

staff report

DATE: July 11, 2017

TO: Ron Davis, City Manager

FROM: Patrick Prescott, Community Development Director
By: Simone McFarland, Assistant Community Development Director

SUBJECT: BURBANK AFFORDABLE HOUSING ANALYSIS AND STRATEGY

RECOMMENDATION

1. Receive and file the Affordable Housing Analysis and Strategy (Exhibit A) along with the incorporated Burbank Affordable Housing Action Plan (Exhibit B).
2. Provide policy direction based on one or more policy suggestions listed within the Affordable Housing Analysis and Strategy
3. Provide direction on the implementation of the Burbank Affordable Housing Action Plan.

BACKGROUND

On November 11, 2016, the City Council held a study session to discuss the need for affordable housing in the community. The goal was to develop a strategy for affordable housing production that is responsible and appropriate for Burbank while protecting existing single family neighborhoods. At that time, the City Council was presented with a variety of options that could be considered. City Council directed staff to continue their work and return with additional study and evaluation of the possible options presented at that time.

The Burbank Affordable Housing Analysis and Strategy is attached as Exhibit A. It describes some of the causes of Burbank's current affordability crisis and suggests some solutions to be considered by the City Council. Contained within the Analysis and Strategy is the Burbank Affordable Housing Action Plan (Plan). This proposed Plan lays out a work plan for staff's future efforts and policy considerations to be discussed with City Council in the future. Additionally, City Council will be discussing affordable housing as a part of their goal setting study session on August 5, 2017.

Development of the Affordable Housing Analysis and Strategy along with the incorporated Plan at this time will assist staff in their evaluation of housing and mixed-use projects that are currently being evaluated by city staff and are projected to be presented to City Council between now and the end of 2019.

DISCUSSION

While most agree there is a housing affordability problem in Burbank, there are often a variety of causes cited contributing to this challenge along with disagreement on the possible solutions to the crisis.

One of the causes of housing unaffordability in Burbank is the jobs/housing imbalance. Burbank currently has 108,000 residents and approximately 150,000 jobs. This population growth creates a daytime population closer to 200,000, exacerbating traffic, creating additional parking problems and stressing City infrastructure each day. As Burbank has significantly increased job growth, housing development has not kept pace and has resulted in one housing unit being built for every 57 jobs created during the last five years. Rising housing costs can also be attributed to the overall improvement in the regional and national economy. The result has been that Burbank's home prices have increased almost 50% during the same time period.

Because of this, median income families within Burbank have been priced out of the home buying market and are forced to rent. Renting is an option for many current and potential Burbank residents; however, the rental housing choices are very limited and Burbank's housing stock does not support the market demand.

If Burbank wants to provide affordable housing for its workers and current residents, then it must first agree how to define affordable housing and addresses the following questions:

- Is affordable housing subsidized housing?
- Should it be considered as affordable for the Burbank existing workforce including those who live within the city and those who live outside but work in Burbank?
- Are there different levels of affordability?

The proposed Analysis and Strategy (Exhibit A) offers suggested definitions that would allow the City to talk about affordability using a shared description and provide developers with expectations of affordability to use in future residential development projects.

These suggestions were determined using the U.S. Housing and Urban Development Department's (HUD) and the California Department of Housing and Community Development's (HCD) definitions of affordability along with analyzing Burbank's median income levels for the City as a whole and Burbank's workforce median income levels.

This allowed staff to develop three levels of affordability definitions listed below.

- **Burbank Subsidized Housing: (\$24,350 to \$70,000/annual income)**
In this category, staff defers to HUD's definitions of extremely low, very low, lower and moderate descriptions for 2017. Workers listed here may include individuals and families receiving federal subsidies such as Section 8 vouchers or living in units with various types of rent controls and/or affordability covenants. They are likely to fall into the following categories (or similar categories) with their annual estimated incomes shown in parenthesis:

- Seniors and Families on Fixed-incomes (\$0 - \$25,000)
 - Frontline Sales, Service and Retail Staff and Assistant Managers (\$25,001 - \$49,000)
 - Construction, Education and Health Sectors (\$50,000 - \$74,000)
- **Affordable Burbank Housing: (\$42,999 to \$103,515/annual income)**
 Workers in this categories will slightly overlap those within the higher income level of Burbank Subsidized Housing category and are most likely to include technical-skilled labor, semi-professionals and professionals. These may include:
 - Construction, Education and Health Sectors (\$50,000 - \$74,000)
 - Technology, Public Administration, Business and Financial along with Movie Production, Gaming and Software (\$75,000-\$103,515)
- **Market Rate Housing: (More than \$103,515 annual income)**
 Workers in this category are most likely to include professions such as:
 - Entrepreneurs, Real Estate and top-level executives

Using these categories along with the U.S. Housing Policy suggestion that between 33 and 38 percent of gross income be used for rent, a monthly affordable rent-scale has been developed as listed below.

Affordability Scale for Burbank									
Annual Income	\$24,350	\$40,550	\$42,999	\$44,102	\$64,900	\$70,000	\$93,009	\$103,515	Above \$103,515
Monthly Rent	\$670	\$1,062	\$1,182	\$1,213	\$1,785	\$1,925	\$2,558	\$3,278	Above \$3,278
	Burbank Subsidized Housing								
	Affordable Burbank Housing								
									Market Rate Housing

Additionally, the Study and Analysis discusses how Burbank can determine the type of housing most needed and how the City can facilitate the development of that type of housing incentives, financial or otherwise. A part of the proposed strategy and Plan that may be considered are proposed locations and densities that facilitate mixed-use and residential projects in the planning areas. These are close to transit, open space, entertainment and employment centers and could result in the development of fully-functioning neighborhoods while still protecting single-family residential neighborhoods.

The Analysis and Strategy includes seven housing policies for Council to consider. Subsequent to this are thirteen Action Items that can also be considered and are intended to act as an outline for future City Council presentations.

These Action Items are attached in the Strategy as Exhibit B. They are a result of analyzing and evaluating the options presented to the City Council last November based on their feasibility, practicality and their ability to achieve desired results. Some of the original policy proposals have been removed while others have been added and/or clarified.

The seven policy proposals include:

1. Promote responsible development of new housing units within the Downtown/San Fernando, Media District, and Golden State specific planning areas while still protecting and preserving single-family residential neighborhoods.
2. Adopt standardized definitions for the different levels of affordability for Burbank. Note: The monthly rent will change slightly each year as new median household income and average rent adjusts. For 2017, the following definitions would apply:
 - a. **Subsidized Housing: (\$24,350 to \$70,000/annual income)**
Units offering monthly rents at \$1,925 and below. Traditional defined as extremely-low to moderate-income households.
 - b. **Affordable Housing: (\$42,999 to \$103,515/annual income)**
Units offering monthly rents between \$1,182 and \$3,278. Capturing Burbank HUD defined lower and moderate-income households along with Burbank's median income households and median income workforce households.
 - c. **Market Rate: (More than \$103,515 annual income)**
Units offering monthly rents above \$3,278.
3. Focus on building affordable Burbank rental and "For Sale" housing, supplemented by Subsidized and Market Rate Housing.
4. Champion the idea that future affordable housing does not have to adhere to the traditional notion of one family, one unit and can be a variety of housing design concepts.
5. Embrace the idea of smaller units and "micro units" along with increased densities that provide affordable housing.
6. Hold developers to high standards using Burbank's definition of Responsible Development that includes private and public amenities that help build better neighborhoods for Burbank residents as a whole.
7. Continue to look at nontraditional ways of obtaining affordable housing that include those established through the First Street Village Mixed-use Project and other jurisdictions' best practices.

FISCAL IMPACT

Adopting housing policies and implement the action items has no immediate fiscal impact. Future implementation of some action items will require spending the City's HOME and Successor Agency affordable housing funds. Individual proposed projects and programs will be brought to City Council at a later date for consideration.

CONCLUSION

Staff believes that the Affordable Housing Analysis and Strategy policy recommendations and proposed Burbank Affordable Action Plan lay the foundation to guide staff's future efforts while also providing a template and timeline for additional specific policy discussion items to be brought forward to City Council for consideration in the future.

EXHIBITS

Exhibit A - Burbank Affordable Housing Analysis and Strategy

Exhibit B - Burbank Affordable Housing Action Plan