 16 percent over ten years (400 units per year between 2006 and 2014); although a third less than the pace of development during the 1980s, even this growth rate is unlikely. As of January 2008, the city has experienced the effects of the recent mortgage lending crisis, with foreclosures increasing dramatically in the city and the county. Existing home prices are decreasing and new projects are being shelved or delayed.

Meeting the RNHA Under Measure U

The growth management system will not constrain Redlands' ability to accommodate its RHNA. In 2006 and 2007 (the first two years of the planning period of this Housing Element), 344 housing units were built (8 moderate-income, and the rest market rate). This low number reflects the home foreclosure crisis, which has hit San Bernardino County particularly hard. Furthermore, 788 units received approval since the beginning of 2006 that have yet to be built (Table 5.1-1). Therefore, these units could be built in the years that remain in the planning period (which ends on June 30, 2014).

Table 5.1-1: Approved (2006-Present) but Unbuilt Housing Developments

<i>Development</i>	<i>APN</i>	<i>Zoning</i>	<i>General Plan Designation</i>	<i>Acres</i>	<i># of Approved Units</i>	<i>Date Approved</i>
Walton Development	016806999	R-E	Very Low Density Residential	30.40	74	20-Jun-06
Walton Development	016807116	R-E	Very Low Density Residential	12.11	33	20-Jun-06
Bonita Development	030022230	SP59	Resource Preservation	60.54	15	7-Feb-06
Winstar Redlands	016813109	R-E	Very Low Density Residential	5.56	13	21-Mar-06
Standard Pacific Homes	016812999	A-1	Very Low Density Residential	77.62	209	1-May-07
Gardner Construction	0174-252-17	SP 60	Very Low Density Residential	5.69	12	1-Aug-06
Vines Development	01723214(3 & 5)	R-S	Low Density Residential	3.87	6	28-Mar-06
George Saunders	0176-352-07; 0300-012-09 & 10	R-E	Very Low Density Residential	7.20	8	1-Aug-06

¹ Report E-5; California Department of Finance.

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<i>Development</i>	<i>APN</i>	<i>Zoning</i>	<i>General Plan Designation</i>	<i>Acres</i>	<i># of Approved Units</i>	<i>Date Approved</i>
Quantum Structures	02922012(1&2) and 029220108	EV2500 RM	High Density Residential	6.80	77	10-Apr-07
Richard Brown	01722310(3-5)	R-S	Low Density Residential	5.44	11	26-Sep-06
Brian King	0174-103-59	R-E	Very Low Density Residential	2.64	7	27-Jun-06
Louise Hayes	0173-121-14	R-S	Low Density Residential	1.84	5	24-Oct-06
Brentwood Communities	029216305	EV3000 RM	Medium Density Residential	4.10	39	14-Nov-06
Bulldog Commons	017017101	R-2	High Density Residential	3.07	40	15-May-07
Senior Housing Services	02922021(1&2)	R-3	Parks/Gold Courses	4.79	160	26-Feb-08
A.B Holdings	016919101	R-2	Medium Density Residential	0.79	8	28-Nov-06
Housing Partners I	016720137	R-2	High Density Residential	3.63	71	19-Jun-07
TOTAL					788	

Source: Redlands Community Development Department.

Therefore, during the 6.5 remaining years of the planning period (1/1/2008-6/30/2014), 1,713 units would need to be accommodated (the 2,845 RHNA-344-788), or 264 units per year ($1,713/6.5 = 264$) for Redlands to meet its RHNA. This development rate is feasible under the City's policy, which allows up to 400 units per year within city limits (plus unlimited additional SRO and congregate care facilities).

In addition, the Redlands City Council has taken steps to meet the City's allocation by determining that congregate care and single room occupancy (SRO) units will not count against Measure U's limitations as long as group dining facilities and a meal program are provided. SRO units have been defined by City staff as one-room apartments without kitchen facilities.

Table 5.1-2: Redlands' Ability to Meet Regional Housing Needs Allocation

	<i># of Housing Units</i>
RHNA (2006-2014)	2,845
Built (2006-2007)	344
Approved 2006-Present But Not Yet Constructed	788
Net Need for Approvals to Fulfill RHNA	1,713
Annual Net Need ¹	264
Allowed by Measure N Annually (exclusive of SRO and Congregate Care)	400

¹There are 6.5 years left in the planning period (1/1/2008-6/30/2014), so dividing the Net Need to Fulfill RHNA by 6.5 show that 264 units would need to be approved annually to fulfill the RHNA.

Sources: 2006 Regional Housing Needs Assessment; City of Redlands, 2008.

Measure U, moreover, does not restrict the City's ability to meet its housing needs obligations, nor restrict housing development of any unit type—multi-family, affordable, SRO, congregate care or any other form of housing.

Housing Type Balance

Measure U, in place for 12 years, also amended the Redlands General Plan Land Use Element to “plan for” a housing mix of 75 percent single-family and 25 percent multi-family dwelling units at buildout. The City Council has adopted a clarification of this policy that further adjusts these numbers by determining that “for-sale” condominiums (virtually of which are considered multi-family dwellings by the Census and the Department of Finance) will be considered single-family dwellings for purposes of this calculation.

The City Council has requested that staff monitor the housing mix periodically and provide reports to the City Council. Staff evaluated and prepared a report to the City Council based upon data as of May 1, 2007. It was found that as a result of development activity over the past seven years that the 75/25 housing mix ratio was being achieved. The report identified the housing mix to be 73 percent single family and 27 percent multi-family as of May 1, 2007. The Council has requested staff to continue to monitor the progress in complying with this policy.

While on the surface, the Growth Management Ordinance, and the 75/25 ratio in particular, could seem to limit development, it is not meant to be in contravention of State law. Government Code Section 65589.5 stipulates that low- and moderate-income housing may not be constrained in a way that makes it infeasible (such as through design review or growth management regulations), unless: the project is not necessary to meet the city's regional housing needs allocation; it would have specific negative impacts on health and safety; it is infeasible due to State or federal law; it is proposed on a site zoned for agriculture, resource preservation, or lacking utility infrastructure; or if it is inconsistent with the zoning and land use designation defined in the Zoning Ordinance and General Plan, respectively. The City could not, therefore, reject an application for a low- or moderate- income housing development on the basis that the City had already approved the maximum number of units for the year, unless it could make the specific findings described above.

Furthermore, the 75/25 ratio is not meant to be applied to individual development projects, but rather is a broad planning goal the City has as it conducts long-range planning, such as preparing specific plans. It has never been used as a consideration in review of individual development applications, nor been presented as information in staff reports for development projects consistent with General Plan and zoning designations. Thus, this policy does not have any bearing on housing sites included in this Housing Element, as all of these already have appropriate General Plan and zoning designations. Since Measure U was adopted in 1997, it has never been the basis of denying a multi-family project. Please see Program 7.1-11 in Chapter 7 for further clarification of the 75:25 ratio.

Urban Growth Boundary

The City does not have an adopted urban growth boundary, but the growth management policies limit development outside of city boundaries. The City of Redlands is roughly 36 square miles. The City's Sphere of Influence extends east of the city, spanning nearly 45 square miles, but excludes a 1,100-acre "donut hole" of unincorporated county land in the northwestern portion of the City.² (The City provides services to this area in exchange for a 90 percent share of sales tax revenues.) As mentioned, Proposition R, as amended, allows 150 dwelling units per year within the SOI (but outside city boundaries) to apply for annexation. Although the City may only regulate development within its boundaries, the San Bernardino County General Plan policies commit the County to support annexation of land designated for urban development.

City Design and Preservation

The City has established a number of design and preservation policies to improve the livability of Redlands. To a large extent this involves design and not necessarily additional cost to the developer. Additional time in designing developments will be offset by the quality of the end project. Still, it is recognized that additional time for preparing a project and amenities added to a project to meet the design standards may add to the housing costs, and thus serve as a constraint.

The policies in the City Design and Preservation Element build on those in the Land Use Element to describe the City's priorities within specific communities and, as a result, where future residential development is and is not appropriate. While some of these policies are implemented via ordinance, others are followed from the General Plan itself. The Land Use Element includes specific land use designations meant to limit development in environmentally sensitive areas. City design policies specifically seek to preserve agricultural land, particularly Redlands' iconic citrus groves. Moreover, the land use designations work synergistically with the City design policies to protect valuable land. For example, in Crafton (within the SOI), citrus groves are protected through the Rural Living General Plan land use designation that permits up to one unit per 2.5 gross acres on slopes under 15 percent and one unit per five gross acres on slopes 15 percent or greater.

Many City Design and Preservation policies are intended to protect the unique character of existing neighborhoods. Future development in the San Timoteo/Live Oak canyons area is

² The Donut Hole was removed from the City's Sphere of Influence several years ago as a result of Assembly Bill 1544, which was signed into law by Governor Gray Davis in 2000.

limited in order to maintain the “backcountry” character of the area. By prohibiting grading of canyon walls, exceeding 50 percent slopes and protecting “signature ridges,” the policies in the City Design and Preservation Element and the Southeast Area Plan limit opportunities for residential growth. Similarly, a housing conservation overlay district was applied in parts of South Redlands in order to maintain existing scale and character. In addition to older established neighborhoods, historic structures and districts are also protected within the City Design and Preservation Element through ordinances that require Historic and Scenic Preservation Commission review and only permit densities, designs, and uses that preserve their character and amenities.

To mitigate the impact of these City Design and Preservation requirements, policies to reduce processing time (programs 7.4.5 and 7.4.10), and, where possible, increase density of projects (programs 7.1.6 and 7.1.7) have already been adopted to provide for lower-cost housing and to lessen the potential financial impact caused by design considerations. Furthermore, some of the City Design and Preservation Element policies listed below, under “Historic and Scenic Preservation,” could potentially aide in the preservation of affordable housing units in the city’s historic neighborhoods.

Historic and Scenic Preservation

- **Policy 3.21d** - Provide incentives to encourage preservation of large historic structures and conversion to multi-family housing if preservation or original use is an economic hardship. By creating multi-family units within existing historic structures, affordable housing close to the downtown can be provided. The Zoning Ordinance allows this type of multi-family conversion in R-3 zones as well as in homes that fall within the Housing Conservation Overlay District.
- **Policy 3.23g** - Encourage homeowners to use tax credits, donated easements, and other fiscal incentives for preservation. Such fiscal incentives may assist existing low-income households in conserving residential structures, particularly in North Redlands.
- **Policy 3.26** - Work toward preventing the displacement of elderly and low-income people from their homes in historic areas. Policy 3.26k seeks and promotes use of funding resources to establish low-interest loans or grants for rehabilitation in low-income historic neighborhoods and for maintenance of older citrus groves. By coordinating efforts, low-interest loans for historic preservation can be tied with funds for repair and rehabilitation to assist seniors and low-income residents in maintaining their properties. (See programs 7.1.6, 7.1.7, 7.4.4, 7.4.5, 7.4.6 and 7.4.7 in Chapter 7.)

ZONING ORDINANCE REQUIREMENTS

The City has established standards for each of its residential zoning districts. Zoning requirements can serve as a constraint to housing production by limiting or prohibiting various types and styles of development. However, the lot size, unit density, height, lot coverage, setbacks, open spaces, design review, and parking standards are decided upon to ensure a certain quality of life for residents within a development.

Residential Zoning Districts

Table 5.1-3 specifies development standards for various residential zones. If conflicts with the zoning criteria arise (generally with development applications), the City evaluates standards in different zones. As a standard or set of standards are found to be inappropriate, they are re-evaluated and amended to reflect current needs (See Program 7.3.10). For example, with housing in Downtown, no explicit density was named in the C-3 or Town Center designations. The Zoning Ordinance was amended and a General Plan amendment was put through to clarify that these zones allowed high-density residential.

Table 5.1-3: City of Redlands: Residential Zoning Classifications

Zoning District	Min Lot Size (SF)	Max Dwelling Units per Acre ¹	Max Lot Coverage (%)	Min Width (Feet)	Min Depth (Feet)	Max Height (Feet)	Min Yards (feet)		
							Front	Side	Back
Rural Residential (R-R/R-R-A)	1 acre	1	10	125	125	2.5 stories or 35 feet	25	10	25
Residential Estate (R-A/R-A-A)	20,000	2	20	100	120				
Residential Estate (R-E)	14,000	3	25	100	120				
Suburban Residential (R-S)	10,000	4	30	85	100		25	5	25
Single-Family Residential (R-1)	7,200	6	30	60	100				
Single-Family Residential (R-1-D)	8,100	10	35	50	160				
Multiple-Family Residential (R-2)	8,000	14	45	80	100		25	5 - 10	25

Table 5.1-3: City of Redlands: Residential Zoning Classifications

Zoning District	Min Lot Size (SF)	Max Dwelling Units per Acre ¹	Max Lot Coverage (%)	Min Width (Feet)	Min Depth (Feet)	Max Height (Feet)	Min Yards (feet)		
							Front	Side	Back
Multiple-Family Residential (R-2-2000)	12,000	17 - 22	45	100	120	3 stories	25	5 - 10	25
Multiple-Family Residential (R-3)	10,000	29	60	80	120	4 stories	15 - 25	5 - 10	25

¹Density calculated from minimum lot size and dwelling units per lot and rounded down to nearest whole number.

Source: City of Redlands Municipal Code.

Minimum Lot Size Requirements

As shown in Table 5.1-3, minimum lot sizes for the R-2, R-2-2000, and R-3 districts are 8,000, 12,000, and 10,000 square feet, respectively. These minimums are quite low, and therefore do not serve to limit development on smaller lots. Furthermore, Program 7.4.13 instructs City staff to help developers with lot consolidation if lot size proves to infringe upon the development of housing affordable to the lower income groups included in the RHNA.

In general, these residential zoning classifications are similar to those in neighboring cities, and therefore do not act as an additional constraint on development.

Furthermore, the City has developed several other regulations to accommodate different types of housing throughout the city. Several policies allow greater flexibility in housing types and in particular provide greater options for low-income households thereby mitigating the constraints produced by some of the zoning districts listed above.

The Planned Residential Development (PRD) zoning district provides more flexibility to housing developments approved as subdivisions, allowing for zero lot line development and small lot subdivisions (See Program 7.3.5). This overlay may be applied to any residential or agricultural district that allows residential development.

The City permits mobile homes in all of its residential zones subject to the granting of a conditional use permit. As of January 2008, the city contained nine mobile home parks, with a population of 1,101 mobile homes. Mobile homes are a reliable source of affordable housing.

The City has a second unit ordinance that conforms to State law (Program 7.1.9). These secondary units are independent units on existing single-family lots. However, only about 5 second units per year were built during the last few years. To better promote the option of creating second units amongst homeowners, the City will launch a public awareness campaign (Program 7.1.11).

The City will amend the Zoning Ordinance (see Program 7.1.1) to allow up to 30.04 units per net acre in the R-3 and equivalent zones. Currently the allowable density is 29.04 units per net acre. This change will meet the HCD allowable density requirement for very low- and low-income housing units.

Non-Residential Zoning Districts That Permit Residential Uses

Several other districts permit residential development. Generally, residential uses within non-residential districts will follow the provisions in the adjacent residential district or a district with comparable lot sizes.

- **A-1 Agricultural District:** Single-family residences with no more than two dwellings units per each parcel of five acres or more, or one dwelling for each lot, if less than five acres.
- **A-1-20 Agricultural District:** Single-family residences with no more than two dwelling units per each parcel of 20 acres or more, or one dwelling for each lot, if less than five acres.
- **A-2 Estate Agricultural District:** Single-family dwellings with no more than one dwelling per each lot.
- **MF Medical Facility District:** Residential uses, subject to the requirements and property development standards of the nearest residential zone.
- **T Transitional District:** Residential uses that are permitted in the residential district adjacent to the T district, subject to the requirements and property development standards for the particular residential district.
- **A-P Administrative and Professional Office District:** Residential uses permitted in the R-3 Multiple Family Residential district, subject to the regulations of that district.
- **A-P-C Administrative Professional Commercial District:** Residential uses permitted in the R-3 Multiple Family Residential district, subject to the regulations of the R-3 district.
- **TC Town Center District:** Single-family, multi-family, and mixed-use residential uses permitted.
- **TC-H Town Center Historic District:** Single-family, multi-family, and mixed-use residential uses permitted.
- **SC Service Commercial District:** Single-family, multi-family, and mixed-use residential uses permitted.³

The A-P, A-P-C, TC, TC-H, and SC districts, as just mentioned, allow mixed-use, residential development. In the A-P and A-P-C districts, residential development is allowed subject to the regulations of the R-3 district (see Table 5.1-2). Program 7.1.1 increases the density allowed in the R-3 and equivalent districts to 30 units per acre. The R-3 district has a 60 percent maximum lot coverage requirement and allows up to four stories. Standards in the TC, TC-H,

³ The TC, TC-H, and SC are zones within the Downtown Specific Plan.

and SC districts, districts covered by the Downtown Specific Plan, are discussed on pages 5-9 to 5-11.

It should be noted that there is a new program in Chapter 7 of this element that would require the City to evaluate amendments to the General Plan, the East Valley Corridor Specific Plan, and the Zoning Ordinance to permit high density residential uses, including mixed uses, in proximity to the proposed rail stations identified in the Redlands Passenger Rail Study (Program 7.1.13).

Other non-residential districts allow residential uses as a conditional use. Requiring a conditional use permit for residential uses constrains the development of multi-family housing in these districts.

- **C-3 General Commercial District:** Residential uses conditionally permitted as long they are combined with nonresidential uses in an existing or new building and provided that they comply with the regulations of the R-3 Multiple Family Residential district.
- **C-4 Highway Commercial District:** Permits conditional uses allowed in the C-3 district; therefore residential uses are conditionally permitted as long they are combined with nonresidential uses in an existing or new building and provided that they comply with the regulations of the R-3 Multiple Family Residential district.

While zoning designations described above serve to restrict residential development in non-residential zones, the City is actively promoting the Downtown Specific Plan (Specific Plan 45) that contains opportunities for mixed-use and transit-oriented development. Chapter 7 contains a new program (Program 7.1.12) that calls for an evaluation of whether residential uses should be allowed with a conditional use permit in the C-1 Neighborhood Stores and the C-2 Neighborhood Convenience Center districts, thereby facilitating mixed-use development. Additionally, the City has identified housing sites in Downtown, many of which are ideal for very low- and low-income housing development, because of the high densities permitted in this area.

Downtown Specific Plan Zoning Districts

The City strives to revitalize the downtown as part of city-wide economic development objectives. During the 1980s, the Downtown Revitalization Program strengthened the downtown and brought significant private investment. The Downtown Specific Plan, last amended in 2007, contains three zoning districts: Town Center, Town Center-Historic, and Service-Commercial. All three districts allow single, multi-family, and mixed-use residential projects as a permitted use. Development standards for these districts are found in Table 5.1-4.

Table 5.1-4: Downtown Specific Plan Property Development Standards

<i>Zone</i>	<i>Min. lot area</i>	<i>FAR</i>	<i>Max. building height</i>	<i>Min. front setback</i>	<i>Min. side street setback</i>	<i>Min interior side setback</i>	<i>Min. rear setback</i>
Town Center (TC)	None	2	3 stories, no more than 55 ft.	None	None	When abutting existing residential, 5 ft.	When abutting existing residential, 15 ft.
Town Center-Historic (TC-H)	None	2	None	None	None	When abutting existing residential, 5 ft.	When abutting existing residential, 15 ft.
Service Commercial (SC)	5,000 sq. ft.; 50 ft. min. width; 100 ft. min. depth	2	3 stories, no more than 55 ft.	10 ft.	10 ft.	When abutting existing residential, 5 ft. from lot line, or 10 ft. from structure	When abutting existing residential, 5 ft. from lot line, or 10 ft. from structure

Source: Downtown Specific Plan.

In comparison to Table 5.1-3, which contains development standards for residential zoning districts, the Downtown Specific Plan zoning districts allow for dense development and promote a mix of uses. The TC and TC-H districts have no minimum lot size, and the SC district has a minimum lot size of 5,000 square feet—smaller than any of the districts in Table 5.1-3. Likewise, the setbacks in the Downtown Specific Plan zones are highly relaxed. For example, the TC and TC-H districts have no minimum front or side street setbacks, and the SC district has a minimum setback requirement of 10 feet. Program 7.1.1 increases the density allowed in the downtown to 30 units per acre.

As for parking, off-street requirements are the same in the Downtown Specific Plan area as required by the zoning ordinance. Joint use parking facilities, as provided in the zoning ordinance, are encouraged as a means to reduce excess surface parking in the Specific Plan area.

Finally, while the current Downtown Specific Plan does not encompass parcels 58-63 (Appendix B), the City is currently in the process of revising the Specific Plan; the revised Specific Plan will contain these sites. These parcels are included in the inventory for very low- and low-income housing and have a development potential of 450 units. While they are currently zoned C-3 and C-4 and thus require a CUP for housing, by the Fall 2010 when the Downtown Specific Plan revision is complete, these parcels will have mixed-use zoning, and will therefore not require a CUP for housing development (see Program 7.2-11).

Affordable Housing

The majority of the parcels listed in Appendix B for very low- and low-income housing units fall within the Downtown Specific Plan. Therefore, the progressive, mixed-use development standards listed above, in Table 5.1-4, apply. Furthermore, single-family detached, multi-family attached, and mixed-use projects that include residential are permitted in all three Downtown Specific Plan zones. Hotels and motels in all three zones require a conditional use permit.

Multi-Family Development

The zoning ordinance requires that all multi-family developments containing 35 or more dwelling units are subject to a conditional use permit (CUP). The findings of approval for a CUP are as follows:

1. That the proposed development will not adversely affect the applicable land use plans of the City;
2. That the proposed development will not be detrimental to the public health, safety and welfare;
3. That the proposed development will comply to the maximum extent feasible with the regulations of the City's General Plan, the applicable zoning district and the City's development standards; and
4. That the proposed development is appropriate at the proposed location.

These requirements were adopted because of the potential for neighborhood conflicts due to traffic, noise, and aesthetic concerns. A public hearing, which is a requirement of the CUP, gives neighborhoods the opportunity to participate, voice their concerns, and ensure that the projects are as compatible as possible with existing development. The threshold of 35 units is City policy but could be adjusted upward by the City Council by an ordinance text amendment if there was a demonstrated need. However, the threshold has not been a factor in constraining affordable housing as evidenced by recent, as well as historic, multi-family project approvals. Furthermore, multi-family development within the Downtown Specific Plan is approved ministerially (no CUP is required).

Density Bonus Provisions

The City of Redlands is in the process of changing its density bonus provisions to conform to recently-updated State law (this will be done within six months of the adoption of this Housing Element). The City's written policy follows the former State law which required a greater share of affordable units (20 and 10 percent of low-income and very low-income, respectively) in order to qualify for the density bonus. Instead of a maximum bonus, the City's policy describes a minimum density bonus of 25 percent. It should be noted that while the City has not yet amended its ordinance, it still evaluates, considers, and approves density bonus requests based upon the provisions of the new State law. While the current City ordinance already allows for multiple additional incentives, it will be changed to increase the maximum density bonus allowable from 25 to 35 percent.

So far, only two developers have taken advantage of the density bonus provisions: Senior Housing Services LLC, which will build a 160 unit senior housing project on the north side of Orange Avenue at Kansas Street, and Housing Partners I, which proposes to develop a 71 unit senior housing complex on Webster Street at Lugonia Avenue. Housing Partners I also has another density bonus project on the northeast corner of Lugonia Avenue and Orange Avenue in the pipeline. While 113 units of very low-, low-, and moderate-income housing currently exists on this parcel, the land is underutilized. Therefore, the Housing Authority submitted conceptual plans for preliminary review in June 2008 to demolish the entire site and construct 233 units of affordable housing consisting of 39 single family units and 194 multi-family units. Reducing the development requirements to match the State law will help encourage developers in Redlands to take advantage of the density bonus opportunity. Residential Development in Non-Residential Districts

Housing Type Variety

The City's zoning ordinance allows for a variety of housing types. Moreover, "dwelling unit" definitions do not distinguish between constructed and factory-built housing. As per State law, the City does not regulate the number of individuals living in a dwelling unit that is state licensed if that number is six or fewer nor does it distinguish between permanent and transitional housing. Therefore, supportive and transitional housing are treated the same as other residential uses in the same zone. Program 7.1.4, indicates that the City will either enter into a multi-jurisdictional agreement within one year of the adoption of this Housing Element or, after the one year, immediately permit emergency shelters by-right in the CM, Commercial Industrial zone. This zone has the capacity to support the City's homeless needs. See Program 7.1.4 for details.

Redlands has six single-family and three multi-family residential districts (Table 5.1-2). Furthermore, the 4,134 total available sites are located in a range of zoning districts. The development standards for these districts do not serve to restrict housing types. Housing is also allowed in ten different non-residential districts (see page 5-9). While only single-family homes are allowed in the agricultural districts, the minimum lot area, height, and front, side and rear yard standards are not burdensome. The Administrative Professional and Downtown Specific Plan districts all permit single and multi-family housing of various types.

A discussion of development fees is located on page 5-19. The fees the City charges do not serve to restrict housing variety.

Hillside Slope Standards

The southern and eastern portions of Redlands contain steep hillsides and canyons. The City initially restricted growth in these areas through Measure N, in order to protect ridgelines and scenic vistas. These restrictions have the additional purpose of minimizing flood hazards, erosion from residential and road construction, exposure to wildfire, and potential for groundwater deterioration. The Zoning Ordinance defines a Hillside Development District (HD) for parcels with slopes greater than 15 percent. In this district, densities are limited to 1 unit per every 2.5 acres in areas with 15 to 30 percent slopes, and 1 unit per every five to ten acres in areas with 30 to 40 percent slopes, respectively. Since the majority of this area is zoned as single-family residential and agriculture uses, density is already limited; therefore, this hillside policy does not present a substantial additional constraint.

Parking Standards

Off-street parking facilities are required for all new dwelling units. Single-family residential dwellings are required to have at least two parking spaces per unit. Multi-family residential dwellings require a range depending on the housing type and number of bedrooms. One bedroom units are required to provide one parking space, two bedroom units are required to provide one and a half parking spaces, and units that are three bedrooms or more are required to provide two parking spaces. Additionally, all multi-family projects containing more than two units on a lot must provide one uncovered off street parking space for every two units. Ordinance No. 2688 provides reduced off-street parking requirements for mixed-use projects.

While parking standards can constrain residential development, recent changes to the State density bonus law allow for reductions in parking requirements in multi-family housing developments, often where housing affordable to very low- and low-income households is located. Tandem parking (where two cars are parked, one in front of the other) does not generally qualify towards the parking requirement. However, tandem parking does satisfy the parking requirement for second units, another good source of affordable housing (See Program 7.2.4 for second unit exception).

Building Codes

Redlands currently requires residential construction to comply with the 2007 California Uniform Building Code and other standard codes. Fire sprinkler systems are also a requirement on all new residential units, which adds a cost between \$1.50 and \$2.25 per square foot, depending on the unit type.

The City has two full-time code enforcement officers to conduct a pro-active code enforcement program. The City also has a program for code enforcement in the CDBG target area, where enforcement coupled with available repair programs can result in upgraded housing.

Off-site Improvements

Offsite improvements, including public streets, curbing, sidewalks, street lights, water, sewer, and drainage requirements, have an impact on the cost of residential development.

Section 17.17.020 of the Municipal Code describes a set of required improvements in addition to those stipulated under the tentative map, including upgrades to infrastructure, utility hookups and site design (see Appendix D for a diagram of specific street standard width dimensions):

1. **Frontage Improvements:** Street structural sections, curbs, sidewalks, driveway approaches and transitions.
2. **Storm Drainage:** Storm drain system improvements to collect and convey on-site storm water run-off; system should not adversely affect abutting and off-site properties.
3. **Sanitary Sewers:** Each unit or lot must be served by an approved sanitary sewer system.
4. **Water Supply:** Each unit or lot must be served by an approved domestic water system.

5. **Utilities:** Each unit or lot must be served by gas, electric, telephone and cablevision facilities.
6. **Underground Utilities:** All existing and proposed utilities within the subdivision and along peripheral streets must be placed underground except those facilities exempted by the Public Utilities Commission regulations or if impractical due to physical constraints.
7. **Fencing:** Each parcel or lot within the subdivision that is adjacent to a public facility must have an approved fence adequate to prevent unauthorized access between properties.
8. **Other Improvements:** The City Engineer, in accordance with this Code, the General Plan and City standards and specifications may require other improvements, such as grading, street lights, fire hydrants, signs, street lines and markings, street trees and shrubs, landscaping, monuments, bicycle facilities, fences and smoke detectors, or in lieu fees.

These offsite improvements are either installed by the developer as part of the project or paid as impact fees assessed on larger regional or area wide facilities. Offsite improvements are assessed to determine appropriateness of improvements based on need. While these are not unique requirements, they do increase the cost of development. To mitigate the constraint that offsite improvements can place on housing, adjustments and modifications to standard requirements have been granted for PRDs, hillside developments, and rural projects. Furthermore, the vast majority of sites included in the inventory are already adjacent to dedicated streets and have necessary sewer and water infrastructure.

DEVELOPMENT REVIEW PROCESS

Permit Processing

Residential construction involving single-family owner-occupied, custom-built detached homes, mobile homes, and two- to four-unit multi-family projects are approved at a staff level (ministerial review). Projects are evaluated relative to zoning and building code standards and receive approvals within two to four weeks of application. Preliminary review is available for large and small projects; however, most questions can be answered at the "one-stop" counter.

Residential construction involving tracts and larger multi-family projects utilize the following processing schedule.⁴

- For projects not requiring legislative actions the entitlement process takes approximately 100 calendar days. Steps are (1) submission of complete application, (2) Environmental Review Committee (30 days), (3) Development Review (40 days), (4) Planning Commission (30 days).

⁴ In the case of a developer who wishes to build in an already approved subdivision, often a Planned Residential Development (a conditional use permit) application is processed concurrently with other permits. If the subdivision meets all of the development standards of the zone, there is no further review other than the Residential Development Allocation (RDA) process. All subdivisions of five or more units are required to go through the RDA process unless the subdivision in question is a lot sale subdivision.

- During this formal application phase, the applicant submits thirty sets of plans, appropriate application forms and all required fees. Conditions of approval are reviewed and any final issues are addressed before the project moves on to public hearing. For the public hearing phase, proposed projects must be included on an agenda in advance. Staff prepare and present reports on each project. The applicant and members of the public have the opportunity to comment. The Environmental Review Committee (ERC) reviews projects for their environmental impacts, such as seismicity, flooding, traffic, air quality, utilities, public services, and cultural resources. The ERC also plays a significant role in reviewing the Socio-Economic Cost Benefit Analysis described on page 5-18. As for multi-family development, the zoning ordinance allows up to 34 units to be approved under a site plan approval process without a public hearing. This threshold is a matter of City policy, and could be adjusted upward, although it has not been a factor in inhibiting affordable housing in the past.⁵ The ERC is composed of the department heads from the Community Development Department, Municipal Utilities and Engineering Department, Quality of Life Department, and Police and Fire departments. The ERC makes recommendations to the Planning Commission and/or City Council about the kind of environmental document needed.
- For projects requiring legislative actions (General Plan Amendment, Zone Change, Agricultural Preserve Removal, etc.) processing takes approximately 140 calendar days. Steps are the same as above plus (5) City Council (40 days).
- Once the entitlements are granted developers prepare for approval of their final map and submit for Residential Development Allocations (RDA). With the RDA process (described below) there is another step that residential developers go through that is not required in neighboring cities. The RDA process takes approximately 60 calendar days, however, it typically is occurring when the developer is completing final engineering and completing the final map; so the timing is not significantly different than in other communities.
- A residential project with five or more units must receive an RDA before it may be granted a building permit. Once an application is filed, it is processed and reviewed and allocations are awarded by the City Council.

The development review process is not different for residential projects included as part of a mixed-use project.

In the context of the time it takes to process the entitlements (zoning changes, tentative maps, Planned Residential Developments, etc.) Redlands has a defined schedule and usually processes permits faster than neighboring communities.

⁵ 565 out of 1,245 housing sites available for very low- and low-income housing development are within the Downtown Specific Plan area, and thus, would not require a CUP even if they contain over 34 units. There are five parcels that have a realistic development capacity of 35 or more that are also not in the DTSP. Of these, one has a capacity of 113 sites and is part of the already approved Senior Housing Services, LLC project. The four parcels that remain contain 414 housing sites. See Program 7.4-14 in Chapter 7 for how the City will monitor and evaluate the impacts of the CUP process on these sites. It must be noted that no housing project over 34 dwelling units which required a CUP has been denied by the City.

Given that permit processing times are “in-line” with other communities in the area, the Redlands development review process does not represent a constraint that is significant. Regulations to include additional environmental assessment, requirements of SB 18, and water quality requirements (all federal, State and regional requirements), etc. have added to the processing time and cost of development in all cities. These additional requirements are not generally reflected in the timelines above because this information and requirements are required at time of application submittal and determination of completeness.

Residential Development Allocation (RDA)

Required by the Growth Management Element, the Residential Development Allocation (RDA) determines which projects may move through the development process to receive building permits. Projects (involving more than four units) compete against each other for an allocation of housing units from the pool of 400 dwelling units allowed each year within the city limits and 150 utility connections permitted in the SOI. The City Council makes allocations four times a year, 117 allocations in each of the first three quarters and the remainder in the fourth. Staff assists applicants in preparing applications. Unused allocations may not be carried forward to the next year. Moreover, a project must obtain at least ninety points in order to receive an allocation.

Admittedly, it is a procedure that adds time to the total development approval process by requiring that homebuilders first receive an allocation before proceeding with building permits. Once entitlements are granted, the RDA process takes approximately 60 calendar days. However, this typically occurs when the developer is completing final engineering, completing the final map, and processing building permits. Furthermore, the RDA application fee is \$2,115 per development application.

However, the City’s RDA system is not anticipated to create significant barriers to the approval of affordable housing developments. In fact, the City currently encourages the construction of affordable and senior housing units by awarding up to 20 points for providing such housing. (This is ten points more than the original points system permitted.) Specifically, two points per unit are awarded for projects with 15 percent of dwelling units restricted for very low- and low-income residents and up to six points are given to projects with 90 percent or more of the dwelling units restricted for seniors. While low-income or senior housing developments may not qualify for the maximum points in all rating categories, the City believes that most such projects will score high enough in most of the rating categories to be more than competitive with market-rate housing proposals. The City can address the cost implications of location and design factors included in the evaluation system through other regulatory incentives (such as density bonuses with reductions in certain development standards) and financial assistance to affordable housing developments. In addition, a substantial percentage of affordable housing is anticipated to be provided in mixed-income projects in which the majority of dwelling units are market-rate. Such projects will have a greater capacity to absorb marginal increases in costs from the application of the City’s RDA system.

The specific RDA rating factors and their likely impacts on affordable housing proposals are discussed below:

Consistency with zoning standards (2 or 5 points)

Consistency with the City’s zoning is required of all projects and does not create barriers to the approval of affordable housing developments, per se. But, to gain these points, the project must “significantly exceed the property development standards of the zone in one substantive way for 2 points or in three or more substantive ways for 5.”

Relationship of project to public services (65 points)

The rating factors (with maximum points in parentheses) in this category include:

1. **Project location (15):** Up to 15 points are awarded, depending on whether the project site abuts existing developed areas on one, two, or three sides, or is in close proximity to already developed sites. Typically, affordable housing proposals would be located in developed areas, where transportation, infrastructure, and other services and facilities are already present.
2. **Access to emergency fire services (10):** Up to ten points are awarded for proximity fire services. The first five points are awarded to projects located within 1.5 miles of an existing first-due engine company. Most sites designated for higher density housing are within 1.5 miles of a first-due engine company. An additional five points are awarded to projects that are sprinkled according to NFPA Residential Sprinkler Pamphlet 13D-5. Sprinkling according to NFPA guidelines could add substantially to the cost of an affordable housing development, but this cost could be defrayed through City financial assistance.
3. **Storm and flood drainage (-5 to 5):** Up to five points are awarded based on the percent of lot coverage by roof and paved areas. Points are deducted for projects with impervious surfaces covering more than 40% of site. The typical lot coverage for a higher-density affordable housing development would probably result in zero or negative points under the current rating system. This point disadvantage could be offset by incorporating a water quality management plan into the project that manages runoff from the site, which is required by the City.
4. **Availability of water service (7):** Up to five points are awarded depending on whether the project can be accommodated within the existing water distribution system and no off-site extension or increase in size of water lines are necessary to serve the project. The City anticipates that most affordable housing developments on higher density-zoned sites would qualify for the maximum or near maximum points in this category. Additional points are awarded for water conservation measures (drought tolerant plants, less acreage devoted to turf, water conserving appliances) that are standard practice in many new affordable housing developments.
5. **Wastewater collection (7):** Up to five points are awarded for projects that do not require upgrades or extension of off-site sewer lines. The City anticipates that most projects can be accommodated within existing sewer collection lines. An additional point is awarded for projects that provide oversized pipelines that can allow other, unsewered projects to connect to the City’s system or that provide facilities or pipelines that benefit existing users.

6. **Solid Waste (4):** Projects are awarded up to four points in total for separating recycling and solid waste; recycling at least 90% of construction and demolition debris; reusing materials during demolition; and installing landscaping that contains sustainable plantings to reduce green waste over the life of the project. Depending on the site—new construction or rehabilitation—some or all of these points could be achieved by an affordable housing development.
7. **Street/traffic improvements (5):** Up to five points are awarded based on the need for minor or major off-site street or traffic improvements that will require a City contribution. Projects that do NOT require off-site improvements by the City score highest.
8. **Schools (10):** Up to ten points are awarded based on a project's proximity to a school. Projects within safe walking distance will receive higher points. The impact of this criterion on an affordable housing proposal depends on the location of the proposed project site in relation to an existing or planned school. Many sites presently zoned for higher density residential use that could accommodate affordable housing would meet the "safe walking distance" criterion. This criterion would not be applicable to senior housing.
9. **Parks (2):** Up to two points are awarded based on project's proximity to a developed park. The impact of this criterion on an affordable housing proposal depends on the location of the proposed project site in relation to an existing park. Many sites presently zoned for higher density residential use that could accommodate affordable housing would meet this criterion.

Project Design (72 points)

The rating factors in this category include:

1. **Architectural design (10):** Up to ten points are awarded based on design “quality,” neighborhood consistency, and durability and appearance of exterior materials. Points in this category are based on the quality and durability of roofing materials, the design of elevations (particularly facing public rights-of-way), orientation of garages, and project entry appearance. These criteria do not require a developer to use the most expensive materials to obtain maximum points in this category. Design objectives related to facade treatments or architectural style and do not necessarily require substantially costlier construction techniques. Most affordable housing developments would use design approaches that meet City criteria as a standard practice and would be treated the same, therefore, as market rate developments. Cost increases resulting from design requirements could be off-set through redevelopment or grant funding.
2. **Energy conservation and savings (5):** One point if the project utilizes solar hot water panels capable of satisfying 50 percent or more of hot water demand; two points if the project utilizes photovoltaic cells to provide an estimated 75 percent of electrical demand; one point if the project utilizes double pane windows throughout the residence, has insulation that exceeds minimum standards, as well as shade trees; one point if the project utilizes reflective roof coatings, awnings or window covers and skylights to light several rooms of each residence; one point if the project uses passive design and architecture to further reduce energy consumption in the winter and summer; and one point if all of the homes in the project use Energy Star appliances. These additional features will add up front costs to the developer’s construction costs, but may save the resident money (in the form of reduced energy bills) over time. It is possible that these development costs could be offset through state and non-profit energy efficiency grants for affordable housing.
3. **Leadership in Energy and Environmental Design (LEED) (6):** Up to six points are awarded for LEED certification from the US Green Building Council. This certification can be costly and time-consuming, and may not be advised for affordable housing projects. But simply following some of the LEED guidelines may help award points in other categories within the RDA system, such as location and energy efficiency.
4. **Site and grading design (10):** Up to 10 points are awarded for site and grading design that respect existing topography, reducing the amount of grading necessary, provide variable set-backs, include open spaces, preserve special views and ridgelines, provide solar access, preserve privacy, avoids environmentally sensitive areas, and provides curvilinear street patterns. Most of the issues raised in site and grading design affect single-family subdivision in hillside and environmentally sensitive areas of the City, not sites zoned for higher density residential use which are appropriate for affordable housing developments.
5. **Circulation (7):** Up to seven points are awarded for pedestrian safety, preservation of privacy with neighboring properties, and avoidance of conflicts with neighboring street intersections. None of these criteria are expected to adversely affect or create significant costs for affordable housing developments.

6. **Landscaping (10):** Up to ten points are awarded for the preservation of existing ornamental trees and basic land forms, provision of a variety of landscaping, screening of undesirable features (such as waste receptacles), use of drought-tolerant plants, and water conserving irrigation systems. Points are also awarded for the use of decorative masonry walls and covenants that bind property owners for maintenance of landscaping. With the exception of masonry walls, none of the landscaping rating factors will significantly increase development costs. In fact, use of water-conserving plants and irrigation techniques will save project operations expenses. Screening of undesirable features is standard practice in new developments. The added cost of masonry walls would not ordinarily be a “make or break” issue for the financial feasibility of most affordable housing projects. The City could provide financial assistance to help meet this added cost, if necessary.
7. **Open space (5):** Up to five points are awarded to multi-family proposals that provide open space and on-site recreation amenities substantially in excess of minimum development standards. These criteria could add substantially to the cost of an affordable housing development if the amount of open space needed to increase a project’s overall point total reduces the number of achievable dwelling units. For most projects, this result is unlikely.
8. **Agriculture (10):** Up to ten points are awarded to projects that use transfers of development rights to preserve agricultural lands, do not require the rezoning of land from agricultural use, and are not located adjacent to an agricultural preserve or in the immediate vicinity of land under a Williamson Act contract. None of the sites designated for higher density residential development will require rezoning of land or are next to agricultural preserves or Williamson Act lands. The cost of using transferred development rights to qualify for maximum points in this category would likely exceed the financial feasibility of most affordable housing developments without additional subsidies.
9. **Historic Resources (5):** Up to five points are awarded to projects that preserve historically significant resources and/or do not adversely impact the character of any historic or cultural resource in close proximity to, or within, the project. Most of the sites designated for high density residential use will not be adversely affected by this policy. Design compatibility to address nearby historic or cultural resources is not expected to significantly add to overall development costs. If unusual circumstances arise that do significantly add to the cost of an affordable housing development, the City could use redevelopment funds, or assist the project developer in accessing state or federal funding, to help defray these costs.
10. **Art in public places (3):** Up to three points may be awarded for projects that incorporate public art into the project. However, art must have a value of one-quarter percent or more of the building valuation of the project in order to qualify.

Table 5.1-5 reports the RDA proposals submitted, between 2000 and 2007. There were a total of 60 RDAs processed during this eight-year period. Of these, 8 project approvals (a total of 499 units) were for multi-family developments and 52 project approvals (a total of 1,773 units) were for single-family projects. Note that this list does not include any single-family homes

that may have been developed on existing lots, since these developments are exempt from the RDA process.

Table 5.1-5: Residential Development Allocation, 2000-2007

<i>Housing Type</i>	<i># of Units</i>	<i># of Projects</i>	<i>% of Total RDA Approved Units</i>
Single-Family Housing (total)	1,773	52	78.0
<i>Detached Single-Family</i>	1,566	45	68.9
<i>Attached Single-Family</i>	7	1	0.3
<i>Attached Condos</i>	200	6	8.8
Multi-Family Housing (total)	499	8	22.0
<i>Attached Townhomes</i>	124	2	5.5
<i>Senior apartments</i>	160	2	7.0
<i>Apartments/Apartment Complexes</i>	215	4	9.5
Total RDA Approvals	2,272	60	100.0

Source: City of Redlands

During this time, four projects, including single-family and multi-family proposals, did not score sufficient points to be approved. However, this did not serve as a constraint because, in each case, the project was resubmitted and subsequently authorized for allocation. Moreover, every project that was submitted for RDA review from 2000-2007 eventually scored high enough to be allocated.

Socio-economic Study and Cost Benefit Analysis

This requirement was added with the passage of Measure U in 1997. The Growth Management Element of the General Plan states that any development project proposal requiring a General Plan Amendment, Zoning Amendment, Subdivision Map, Specific Plan, Conditional Use Permit approval, or with a building or development area exceeding a cumulative total of 5,000 square feet shall submit a socio-economic study and cost-benefit analysis. However, it was decided that it was not the intent of the Growth Management Element to evaluate a single-family residence on an existing lot of record that is over 5,000 square feet in area.⁶ This requirement is not discriminatory as it applies to all development projects—residential and nonresidential, single-family as well as multi-family units.

Projects must submit additional information, including absorption schedule or rate, proposed assessed value, and proposed public improvements. The review is conducted by City staff using a standard checklist and a spreadsheet-based model, and the cost is \$2,310 per project (regardless of project size or number of housing units). The average single-family project is about 50 units, and the average multi-family project is 90 units, so this would come out to \$46 and \$26 per unit, respectively. Thus, the monetary cost of this requirement is quite low. City staff prepares the study and analysis that is reviewed by the Environmental Review Committee along with the initial study (per CEQA).

⁶ Email exchange with Jeff Shaw, City of Redlands Community Development Director, 3/12/2008.

The Study requires the evaluation of how the development project in question will affect:

- **Agricultural/Citrus Removal:** will the project affect agricultural resources or operations (e.g. impacts to soils or farmlands, or impacts from incompatible land uses)? Will the project remove active citrus groves—a hallmark of the city—from production?
- **Wildlife Habitat:** will the project eliminate or have a negative impact on wildlife corridors? Will it tend to urbanize open space, impacting preservation and conservation of natural resources? Will it interfere with the use of recognized trails used by joggers, hikers, equestrians or bicyclists? Will it eliminate, reduce, or have any negative impact on wildlife habitat areas including fringe or buffer areas?
- **Traffic:** will the project result in increased vehicle trips or congestion? Will it create additional traffic so as to be in conflict with the policies of the General Plan? Will it impact the livability of a residential neighborhood on streets which, due to design or terrain features, street side development, or other factors, have greater than usual sensitivity to increased traffic? Will it create additional traffic so as to increase the level of service on roadways that are adjacent to or in the vicinity of the project?
- **Fire and Paramedic Services:** will the project require fire and paramedic services that are beyond the current capabilities of the Fire Department? Will it result in an increase in response time for essential fire or paramedic services to the remainder of the community? Will it result in the need for additional fire or paramedic facilities or equipment?
- **Police Services;** will the project require police services that are beyond the current capabilities of the Police Department? Will it result in an increase in response time for essential police services to the remainder of the community? Will it create a need for additional police facilities or equipment? Will it increase crime as a result of the type of business?
- **Downtown Impacts :** will the project result in a reduction of the number or types of businesses located in the downtown? Will it cause an unfair or unreasonable competitive disadvantage to existing businesses downtown? Will it create vacant buildings and the potential for blight? Will it cause an unreasonable increase in traffic downtown? Will it adversely affect downtown businesses?
- **Residential Design:** will the project conflict with existing codes and/or standards? Will it meet minimum point standards of the Residential Development Allocation process?
- **Cultural Facilities:** will the project impact a historic residential structure, neighborhood, or district? Will it impact a historic commercial structure or district? Will it impact cultural facilities such as the Smiley Library, Redlands Bowl, Lincoln Shrine, Joslyn Center, Community Center, etc.? Will it have the potential to cause a physical change which would affect unique ethnic cultural values? Will it have the potential to disturb, impact or restrict religious or sacred facilities or uses?
- **Park and Recreational Facilities:** will the project result in the increase use or demand for park facilities or programs (including manpower, facilities and

equipment)? Will it result in a ratio of parkland to population which exceeds standards and/or goals established by the General Plan?

- **Land Use Compatibility:** will the project result in land uses that are incompatible or inconsistent with the General Plan? Will it create economic impacts on businesses and small property owners? Will it physically separate or divide an existing community? Will it create job losses in the community? Will it create overcrowding of housing?
- **Schools:** will the project create an overcapacity in schools? Will it create the need for additional school facilities or equipment? Will it result in land uses that are inconsistent or incompatible with existing educational facilities in the community? Will it result in social or academic impacts on students because of school closures?

The findings listed above are rated as having a potentially significant, potentially significant unless mitigation incorporated, less than significant, or no impact.

In a basic sense, the requirement for the Study tasks Planning Staff with performing a quick checklist to verify that, for instance, the parcel(s) in question are not in the habitat area of a protected species or that the developer is prepared to pay impact fees related to police, fire, and schools. In other words, the bulk of the findings simply require that Staff check that the project in question adheres to policies in the General Plan and/or Zoning Ordinance—information that otherwise would normally be provided in a staff report; this process standardizes this review to enable those who are interested in the project to view, at a glance, how well the project in question complies with the General Plan and City codes.

Studies are done concurrently with the processing of projects (residential or otherwise), and therefore do not have any impact on a residential project proceeding or the length of processing time (for a lower income multi-family or other type of residential development). Additionally, residential developments generally have a positive socio-economic impact because a sales tax factor is included. Therefore, while there is a direct relationship between the cost of the residential unit and the tax benefit provided, this requirement does not serve to constrain development. Since 1997, hundreds of socio-economic studies have been performed and no project has been denied because of a study's results. Please see Program 7.4-16 in Chapter 7 for further clarification regarding how the Study is used.

Impact Fees and Exactions

Fees are collected by the Planning, Municipal Utilities and Engineering Department, through the One-Stop Permit Center, and by the Redlands Unified School District at their offices, by appointment. Fees are updated every year or every several years, as needed. Planning fees, last updated in January 2007, and Municipal Utilities and Engineering fees, updated February 2008, are both available online on the City's website; current School District fees, last updated in September 2006, are also available online, on the District website. To obtain Building & Safety Department fees, applicants must call the department, since fees depend on specific project types. Because current fees are assessed per unit and very low- and low-income units are not exempt, the fees constitute a significant share of the cost of producing housing at market minimum prices. This effect is amplified by Redlands' allocation system, which awards up to 72 points for design and energy efficiency considerations. Developers who want to increase their chances of winning an allocation will include more amenities; these then drive

up the cost of their product. This is somewhat offset by provisions that allow 20 points to be awarded for very low- and low-income and senior citizen housing.

Total fees for a single-family home, assuming a 2,200 square foot home on a 7,200-square-foot lot, in a 6 du/acre tract, including a Zone Change, and environmental fees, add up to approximately \$37,300, over \$14,000 of which is for sewer and water charges. Other impact fees, covering transportation facilities, storm drains, and public facilities—for City Hall, the library, the Police and Fire Departments, and schools and parks—account for over \$19,000 of the total per unit fees. Per unit fees for multi-family housing are about \$14,000 less than fees for single-family homes. A project that constructs 1,000 square-foot units at 20 dwelling units per acre would require fees totaling about \$22,936 per unit. A project at 30 dwelling units per acre, with 800 square-foot units, would have similar impact fees, totaling approximately \$22,193.

While these fees may seem high, Redlands is a “full-service” city and therefore charges impact fees to include water, sewer, landfill, public facilities, etc. Conversely, in other cities, certain fees are not paid to the City but rather to a water company, waste disposal company, or other entity that provides a service. Table 5.1-6 shows the fee breakdown. All developers will not be charged all of the fees shown. For example, amending the General Plan or changing the zoning designation of a particular property may not be necessary for many projects. Additionally, Table 5.1-6 contains planning/processing fees, building and safety fees, and development impact fees, all of which serve distinct and necessary purposes. Furthermore, while fees are generally applied equally within the city, usually the infrastructure costs of extending water lines, sewer lines, streets, etc. are greater for developments on the outskirts versus infill projects. For example, if an infill site that was once retail is being converted into apartments, because the City gives credits for trips previously attributed to the site, the apartment complex developer would have greatly reduced transportation fees. Developers can also receive credits for certain fees if improvements such as roadways, traffic signals, drainage systems are installed as part of the project.

Table 5.1-6: Redlands Development Fees (Per Unit)

	<i>Per Unit Fee</i>			
	<i>Single Family 2,200 s.f. 6 du/ac</i>	<i>1 Acre Townhouse 1,200 s.f. 10 du/ac</i>	<i>1-Acre Multifamily 1,000 s.f. 20 du/ac</i>	<i>1-Acre Multifamily 800 s.f. 30 du/ac</i>
Planning/Processing Fees				
Environmental Review (Negative Declaration)	\$89	\$74	\$59	\$49
Fish and Game Fee (Negative Declaration)	\$38	\$31	\$25	\$21
General Plan Amendment	\$74	\$61	\$49	\$41
Zone Change	\$55	\$46	\$37	\$31
New Construction Conditional Use Permit ¹	N/A	\$94	\$75	\$62
Commission Review and Approval ¹	N/A	N/A	N/A	N/A

Table 5.1-6: Redlands Development Fees (Per Unit)

	Per Unit Fee			
	Single Family 2,200 s.f. 6 du/ac	1 Acre Townhouse 1,200 s.f. 10 du/ac	1-Acre Multifamily 1,000 s.f. 20 du/ac	1-Acre Multifamily 800 s.f. 30 du/ac
Tentative Tract Map Review	\$198	\$165	N/A	N/A
Final Tract Map Review	\$10	\$8	N/A	N/A
Residential Development Allocation	\$43	\$36	\$29	\$24
Building & Safety Fees				
Building Permit	\$1,265	\$862	\$765	\$668
Building Plan Check	\$821	\$558	\$495	\$432
Plumbing	\$145	\$76	\$75	\$74
Mechanical	\$75	\$49	\$49	\$49
Electrical	\$132	\$82	\$72	\$62
Garage permits	\$289	N/A	N/A	N/A
Development Impact Fees				
Sewer Frontage Charges	\$1,500	\$1,500	\$900	\$900
Sewer Capital Improvements	\$4,490	\$4,490	\$3,580	\$3,580
Water Frontage Charges	\$1,500	\$1,500	\$1,140	\$1,140
Water Capital Improvements	\$5,350	\$5,350	\$2,680	\$2,680
Water Source Acquisition	\$810	\$810	\$405	\$405
Solid Waste	\$650	\$650	\$325	\$325
Transportation Facilities	\$2,600	\$2,600	\$1,685	\$1,685
Library	\$764	\$764	\$538	\$538
General Government Facilities	\$2,644	\$2,644	\$1,859	\$1,859
Storm Drains	\$700	\$700	\$343	\$343
Parks and Open Space	\$4,482	\$4,482	\$3,151	\$3,151
Police	\$1,806	\$1,806	\$1,270	\$1,270
Fire	\$996	\$996	\$700	\$700
School Fee \$2.63/s.f.	\$5,786	\$3,156	\$2,630	\$2,104
Total	\$37,312	\$33,591	\$22,936	\$22,193

¹Note: The fees assume a 50 unit subdivision for single family, 60 units for townhouses, 75 units for multi-family developments with 20 units/acre and 90 units for multi-family developments with 30 units/acre.

Source: City of Redlands Planning, Municipal Utilities and Building & Safety departments; Redlands Unified School District.

In calculating the fees in Table 5.1-6, several assumptions were made. It was assumed that single-family homes are on average 2,200 square feet at a density of 6 dwelling units per acre. Similarly, the following assumptions were made: townhouses are 1,200 square feet at 10 units/acre, multi-family units of 1,000 square feet are at 20 units/acre, and multi-family units of 800 square feet are at 30 units/acre. The average project size for these developments was

assumed to be 50 dwelling units for single-family homes, 60 dwelling units for townhouses, 75 dwelling units for multi-family units at 20 units/acre, and 90 dwelling units at 30 units/acre. For sewer and water frontage fees, it was assumed that frontage for a single-family home or a townhouse is 50 feet and frontage for a multi-family home is 30 feet. Sewer frontage fees are \$30/foot across the board, and water frontage fees are \$30/foot for single-family homes and townhouses and an average of \$38/foot for multi-family units.

The City recognizes that development fees, although necessary to pay for facilities and services required by new development, add significantly to the cost of housing and affect the feasibility of constructing affordable housing. For this reason, to mitigate this constraint, the City has used, and will continue to use, redevelopment housing set-aside and grant funds to pay for development fees if necessary to maintain the financial feasibility of an affordable housing development proposal.

CONSTRAINTS TO HOUSING FOR SPECIAL NEEDS GROUPS

Single-family homes, which comprise three-quarters of the housing stock in Redlands, are often too expensive for low-income persons and others with special needs. Therefore, it is necessary for the City to establish policies and processes that facilitate other housing types. This section addresses policy constraints and opportunities that affect special needs groups, including seniors, people with disabilities, the homeless, large families, female-headed households and low-income individuals and families.

As described in the zoning section earlier in this chapter, the City has several stipulations within its policies to encourage alternative housing types.

Emergency Shelters, Transitional Housing, and Supportive Housing

In January 2008, Senate Bill 2 (SB 2) went into effect, requiring that every jurisdiction in the State identify one or more zoning districts that allow emergency shelters and transitional housing without discretionary review (such as a conditional use permit). The law requires that the identified zones contain sufficient capacity to provide shelter for homeless persons that have unmet housing needs. SB2 further requires that transitional housing and supportive housing be treated as a multi-family use. Currently, Redlands Zoning Ordinance does not identify a zone or zones where emergency shelters are permitted. Therefore, the City must amend the code accordingly (see Program 7.1.4). SB 2 also indicates that cities may partner with each other to provide emergency shelter and transitional housing services (see Program 7.1.4).

Single-Room Occupancy (SRO) Units

SROs represent another affordable housing alternative. City policies regulate the location of single-room occupancy (SRO) units (they are only permitted in the R-2 Multiple Family Residential District with a conditional use permit). However, programs in this Housing Element seek to clarify the definition (7.1.2) and create standards for (7.1.3) SROs. In general, the City views SROs as single-room apartments without full kitchen facilities (although often they have a microwave in each room and/or shared kitchen facilities). Furthermore, SROs are exempted from the city's annual dwelling unit limit and therefore may be used to fulfill regional housing needs over this limit.

Mobile Homes

City policies also regulate the location of mobile homes. Mobile homes are considered single-family homes and therefore are permitted in all residential zones, as long as they comply with the density and other requirements within that zone. Mobile home parks, developments designed and constructed as a single land use complex, are subject to conditional use permits. The City believes that mobile homes are an important source of affordable housing and therefore mandates rent control in several of the larger complexes (Lugonia Fountains Mobile Home Park, Orange Grove Mobile Estates, and Sylvan Mobile Estates). To further preserve these units, the City offers very low- and low-income owners funds through the Great Neighborhoods Program (see Section 2.8).

Constraints to Housing for Large Families and Female-Headed Households

Large families and female-headed households may require more traditional housing types; the SROs, mobile homes and shelters described above are not well-suited for families. In 2006, approximately nine percent of households in Redlands were female-headed households and 11 percent were large families (defined as five or more persons per household). These populations are described in more detail in Chapter 2.

Multi-family housing, a more affordable housing option, is permitted in the R-2, R-2-2000, and R-3 Multiple Family Residential as well as Administrative Professional, Town Center, Town Center-Historic, and Service Commercial districts and some non-residential zones adjacent to these districts. Multi-family housing is also permitted in the C-3 and C-4 commercial districts, but is constrained by the requirement for a conditional use permit. Although the zoning code does not restrict the number of bedrooms per unit, the market often does.

The Housing Authority of San Bernardino operates 209 units of conventional public housing and 45 additional affordable housing units in Redlands. In 2008, 84 percent of applicants requested one- or two-bedroom units, 14 percent requested three-bedroom units, less than 2 percent requested 4-bedroom units, and no applicants requested 5-bedroom units.⁷ It does not seem, therefore, that there is much demand for large public housing units. Furthermore, of the total existing housing stock in Redlands, over half is made up of three and four-bedroom units. Additionally, overcrowding does not appear to be a substantial problem in Redlands; the American Community Survey estimated overcrowding (defined as more than one occupant per room) at just three percent in 2006.

Constraints to Housing for Persons with Disabilities

As noted in the Special Needs section (3.2) of the Housing Element, persons with disabilities have a number of housing needs related to accessibility of dwelling units; access to transportation; employment, and commercial services; and alternative living arrangements that include on-site or nearby supportive living services.

The City ensures that new housing developments comply with California building standards (Title 24 of the California Code of Regulations) and federal (Americans with Disabilities Act) requirements for accessibility. The City also permits educational, residential, health care, and

⁷ Email with Alison Crawford, Housing Authority of San Bernardino, 2/1/2008.

other supportive services (defined as institutional services in the zoning code) of the type that could benefit persons with disabilities in residential zones. Sites zoned for multi-family use, administrative professional, and C-3 and C-4 Commercial zones, which all permit mixed-use developments, are located along arterial streets and transportation corridors to facilitate access and accessibility for persons with disabilities.

Seniors-only housing currently exists in Redlands and provides many of the features that meet the needs of persons with disabilities. The City's current development standards permitting mixed-use developments will allow a wide variety of housing types that could meet the needs of, and provide accessibility to services and transportation to, individuals with disabilities.

In light of current planning policies and zoning regulations, the City believes that it has mitigated any potential constraints to the availability of housing for persons with disabilities.

Procedures for Ensuring Reasonable Accommodations

The City of Redlands has established procedures to ensure that reasonable accommodations are made for persons with disabilities. Any person with a disability may submit an application for reasonable accommodation or variance from the requirements of City zoning or building codes by submitting an application to the city's community development director who may deny, approve or conditionally approve the request or pass the request along to a designated city committee (Ord. 2656 § 1, 2007). The City provides assistance to applicants who need help completing the application. A notice of the filing of the application is sent to owners of all properties within three hundred feet of the property that is the subject of the application. The notice contains information about the nature of the accommodation request, and provides instructions for notification of any decisions that are made or hearings scheduled regarding the application. The community development director or the committee acting in the capacity of the community development director makes the following findings:

- The person who will use the subject property is protected under the fair housing laws;
- The requested exception to the zoning code, law, regulation, procedure or policy is necessary to make specific housing available to persons occupying the subject property;
- The requested accommodation will not impose an undue financial or administrative burden on the City; and
- The requested accommodation will not require a fundamental alteration of the city's zoning or building laws, policies and/or procedures.

In practice, the requirement to notify property owners within 300-feet does not slow down requests. There is no cost to submit an application for reasonable accommodations; the only cost is a building permit (for a small addition to a home, a permit costs less than 500 dollars). The Zoning Ordinance establishes a timeframe of 30 days to make a decision on an application and the notification of neighbors within 300 feet is handled within this timeframe.

Typically, smaller-scale ADA retrofit requests are processed over the counter. A request for a ramp to accommodate a wheel chair takes approximately 2-3 weeks, while a bathroom modification only takes 2-3 days. Building permit fees for these types of procedures are less

than 100 dollars for bathroom modifications and approximately 30 dollars for a wheel chair ramp.

Efforts to Remove Regulatory Constraints for Persons with Disabilities

The State of California has removed City discretion for review of small group home projects (six or fewer residents). The City does not impose additional zoning, building code, or permitting procedures other than those allowed by state law. There are no City-initiated constraints on housing for persons with disabilities.

The City allows residential retrofitting to increase the suitability of homes for persons with disabilities in compliance with ADA requirements. Such retrofitting is permitted under Chapter 11 of the 1998 version of the California Code. The City works with applicants who need special accommodations in their homes to ensure that application of building code requirements does not create a constraint. The City's Zoning Code has been reviewed for Chapter 11 compliance and was found to be compliant.

Information Regarding Accommodation for Zoning, Permit Processing, and Building Codes

The City implements and enforces Chapter 11 of the California Code, which is very similar to ADA. The City provides information to applicants or those inquiring of City regulations regarding accommodations in zoning, permit processes, and application of building codes for persons with disabilities.

Zoning and Other Land Use Regulations

As part of the update of the Housing Element in 2002, Redlands conducted a comprehensive review of its zoning laws, policies, and practices for compliance with fair housing law. The City has not identified any zoning or other land use regulatory practices that could discriminate against persons with disabilities and impede the availability of such housing for these individuals. Examples of the ways in which the City facilitates housing for persons with disabilities through its regulatory and permitting processes are:

- The City has no authority to approve or deny State-licensed group homes of six or fewer people in zones allowing residential uses, except for compliance with building code requirements, which are governed by the State of California. Similar homes serving seven or more persons are only permitted in the Multiple-Family Residential and Agricultural zones, subject to a conditional use permit. However, Program 7.1.2 in Chapter 7 calls for a thorough evaluation of where such homes are most appropriate. For example, because individuals living in group homes often rely on transit to access social services, it may make more sense to allow group homes in Downtown or in other high density or mixed-use areas.
- The City permits housing for special needs groups, including for individuals with disabilities, without regard to distances between such uses or the number of such uses in any part of the City. The Land Use Element of the General Plan does not restrict the siting of special needs housing.

Permits and Processing

The City does not impose special permit procedures or requirements that could impede the retrofitting of homes for accessibility. The City's requirements for building permits and inspections are the same as for other residential projects and are fairly simple and straight forward. City officials are not aware of any instances in which an applicant experienced delays or rejection of a retrofitting proposal for accessibility to persons with disabilities.

A significant number of group homes operate in the City of Redlands. As discussed above, the City allows group homes of six or fewer persons by right, as required by state law. No conditional use permit or other special permitting requirements apply to such homes.

The City does not impose special occupancy permit requirements for the establishment or retrofitting of structures for residential use by persons with disabilities. If structural improvements are required for a group home, a building permit is required. If a new structure were proposed for a group home use for more than six persons, design review would be required as for any other new residential use with five or more units. The hearing process is the same for group homes and special needs housing for persons with disabilities as for other residential projects of five or more units. The Planning Commission examines permitted uses, architecture, landscaping, and site design. To the City's knowledge, its design review process has not been used to deny or substantially modify a housing project for persons with disabilities or otherwise. Furthermore, no reductions in density have been required because of design review.

The City's zoning and permit processes also allow for on-site supportive services, with no additional special conditions. The City's permit process allows conversion of residential structures to include these supportive services as accessory to the primary residential use.

Building Codes

The City provides reasonable accommodation for persons with disabilities in the enforcement of building codes and issuance of building permits through its flexible approaches to retrofitting or converting existing buildings and construction of new buildings that meet the shelter needs of persons with disabilities. The City of Redlands has adopted and implements the 2007 California Uniform Building Code. Should the State of California adopt the 2000 International Building Code, Redlands will implement the provisions of that code. Until that time, the 2007 UBC will be the applicable code the City is required to enforce under state law.

5.2 NON-GOVERNMENTAL CONSTRAINTS

Market forces can have a substantial impact on the local economy and housing stock. These forces, such as land and construction costs, availability of financing and local economic conditions are outside the control of government; however, local governments can help to mitigate negative consequences of market forces through programs and policy initiatives.

The City of Redlands and the San Bernardino County have been hard hit by the mortgage lending crisis and accompanying housing slump that affected markets nationwide beginning in 2007. The effects of this downturn are explored in the section below.

The Local Housing Market

While home prices in Redlands have increased dramatically in recent years, this trend has momentarily appeared to reverse course. Between 2003 and 2006, median home sale price in Redlands increased from \$240,000 to \$400,000, representing a 67% increase. In 2007, trends started to reverse in the city; by January 2008, median home sale prices fell to \$334,000 (comparable to prices seen in early 2005).⁸ According to the Santa Ana-based real estate forecast company Veros Real Estate Solutions, Riverside and San Bernardino County may see an additional 15% decline in housing prices during 2008, making the region one of the weakest markets in the country.⁹

According to local real estate professionals, home sales have slowed or are stagnant, as of January 2008. Developers with properties in the entitlement phase are often choosing to liquidate, selling off land that may have a tentative or final map approval at a discount, or holding on to land while waiting for a turnaround in the market.

Discussions with local housing developers reveal that Redlands is primarily viewed as a moderate to move-up market for housing (compared to neighboring San Bernardino which is viewed primarily as an entry-level community). Redlands, along with other Inland Empire communities, has experienced an influx of workers from neighboring Los Angeles and Orange Counties in search of moderately-priced housing. This has increased housing demand and costs in some western portions of the County, including Redlands. Thus, while housing costs in Redlands are higher than in some other nearby communities, they are substantially less than in most Orange County and Los Angeles County communities of similar character.

The City's reputation as a moderate to move-up housing market means that home builders will likely offer housing products aimed primarily at households in the upper-moderate and above-moderate income ranges (households earning more than the median income). This housing market orientation affects land costs by increasing the value of residential lands compared to communities more oriented to the entry-level market.

⁸ Trulia Real Estate. Accessed January 2008. <www.trulia.com>

⁹ Veros Real Estate Solutions. "Veros Forecasts Nation's 10 Strongest and Weakest Markets." January 18, 2008.

While the City has little control over market perceptions and orientation, it can affect how that orientation is translated into housing products through its efforts to encourage the construction of affordable housing and to provide a regulatory climate to support that effort.

Land and Development Costs

Land prices and construction costs are two of the most important factors affecting housing development. Currently, land prices are volatile and wide-ranging. A number of developers are looking to sell off land intended for tract development at discounted prices. Land for conventional single-family homes ranges from \$95,000 to over \$200,000 per acre, depending on the zoning category and location. Prices can be much higher, upwards of \$400,000 per acre for larger lots when improvements and/or entitlements are already in place. Note that since the city no longer has many large vacant sites, available land tends to be on the edges of the city. However, the City is working to promote multi-family housing as part of a mixed-use strategy in the downtown. Multi-family land, depending on location and allowed density, can cost \$150,000 to \$200,000 per acre.

Construction costs also have a substantial impact on the overall cost of development. Marketing and soft costs, such as architecture, engineering, and other professional services, can add \$10,000 to \$15,000 per unit (again, depending on the type of housing). Other expenses, including administration and sales, average \$8,000 to \$10,000 per unit. Materials and labor range from \$70 to \$80 per square foot for standard single-family construction, and \$100 to \$120 per square foot for townhome construction. Therefore, a standard, non-custom home of 2,000 square feet (the average size new home in Redlands without upgrades) would cost a home builder from \$145,000 (for a townhome at 20 units per acre) to \$220,000 (for a single-family home at 4 to 6 units per acre). Census data for construction costs in Redlands, in 2005 and 2006, reports an even wider range: averaging \$100,000 for building with five-or more units and \$240,000 for single family homes.¹⁰

The actual sales price of this standard tract home will depend on market conditions that allow the home builder to charge a higher or lower percentage above cost. Recent home sales (between November 2007 and January 2008) of single-family homes and condos from 1,500 to over 2,000 square feet have ranged from approximately \$245,000 to \$584,000, with a median sales price of \$359,000. Overall, median home sale prices are down more than 16 percent between January 2007 and January 2008.¹¹

The cost to construct a rental apartment, given the same assumptions as above (standard construction, no upgrades), would range from about \$100,000 to \$130,000 per unit, depending on the size, number of bedrooms, and number of rental units per acre. To cover this cost, considering current borrowing, maintenance, and capital expenses (excluding owner's profit), would require a monthly rent of between \$850 and \$925 for a one-bedroom unit and between \$1150 and \$1225 per month for a three-bedroom unit.¹² Actual rents for new apartments would be higher to allow for owner profit. Recent rental listings confirmed these values, with asking

¹⁰ U.S. Bureau of the Census Building Permit Estimates, 2005 and 2006.

¹¹ Trulia Real Estate. Accessed January 2008. www.trulia.com

¹² Annual rent required calculated as 10-11 percent of total unit construction cost.

prices of \$800 to \$950 studios and one-bedroom units, and \$1150 and up for three-bedroom units.¹³

Interest Costs

The cost of borrowing money can present a constraint to both the producer and consumer of housing. Following the recent mortgage lending crisis, it is possible that borrowing could become more difficult, especially for consumers with poor or moderate credit ratings.

Consumer Interest Rates

Even small increases to home loan interest rates can substantially affect monthly housing costs and reduce affordability to low- and moderate-income households. Table 5.2-1 shows how changes in interest rates affect borrowing costs. For each 1 percentage point increase in the interest rate, borrowing costs increase by 6 to 7 percent for a 15-year home loan and 20 percent if the increase is from five to eight percentage points. For a 30-year loan, the effects are even more pronounced: each 1 percentage point increases the monthly payment ten to 11 percent—nearly 37 percent if the increase is from five to eight percentage points.

Table 5.2-1 Impact of Interest Rates on Monthly Mortgage Payments

	Monthly Payment on a 15-Year Loan				Monthly Payment on a 30-Year Loan			
	5%	6%	7%	8%	5%	6%	7%	8%
\$100,000	\$791	\$844	\$899	\$956	\$537	\$600	\$665	\$734
\$150,000	\$1,187	\$1,266	\$1,349	\$1,434	\$806	\$900	\$998	\$1,101
\$200,000	\$1,582	\$1,688	\$1,798	\$1,912	\$1,074	\$1,200	\$1,330	\$1,468
\$250,000	\$1,978	\$2,110	\$2,248	\$2,390	\$1,343	\$1,500	\$1,663	\$1,835
\$300,000	\$2,373	\$2,532	\$2,697	\$2,868	\$1,611	\$1,800	\$1,995	\$2,202
\$350,000	\$2,769	\$2,954	\$3,147	\$3,346	\$1,880	\$2,100	\$2,328	\$2,569
\$400,000	\$3,164	\$3,376	\$3,596	\$3,824	\$2,148	\$2,400	\$2,660	\$2,936
\$450,000	\$3,560	\$3,798	\$4,046	\$4,302	\$2,417	\$2,700	\$2,993	\$3,303
\$500,000	\$3,955	\$4,220	\$4,495	\$4,780	\$2,685	\$3,000	\$3,325	\$3,670

Source: Dyett & Bhatia, 2008.

Many consumers mitigate the impact of rising interest rates by purchasing adjustable rate mortgages that typically begin with substantially lower introductory rates. Adjustable rate mortgages allow a borrower's interest cost, and monthly payment, to rise or fall with market rates. In a rising interest rate climate, adjustable rate mortgages can offer substantial short-term savings over a fixed-rate loan. In a declining or highly volatile interest rate climate, adjustable rate mortgages can lead to higher short-term costs, as demonstrated in 2007.

Developer Interest Rates

Higher interest rates increase the cost of doing business for developers in two ways: 1) construction costs rise (most residential development is financed, at least in part, through construction loans), and 2) permanent borrowing costs increase. Table 5.2-2 shows the impact

¹³ Craigslist. Accessed February 2008. www.craigslist.com

of changes in loan rates on the monthly rent for hypothetical apartment projects that are privately financed and that receive state and/or federal funds. Three per-unit project costs are assumed: 1) a small apartment complex with minimal amenities that costs \$80,000 per unit to construct, 2) a medium quality apartment complex with average amenities that costs \$90,000 per unit to construct, and 3) a luxury apartment complex that costs \$100,000 per unit to construct. In each case the properties include a mix of one- and two-bedroom apartments. These examples assume that 75 percent of the project is financed at a commercial lending rate for a term of 15 years.

Table 5.2-2 Impact of Interest Rates on Commercial Borrowing Costs

Per Unit Loan Amount (75% Financed)	Interest Rates				
	6%	7%	8%	9%	10%
\$60,000	\$506	\$539	\$574	\$608	\$645
\$67,500	\$570	\$607	\$645	\$684	\$726
\$75,000	\$633	\$674	\$717	\$761	\$806

Source: Dyett & Bhatia, 2008.

Therefore, a three percentage point increase in interest rates for permanent financing, from six percent to nine percent, will increase the per unit borrowing cost by 20 percent and the overall per unit cost (accounting for operation and maintenance expenses) by about 10 percent.

Financing Availability and Distribution

Given the recent increase in defaults on mortgages in Redlands and elsewhere in the region, as well as the subsequent reaction from the Federal Reserve, the ability to borrow money may become more difficult. According to City housing staff, the most severe lending problem appears to be with long-time homeowners in North Redlands who have substantial deferred maintenance on their properties. These owners often have trouble accessing capital to make improvements on their homes. Home Mortgage Disclosure Act (HMDA) data from 2006 supports this assertion. The rate of approval for home improvement loans in North Redlands was about ten percent lower compared with approval rates for home purchase loans.¹⁴ The City offers up to \$30,000 in loans and grants for improvements as part of the Great Neighborhoods Program (up to \$45,000 for improvements necessary for code compliance); however, owners must have good credit and these funds are limited.

As for new homebuyers, there does not seem to be a problem obtaining loans from the bank, as long as the borrower has good credit. The HMDA data confirms that borrowing rates are fairly consistent throughout the city. On average, 79 percent of home purchase loans were approved in the city; the rate in North Redlands is similar at 77 percent, although one census tract in the neighborhood reports approval rates at 67 percent. With the recent sub-prime mortgage crisis, lenders may be unwilling or not permitted under new standards to offer mortgages to individuals with low credit ratings. On the other hand, recent cuts to short-term interest rates

¹⁴ Federal Financial Institutions Examination Council. Home Mortgage Disclosure Act. 2006 Mortgage Application and Approval Data by Census Tract.

by the Federal Reserve may lead to a decrease in mortgage rates, encouraging borrowing for mortgages and construction loans. The City also offers loans and grants to first-time homebuyers—up to \$75,000 towards a down payment—but again these funds are limited. In addition, deferred maintenance has become an issue with re-sales as well, since homes being purchased must be up to code.

6 Program Accomplishments

6.1 EFFECTIVENESS

During the time period covered by the last Housing Element (1998-2005), 2,113 housing units were produced in Redlands. This was 182 units above the City's total Regional Housing Needs Allocation (RHNA). However, while Redlands met its RHNA overall, it did not produce enough very low- and low-income units. Specifically, 271 fewer very low-income units (77.8 percent of the total allocation) and 42 fewer low-income units (14.5 percent of the total allocation) were produced (Table 6.1-1). Given that one of the primary objectives of the housing element is to facilitate the production of affordable housing, this shortfall is notable.

Table 6.1-1: Housing Units Produced in Redlands, 1998-2005

<i>Income Category</i>	<i>Regional Housing Needs Allocation</i>	<i>Total Units Produced</i>	<i>Results vs. RHNA</i>
Very Low Income	353	82	-271
Low Income	289	247	-42
Moderate Income	388	614	226
Above Moderate Income	901	1,170	269
Total	1,931	2,113	182

Source: City of Redlands, Community Development Department, 2008.

Therefore, while the 1998-2005 Housing Element succeeded in producing enough above moderate- and moderate-income units, and 85.5 percent of the allocated low-income units, it was not able to facilitate the production of enough housing for very low-income households.

6.2 PROGRESS

During the review of the 1998-2005 Housing Element, City staff evaluated how the policies and programs were implemented. This evaluation provided a basis for the policies and programs found within this housing element.

Note: Rows in yellow are guiding policies instead of programs.

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
#	<i>Guiding Policies/ Program</i>	<i>Responsible Agency</i>	<i>Funding</i>	<i>Goal 1998-2005</i>	<i>Achieved 1998-2005</i>	<i>Affected Income Group</i>
6.2a	Participate in programs assisting in the production of housing affordable to very low-, low-, and moderate-income households.					
6.2b	Ensure that units produced for very low-, low-, and moderate-income households are made available to those groups and maintained as affordable units.					
6.2c	Provide for a geographic dispersal of units affordable to very low-, low-, and moderate-income households.					
6.2d	Ensure that the City's plans, codes, regulations, and ordinances, as well as housing program incentives, encourage the provision of a mix of housing types that are responsive to household size, income, and accessibility needs.					
6.2.1	Density Bonus for Affordable Housing, Large Households, & Seniors	Community Development Department (Com. Dev.)	City		The City has an approved density bonus program which allows density bonuses and development incentives such as reduced parking requirements. A 160 unit senior housing project on Orange Avenue was approved in April 2005, but a revision was made to the agreement in February 2008. A 71 unit senior housing project on Webster Street was approved in June 2007. While both of these projects do not count toward the 1998-2005 planning period, they exhibit that density bonuses have been utilized in the City recently.	Very Low, Low, Moderate
6.2.2	Non-Profit Housing Providers— Senior Housing	Non-Profit Agencies, Com. Dev., and the Redevelopment Authority (RDA)	HUD, Redev.		The Redevelopment Agency has utilized its Low and Moderate Income Housing Funds to implement the First Time Home Buyers Program, Great Neighborhood Program (Single Family and Multi-Family Rehabilitation) Developer Assistance, and Mobile Home Assistance	Very Low Seniors

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
<i>#</i>	<i>Guiding Policies/ Program</i>	<i>Responsible Agency</i>	<i>Funding</i>	<i>Goal 1998-2005</i>	<i>Achieved 1998-2005</i>	<i>Affected Income Group</i>
					programs. Fern Lodge, a 62 unit very low-income senior apartments (American Baptist Homes), and Redlands Christian Home (Mountain View Acres), a 340 assisted living unit and 30 cottage development were approved.	
6.2.3	Redevelopment Low- and Moderate-Income Housing Funds Programs: Great Neighborhoods (GNP), First Time Home Buyers (FTHB), Multi-Family Rehab., Mobile Home Assistance, and Developer Assistance.	RDA	City tax increments		The Redevelopment Agency has utilized its Low and Moderate Income Housing Funds to implement the First Time Home Buyers Program, Great Neighborhood Program (Single Family and Multi-Family Rehabilitation) Developer Assistance, and Mobile Home Assistance programs. Participation from January 1, 1998 through June 30, 2005 included 201 GNP Loans and 101 FTHB Loans. The Redevelopment Agency conducts annual monitoring of existing Multi-family Units that were rehabilitated using set-aside funds. The Agency is also responsible annual monitoring all mobile home parks that must comply with the City's Mobile Home Park Rent Stabilization Ordinance.	Very Low, Low, Moderate
6.2.4	Mortgage Revenue Bonds	San Bernardino County (S.B. Co.)	Bond proceeds (City, Federal, State)			Very Low
6.2.5	Mortgage Credit Certificates	Com. Dev.; S.B. Co.	City			Very Low, Low, Moderate
6.2.6	(HUD) HOME Investment Partnership Program for Multi-Family Rehab.	SB. Co.; Com. Dev.; Non-Profits	HOME; City; Redev.			Very Low, Low, Moderate

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
#	<i>Guiding Policies/ Program</i>	<i>Responsible Agency</i>	<i>Funding</i>	<i>Goal 1998-2005</i>	<i>Achieved 1998-2005</i>	<i>Affected Income Group</i>
6.2.7	Low Income Housing Tax Credits	Com. Dev.	City		Housing Partners I is using tax credits for a 71 unit senior housing low- income project.	Very Low, Low, Moderate
6.2.8	Buy-out Assistance for HUD-financed Projects (At-risk units)	Com. Dev.	City; grants			Very Low, Low
6.2.9	Public Housing	S.B. Co. Housing Authority	HUD		The City of Redlands continues to cooperate with the San Bernardino County Housing Authority in developing, maintaining, and improving low-income housing within the City. The authority currently operates 209 public housing units within the City.	Very Low, Low
6.2.10	Mobile Homes Regulations	Com. Dev.	City			Low, Moderate
6.2.11	Mobile Home Rent Control	City Mobile Home Rent Control Board/RDA	City		The City of Redlands has maintained a mobile home rent control program and the Redevelopment Agency conducts annual monitoring of the 3 mobile home parks that are governed by the Rent Stabilization Ordinance.	Moderate
6.2.12	Limited Equity Co-op Program	City	City		The City has one housing cooperative in Redlands (Breamer Apartments at 179 N. Center Street). Co-ops are considered a "niche development" but can be successful for low and moderate income projects with strong government and/or non profit sponsors. The city coordinates with California Housing Cooperatives indicating that Redlands will support limited equity cooperatives.	Above Moderate

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
<i>#</i>	<i>Guiding Policies/ Program</i>	<i>Responsible Agency</i>	<i>Funding</i>	<i>Goal 1998-2005</i>	<i>Achieved 1998-2005</i>	<i>Affected Income Group</i>
6.2.13	Community Development Block Grant Program	Com. Services Dept.	Federal CDBG Program		The Community Development Block Grant Program was utilized to complete several public works projects in target areas to include construction and re-construction of curbs, gutters, sidewalks, and drainage facilities. Funds were also utilized to assist other non-profit groups providing services to people with special needs.	Very Low, Low
6.3a	Provide incentives for development of affordable housing for seniors, single mothers, and disabled persons on sites where proximity to services and other features make it desirable.					
6.3b	Encourage the development of affordable housing units with three or more bedrooms.					
6.3c	Encourage the development of emergency and transitional housing for homeless persons and families.					
6.3.1	Density Bonuses for Very Low, Lower Income, and Senior Citizens	Com. Dev.	City		The City has an approved density bonus program which allows density bonuses and development incentives such as reduced parking requirements. Density bonus agreements have been approved for two projects a 160 unit senior housing project on Orange Avenue and a 71 unit senior housing project on Webster Street. These projects were approved at per the new State density bonus law. This Housing Element includes a program to revise the City's density bonus provisions to comply with State law (7.1.6).	Very Low, Low, Senior
6.3.2	Housing Referral and Placement Program	Com. Dev.; Non-Profits	City			Very Low, Senior

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005

#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.3.3	Group Homes and Community Care Facilities for Individuals Unable to Live Independently	Com. Dev.; Non-Profits	City		56 patient Senior Citizen Assisted Living (Heritage Partners)	
6.3.4	Federal Funding for Low-Income Senior & Handicapped Housing	Com. Dev.; Redev.; Non-Profits	City; grants			Low, Senior, Disabled
6.3.5	Second Dwelling Unit Ordinance for Seniors and Handicapped	Com. Dev.	City		Estimated to be 5 units per year.	Seniors, Disabled
6.3.6	Congregate Housing (encourage & review ordinances)	Com. Dev.	None		56 patient Senior Citizen Assisted Living (Heritage Partners)	Seniors, Disabled, Low
6.3.7	Single-Room Occupancy Housing (encourage)	Com. Dev.	City; loans; forgive fees			Very Low
6.3.8	Emergency Shelter Services & Transitional Housing (designate sites, assist with grants)	Com. Dev.; Redlands Family Services; United Way; other Non-Profits	City; loans; incentives; CDBG		The City annually allocates funds through the Community Development Block Grant Program to assist emergency aid and shelter services to local residents. Funds have been used to assist Inland Temporary Homes and Family Services Association of Redlands.	Homeless
6.3.9	Permanent Housing for Handicapped, Homeless (PHH)	Com. Dev.; Non-Profits	City			Disabled, Homeless
6.3.10	First- & Last-Month Rent Loan Program	S.B. Co.; Com. Dev.	Loans/Co. CDBG			Very Low

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.4a	Designate and zone sufficient land to meet housing needs as determined by regional housing allocation.					
6.4.1	Congregate Housing (amend Zoning Ordinance)	Com. Dev.	City			All
6.4.2	Single Room Occupancy (amend Zoning Ordinance)	Com. Dev.	City			Very Low
6.4.3	Emergency Shelter & Transitional Housing Sites	Com. Dev.	City			Homeless
6.5a	Remove constraints to production and availability of housing to the extent consistent with other General Plan policies.					
6.5b	Remove or reduce the impact of non-governmental constraints to housing production.					
6.5.1	Revise Criteria Under Municipal Code to Assist Low Income Households	Com. Dev.	City		Completed. Adopted Ordinance 2536. Increased the number of points for Low Income projects from 10 to 20.	Low
6.5.2	Development Fees	City	City			Low, Seniors
6.5.3	Participate in Establishment of Building Code	Com. Dev.	City		Update Building Code as approved by the State.	All
6.5.4	One-Stop Permit Processing	Com. Dev.	None		The City of Redlands continues to utilize a "no-cost" preliminary review process and a development review component to resolve development issues and expedite the processing of projects. Created a One Stop Processing Center that went into operation on December 21, 2007.	All
6.5.5	Planned Residential Development	City	None			Above Moderate

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005

#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.5.6	Mixed Use Zoning	Com. Dev.	None		Updating and expanding the Downtown Specific Plan in support of mixed use zoning and transit oriented development.	Moderate , Above Moderate
6.5.7	Mitigate Finance Costs for Low-Income Projects	Com. Dev.	City			Low
6.5.8	Maintain a Large Supply of Available Sites to Maintain Competitive Land Costs	City	City		The City continues to maintain sufficient land to meet housing needs as determined by the regional housing allocation. As of December 30, 2007 in addition to available vacant land the City has 116 single family residences under construction; 819 units (single family, town-homes and condominiums) with all approvals; and 279 multi-family units with all approvals (to include 231 of those units for seniors).	All
6.5.9	Establish Fast-Track Development Process	Com. Dev.	City		The City has an expedited process for LEED projects.	All
6.5.10	Evaluate & Revise Zoning Standards	Com. Dev.	City		Clarified the C-3 zone to allow for High Density Residential development in the downtown.	All
6.5.11	Evaluate & Revise Off-Site Improvement Standards	Public Works	City		Ongoing .	All

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005						
#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.5.12	Evaluate Ballot Measure to Allow Carryover of Unused Building Permit Allocations from Year to Year	City Council	City		Considered by the City Council on February 4, 2003. Direction was to continue to monitor.	
6.5.13	Evaluate Necessity of Amending the Zoning Code to Raise the Threshold of Multi-Family DUs for Establishing the Requirement for a Conditional Use Permit	City Council			Considered by the City Council on February 4, 2003. Direction was to continue to monitor.	
6.6a	Maintain Redlands' housing stock in sound condition.					
6.6b	Rehabilitate substandard housing where feasible.					
6.6c	Provide public services and improvements that enhance and create neighborhood stability.					
6.6d	Preserve and protect residential historical and architectural resources.					
6.6.1	Adaptive Reuse of Single-Family Homes	Com. Dev.	City			All
6.6.2	Condominium Conversion Ordinance	Com Dev.	City			Moderate
6.6.3	Senior & Handicapped Housing Grants	S.B. Co.	Co. CDBG			Senior, Disabled, Low (46), Moderate (11)

Table 6.2-1: Redlands Housing Element: Goals and Production Evaluation 1998-2005

#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.6.4	CDBG Rehabilitation Loan Program	S.B. Co.	Co. CDBG		The Community Development Block Grant Program was utilized to complete several public works projects in target areas to include construction and re-construction of curbs, gutters, sidewalks, and drainage facilities. Funds were also utilized to assist other non-profit groups providing services to people with special needs.	Low, Moderate
6.6.5	Rental Rehabilitation Program	S.B. Co.	Co. CDBG			Very Low, Low
6.6.6	Outreach Program for Rehabilitation & Repair Programs	Redev.	City; SB. County			All
6.7a	Work to ensure that individuals and families seeking housing in Redlands are not discriminated against on the basis of age, sex, family structure, national origin, or other arbitrary factors.					
6.7.1	Fair Housing Counseling	Inland Mediation Board; City	CDBG		The City of Redlands continues to contract and utilize the Inland Mediation Board to provide landlord-tenant mediation and fair housing counseling.	All
6.8a	Establish development and construction standards that encourage energy conservation in residential areas.					
6.8.1	Design Standards (energy conservation)	Com. Dev.	City		Additional points have been awarded to projects that use energy conservation, LEED, green building and sustainable development concepts	All
6.8.2	Subdivision Ordinance (lot orientation & design for passive solar, solar access, street widths, tree planting)	Com. Dev.	City		The subdivision ordinance was amended in 2002 to reflect lot orientation and design standards for passive solar, solar access, street widths, and tree plantings.	All

#	Guiding Policies/ Program	Responsible Agency	Funding	Goal 1998-2005	Achieved 1998-2005	Affected Income Group
6.8.3	Land Use Patterns & Densities	Com. Dev.	City		In the process of creating land use designations for high density mixed use developments and transit oriented development along the Redlands Passenger Rail.	All
6.8.4	Neighborhood Services	Com. Dev.	None			All

Several programs were reasonably successful, especially those aimed at rehabilitation and first time home buyers. During the 1998-2005 planning period, 201 Great Neighborhoods Program rehab loans were approved for 23 extremely low-, 81 very low-, 71 low-, and 26 median-income households. During this same period, 101 First-Time Home Buyer Program loans were approved for 2 very low-, 29 low-, 68 moderate-, and 2 other-income¹ households.

There are currently three senior housing projects that are in the development process. Senior Housing Services LLC received approval for a 160-unit senior housing project, and Housing Partners I received approval for a 71-unit senior housing project. The Senior Housing Services LLC and Housing Partners I developments are the density bonus projects described in the above table (see 6.3.1). Already, 42 of the Mountain View Acres units have been completed. Once these three projects are completed, there will be over 1,130 senior units in Redlands. The large senior population in Redlands draws other seniors.

The previous Housing Element listed the following units as “at-risk” of conversion: Redlands Park Apartments (158 units), Casa de la Vista (74 units), and Citrus Arms Apartments (60 units). Since the last Housing Element, the 158 Redlands Park Apartments were lost to conversion. As of January 2008, the California Housing Partnership Corporation (CHPC) continued to list Casa de la Vista and Citrus Arms as at-risk. CHPC also listed the 61 units in the Fern Lodge development as at-risk. However, the owners of all three complexes are planning on renewing their financing with HUD to remain affordable (see Section 2.6). Furthermore, Redlands has retained all 209 of its conventional public housing units and all 45 other publicly owned (affordable) units since the last Housing Element. Redlands also has 1,101 mobile home units, up from 909 since the last Housing Element.

A new density bonus ordinance was adopted in 2000. Density bonus provisions alone are unlikely to produce many units unless there is a significant spurt in multi-family unit development. Under general density bonus provisions between 1985 and 1995, 117 units were produced. Nevertheless, since the new density bonus ordinance has been in place, two

¹ The income levels for these loans were not on file (email from Christina Perez, Redlands Redevelopment Agency, 3/10/2005).

developers have taken advantage of it, and a total of 231 senior units have been approved, an increase of almost 100 percent.

One program that was largely unsuccessful was the annexation of unincorporated territory that would have added over 1,000 potential housing sites to the city. This program was proposed by the City but largely outside of its control. Although several annexations were discussed and the City took the initiative to encourage them, they did not proceed due to decisions by the property owners and the Local Agency Formation Commission. One annexation that did bring land and a low-income unit project into the City was the Mountain View Acres annexation (mentioned previously), which included a new 370-bed plus 30 cottage senior assisted-living development.

6.3 APPROPRIATENESS

Even though some of the City's programs were not used extensively during the past five years, Redlands believes that these programs should be continued because they provide a "menu" of program options that are available to the development community to meet the City's housing needs and will be used as appropriate. Redlands has chosen to maintain maximum flexibility in assisting the development community by providing as broad a selection of program options as possible. The precise mix of programs that the City uses for a specific development proposal will depend on the characteristics of the proposal and the needs of the project. The City cannot predict in advance of receiving development proposals which programs will be the most appropriate for a specific project. For this reason, it is possible that one or more programs the City has chosen to continue in the updated Housing Element may not be used between 2006 and 2014. However, Housing Element policies and programs will be evaluated on an ongoing basis for their appropriateness so that they can be revised to be more effective.