

- Mortgage Reinstatement Assistance Program. Provides funding of up to \$25,000 to help qualified homeowners catch up on their mortgage payments.
- Principal Reduction Program. Provides financial assistance to help pay down the principal balance of a mortgage loan and allow for a more affordable monthly payment.
- Transition Assistance Program. Provides financial help to make a smooth transition into stable and affordable housing.

## **4 CONSTRAINTS**

### **4.1 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.

#### **4.1.1 General Plan Policies & Ballot Measures**

##### *4.1.1.1 Growth Management Ordinance*

The Growth Management Ordinance grew out of the first growth management voter initiative, Proposition R, which Redlands voters passed in 1978. The Growth Management Ordinance is located in Title 19 of the Redlands Municipal Code and was included in direct response to the ballot measures.

##### *4.1.1.2 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 that follows.) However, as noted in the State Law Preemption section below, these provisions have been rendered null and void while SB 330 is in effect. The City Council adopted Resolution 8082 in 2020 suspending enforcement of the annual building permit limit as long as SB330 is in effect.

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. This particular aspect of 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, limited utility infrastructure, 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 R-E designation as the same existed on June 1, 1987 unless specified findings are made by a four-fifths vote of the City Council. The slowing of population growth in the City (see Table 2-1: Redlands Population Since Incorporation 1888-2020) coincides with the implementation of Measure U. While these occur simultaneously, it is not likely that Measure U was responsible for the slowing growth. Other factors such as the Great Recession and its effect on the housing market and the maturing of the City likely played a more significant role in slowing population growth. Regardless, provisions limiting growth have a negative effect on the provision of housing across income levels.

#### *4.1.1.3 Density and Super Majority*

Measure U limits high-density residential land uses to 27 dwelling units per gross acre (du/ac) of development and requires a City Council supermajority (4/5) to approve any proposed developments in excess of 18 du/ac, or with heights in excess of 2.5 stories or 35 feet. Additionally, Measure U specifies required findings that the developments provide “substantial and overriding economic or social benefits to the City.”

The supermajority vote and required findings could potentially create a significant constraint on the development of lower- and moderate-income housing, much of which would fall between 12-30 du/ac (townhomes and garden-style apartments). However, no residential projects have been denied based on inability to achieve a 4/5 vote. Nevertheless, as detailed in Program 1.1-2, the City will be evaluating this along with other provisions of Measure U for consistency with recent changes in state housing law.

#### *4.1.1.4 Level of Service*

Measure U also specifies that a level of service (LOS) of C is required for new developments and that in areas already below a LOS C, no new development may be approved that worsens the LOS. Another part of the measure (5.20c) requires that development proposed for an area already below a LOS C is required to improve the LOS to a LOS C.

The requirement that a proposed development in a congested area mitigate all existing traffic could potentially create a significant barrier for redevelopment in the urbanized core. However, the City has established a process by which residential projects in the core, the most transit-rich area of the City, can apply for an exemption from Measure U, which effectively removes this constraint. This exemption process is discussed in more detail in Section 4.1.1.8 below (Meeting the RHNA Under Measure U).

The City will be evaluating this requirement in Program 1.1-2, which will evaluate all Measure U provisions for consistency with state housing law.

#### 4.1.1.5 Socioeconomic Cost/Benefit Study

Measure U requires that a socioeconomic cost/benefit analysis (SCBS) be prepared for discretionary projects and projects involving structures larger than 5,000 square feet. City staff have an economic model that is used for this analysis. The fee assessed for this analysis is relatively small (\$3,265) and minimal staff time is required to analyze a project using the economic model. No proposed housing project has been denied based on the outcome of its SCBS analysis.

For the above reasons, the SCBS does not pose a significant constraint on new development. Residential development that has been determined to be exempt from Measure U pursuant to the process outlined in Section 4.1.1.8 below is not subject to this requirement. Nevertheless, the City will be evaluating this requirement in Program 1.1-2, which will evaluate all Measure U provisions for consistency with state housing law.

#### 4.1.1.6 Housing Type Balance

Measure U 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 clarifying resolution of this policy that further adjusts these numbers by determining that “for-sale” condominiums (which are considered multi-family dwellings by the Census and the Department of Finance) will be considered single-family dwellings for purposes of maintaining the Housing Type Balance.

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 June 4, 2019. It was found that as a result of development activity that the 75/25 housing mix ratio was being achieved. The report identified the housing mix to be 74.31 percent single family and 25.69 percent multifamily as of 2019. According to City staff, no new development has been recorded that would significantly affect the housing mix ratio reported in 2019.

However, meeting current RHNA requirements at the densities allocated for low- and very low-income housing could cause the Housing Element to come into conflict with the General Plan Land Use Element if the Housing Type Balance shifts to accommodate new housing units accommodated under the 6th Cycle RHNA. While the City is only required to “plan for” a housing mix of 75 percent single-family and 25 percent multi-family dwelling units, this legislative discrepancy can be a potential constraint.

The Growth Management Ordinance, more so than the 75/25 ratio, could limit development. Government Code Section 65589.55 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 RHNA; 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,

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<sup>5</sup> Report E-5; California Department of Finance.

reject an application for a low- or moderate-income housing development on the basis that the City would exceed the planning ratio of 75 percent single family to 25 percent multifamily.

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 applications, nor has it been presented as information in staff reports for development projects consistent with General Plan and zoning designations. Furthermore, the precise ratio will always change and fluctuate slightly as development projects and housing units are built throughout the city. Since Measure U was adopted in 1997, it has never been the basis of denying a multi-family project. Additionally, the ratio is a planning target used to guide the General Plan's land uses, but will not prevent the City from effectively planning for its RHNA. Therefore, this Measure U requirement is a potential constraint on housing. City staff will continue to monitor the ratio of single-family units to multi-family units. Please see Program 7.1-7 in Chapter 7 for further clarification of the 75:25 ratio.

The City will be evaluating this requirement in Program 1.1-2, which will evaluate all Measure U provisions for consistency with state housing law.

#### *4.1.1.7 No Environmental Impact*

Measure U requires a finding that “the proposed density increase will not cause adverse environmental impacts, either individually or cumulatively, directly or indirectly.” This requirement does not include any qualifier of “significant” and is virtually impossible to meet, literally given that all projects will have some form of impact. This finding also is in conflict with the California Environmental Quality Act (CEQA) and does not acknowledge that significant adverse impacts can be mitigated or allowed subject to findings of overriding consideration. In practice, the City has relied on the environmental documentation prepared under CEQA to make this finding, accepting mitigation measures identified in the project Mitigated Negative Declaration. It is unclear how the City would make the finding when significant and unavoidable impacts are present.

Residential development that has been determined to be exempt from Measure U pursuant to the process outlined in Section 4.1.1.8 below is not subject to this requirement. Nevertheless, the City will be evaluating this requirement in Program 1.1-2, which will evaluate all Measure U provisions for consistency with state housing law.

#### *4.1.1.8 Meeting the RNHA Under Measure U*

The growth management system constrains Redlands' ability to accommodate its RHNA. During the eight years of the RHNA projection period (2021 to 2029), 3,516 units would need to be accommodated, or about 440 units per year for Redlands to meet its RHNA. This development rate would not be feasible with the Measure U limit of 400 units per year within City limits (plus unlimited additional SRO and congregate care facilities). However, the City Council adopted Resolution No. 8082 to suspend the Residential Development Allocation program while SB 330 is in effect; therefore, during the time that SB 330 is in

effect (through at least 2030), there is no 400-unit limit or competitive evaluation system. Thus, Resolution No. 8082 eliminates any impact on the City's ability to meet its RHNA caused by Measure U or the Residential Development Allocation program.

The Redlands City Council took 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. City staff has defined SRO units as one-room apartments without kitchen facilities although an SRO ordinance has not been adopted by the City at the time of preparation of this Element

Measure U, moreover, could potentially restrict the City's ability to meet its housing needs obligations, and restricts multi-family housing development through the requirement of a 4/5 vote of the City Council for densities above 18 du/ac or housing products greater than two and half stories in height. Additionally, the 75 percent single family to 25 percent multi-family ratio identified in the City's General Plan via Measure U would, in theory, preclude the City from meeting its RHNA. Therefore, during the time that SB 330 is in effect (likely through 2030), the City is not obligated to track/monitor the 75/25 ratio target, so as to eliminate any impact on the City's ability to meet its RHNA.

Measure U provides for an exemption for development "directly related" to the three rail stations being developed and scheduled to open in Redlands in 2022: the New York Street station near the Esri campus, which is the City's largest employer; the downtown station; and the University of Redlands station. If a development project is determined to be exempt from Measure U, then the development is not subject to the aforementioned requirements. This exemption process includes a determination by the City Council that a proposed development is "directly related" to the rail station. In making this determination, the City Council has utilized the following two criteria:

- The project site is located within one-quarter mile of a transit station and a clear pedestrian route is available from the project site to the transit station; and
- The project provides residential units at a density of a minimum of 20 units per acre.

The City Council has recently approved exemptions to Measure U for three residential projects in the downtown that will provide over 950 residential units.

## 4.1.2 State Law Preemption

### 4.1.2.1 Housing Crisis Act

The Housing Crisis Act (SB 330/ Government Code Section 66300 et seq. and 65589.5) significantly curtails the authority of local governments to delay, deny, or reduce the density of housing projects that comply with objective standards. Additionally, until 2030, the law supersedes local growth management ordinances that limit the number of units that can be permitted or constructed. From SB 330:

*"(E) Notwithstanding subparagraph (D), an affected county or affected city may enforce a limit on the number of approvals or permits or a cap on the number of housing units that can be approved or constructed if the provision of law imposing the limit was approved by voters prior to January 1, 2005, and the affected county or affected City is located in a predominantly agricultural county. For the purposes of*

this subparagraph, “predominantly agricultural county” means a county that meets both of the following, as determined by the most recent California Farmland Conversion Report produced by the Department of Conservation:

- i. Has more than 550,000 acres of agricultural land.
- ii. At least one-half of the county area is agricultural land.

*Any development policy, standard, or condition enacted on or after the effective date of this section that does not comply with this section shall be deemed void.”*

The above section directly overrides the 400 unit/year limit, as well as the Residential Development Allocation point system used to prioritize the proposed projects until 2025. The Housing Crisis Act also supersedes the single family to multifamily unit ratio, as this in effect creates a cap that will not allow the City to achieve the RHNA allocation.

Additionally, the potential bill SB 8 (2021) could extend SB 330’s provisions until 2030.

### 4.1.3 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 “island” of unincorporated county land in the northwestern portion of the City.<sup>6</sup> (The City provides services to this area in exchange for a 90 percent share of sales tax revenues.) 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.

#### 4.1.3.1 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 is generally 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 potential constraint.

Under the 1995 General Plan update, the City has a City Design and Preservation Element. Under the 2017 General Plan update, that element was removed and the entire General Plan restructured. The policies in the Livable Community chapter of the General Plan (Land Use Element) 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 follow from the General Plan itself. The Livable Community chapter includes specific land use designations meant to limit development in environmentally sensitive areas such as in and around San Timoteo Creek. City design policies specifically

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<sup>6</sup> The Island 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.

seek to preserve agricultural land, particularly Redlands' iconic citrus groves; however, there are very few protections for privately owned groves/orchards within the City limits. As a result, much of the City's newer development in North Redlands has occurred on former 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 5 gross acres on slopes 15 percent or greater.

Some policies within the General Plan are intended to protect the unique character of existing neighborhoods. Future development in the San Timoteo/Live Oak canyons area is limited in order to maintain the "backcountry" character of the area while also protecting sensitive habitats and landscapes and having the additional benefit of limiting development in a very high fire hazard area. By prohibiting grading of canyon walls, exceeding 50 percent slopes and protecting "signature ridges," the policies in the General Plan 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 where homes and neighborhoods have been identified and registered as local areas of historical significance. In addition to older established neighborhoods, historic structures and districts are also protected within the General Plan through ordinances that require Historic and Scenic Preservation Commission review and only permit designs, and uses that preserve their character and amenities. While these requirements create potential constraints on the production of housing, they are essential to preserve the City's historic character and high quality of life.

Properties in historic districts or having been individually designated as historic must first obtain a Certificate of Appropriateness prior to obtaining a building permit. This process increases the amount of time between application and permit issuance; however, it also helps to maintain the iconic character of historic Redlands' neighborhoods. City staff aids applicants and guides them through design and materials selection. The City also administers the Mills Act program to reduce costs for property owners in historic districts.

While review of projects in historic districts does require consideration by the Historic and Scenic Preservation Commission, the City has recently demonstrated its commitment to weigh the need for housing over community character. In December 2021, the City Council voted unanimously to approve a small subdivision on a historic citrus grove that is home to a Victorian grove house.

To mitigate the impact of these policy requirements, policies to reduce processing time (Programs 7.4-5 and 7.4-10), and, where possible, increase density of projects (Programs 7.2-10 and 7.9-1) 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 General Plan policies listed below, under "Historic and Scenic Preservation," could potentially aid in the preservation of affordable housing units in the city's historic neighborhoods as several large historic homes have been converted into multi-family apartments.

#### 4.1.4 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 and adjacent to a development.

#### **4.1.4.1 Residential Zoning Districts**

Table specifies development standards for various residential zones. If conflicts with the zoning criteria arise (generally with development applications), the City evaluates standards in different, comparable zones. As a standard or set of standards is found to be inappropriate, it is reevaluated and amended to reflect current needs (see Program 7.4-6).

The City permits mobile homes in all of its residential zones subject to a plan check and the requirement the mobile home is situated on a permanent foundation. Mobile home parks are permitted subject to the granting of a conditional use permit. As of March 2021, the city contained approximately 764 mobile homes.<sup>7</sup> Mobile homes are a reliable source of affordable housing and the City has a rent stabilization policy for mobile home parks.

The City has a second unit ordinance (Chapter 18.156, Article VII (Second Residential Dwelling Units) that is preempted by state law. These secondary units are independent units on existing single-family lots. About 13 second units per year were built during the last year. To better promote the option of creating second units amongst homeowners, the City will continue its public awareness campaign of promoting ADU development in the City, as well as adopting an ADU Ordinance to guide the development of ADUs within the City. (See Program 7.1-6).

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<sup>7</sup> Based on Redlands' Parcel Data (ExistingUnitsField).

**TABLE 4-1: CITY OF REDLANDS: RESIDENTIAL ZONING CLASSIFICATIONS**

Zoning District	Min Lot Size (sf unless noted)	Dwelling Units per Acre	Max Lot Coverage	Min Width	Min Depth	Max Height	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		25	5	25
Multiple-Family Residential (R-2)	8,000	14	45	80	100	25	5-10	25	
Multiple-Family Residential (R-2- 2000)	12,000	17-22 <sup>2</sup>	45	100	120	3 stories <sup>3</sup>	25	5-10	25
Multiple-Family Residential (R-3)	10,000	27 <sup>2</sup>	60	80	120	4 stories <sup>3</sup>	15-25	5-10	25

Source: City of Redlands Municipal Code.

1. Density calculated from minimum lot size and dwelling units per lot and rounded down to nearest whole number up to what is permitted by the 2035 General Plan.

2. A 4/5 majority of the City Council is required to approve projects with densities above 18 du/ac.

3. A 4/5 majority of the City Council is required to approve projects with proposed height above 2.5 stories or 35 feet.

### Minimum Lot Size Requirements

As shown in Table 4-1, minimum lot sizes for the R-2, R-2-2000, and R-3 multifamily residential districts are 8,000, 12,000, and 10,000 square feet, respectively. While these minimums are quite low and do not typically limit development on smaller lots, minimum lot sizes act as potential constraints on development of small multi-family projects.

Additionally, the Rural Residential and Residential Estate minimum lot sizes of 1 acre and 14,000/20,000 square feet may be a constraint by limiting new housing due to the large lot sizes. While most of the City’s housing growth is not anticipated to occur in the more rural areas of the City, the minimum lot sizes in these districts directly limits density and affordability.

Planned Residential Developments (PRDs) provide more flexibility to housing developments approved as subdivisions, allowing for zero lot line development and small lot subdivisions (see Program 7.4-6). PRDs require Conditional Use Permits and for a minimum of 20 percent (depending on the zone) of the subdivision to be preserved as open space. This may be applied to any residential or agricultural district that allows residential development. These requirements could potentially be constraints on new housing; however, as the PRD acts to ensure that open space is preserved, and also allows for more flexible design and lot configuration. Therefore, the PRD program is not considered a constraint on housing production.

### Nonresidential 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.
- **Downtown Specific Plan, TC Town Center District:** Single-family, multi-family, and mixed-use residential uses permitted.
- **Downtown Specific Plan, TC-H Town Center Historic District:** Single-family, multi-family, and mixed-use residential uses permitted.
- **Downtown Specific Plan, SC Service Commercial District:** Single-family, multi-family, and mixed-use residential uses permitted.<sup>8</sup>

The A-P, A-P-C, TC, TC-H, and SC districts, as listed above, 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

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<sup>8</sup> The TC, TC-H, and SC are zones within the Transit Villages Specific Plan.

(see Table 4-1). In 2010, City Council adopted Ordinance No. 2739, which increased 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.

Other nonresidential 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 Transit Villages Specific Plan that contains opportunities for mixed-use and transit-oriented development. 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; however, the constraints of Measure U persist with the requirement of a 4/5th vote of the City Council to approve projects above 18 du/ac or above 2.5 stories/35 feet high.

#### *4.1.4.2 Transit Villages Specific Plan Zoning Districts*

The City strives to revitalize the downtown as part of citywide economic development objectives. During the 1980s, the Downtown Revitalization Program strengthened the downtown and brought significant private investment. The current Downtown Specific Plan 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.

The City has prepared a draft Transit Villages Specific Plan (TVSP) and environmental review is currently underway. The 2035 General Plan introduced the Transit Villages Concept and a substantial portion of the Livable Community chapter is devoted to establishing the policy framework to implement the future transit villages within approximately a one-half mile radius of each of the three train stations in Redlands.

Section 4.5 of the General Plan provides that “Transit Villages” have the following characteristics:

- Densities and intensities that promote working and living environments proximate to transit;
- Pedestrian and bicycle access to the station, with safe and comfortable pathways; and
- A transportation system that encourages and facilitates intermodal service and access.”

Section 4.5 of the Livable Community chapter states, “The Transit Village Areas Strategy consists of the following:

- A Transit Village Overlay Zone (TVOZ) of mixed uses, which includes an area of focused streetscape and public realm improvements.
- Base land uses consistent with the land use classifications described in Section 3.1 of the General Plan, designed to foster higher intensities and compact development patterns.
- A Mixed Use Core where a mix of uses and higher densities and intensities would be encouraged through policies and standards in the Transit Village Plan.”

Based on the 2035 General Plan, the draft TVSP refines those policies into a detailed set of rules and development standards so that future projects can achieve the community’s vision for compact and walkable transit villages. The TVSP has the intention of accommodating a mix of uses such as residential, retail, commercial, and office types of land uses within an approximately half-mile radius with sufficient density and intensity to support self-sustaining neighborhoods. Density and intensity of uses (in terms of numbers of workers, shoppers, visitors, and residents) are also very important elements, because a sufficient number of people need to be present and utilizing the villages so that they are self-sustaining and financially feasible. The TVSP covers 947 acres, or approximately 4 percent of the total land area of the City. Approximately 85 percent of land within the TVSP area is developed. In comparison to residential zoning districts (development standards for which are listed in Table 4-1), the TVSP zoning districts provide form based development standards and allow for dense development, subject to Measure U requirements, and promote a mix of uses. Eight zones would be established under the plan:

1. Village Center (VC) – applies to the parcels immediately surrounding the three stations. Buildings may reach a height of four stories and are mixed-use, all residential, or all office. Parking is located behind buildings or subterranean.
2. Downtown (DT) – applies to parcels facing State Street east of Orange Street and along the east side of Orange Street between the railroad right of way and State Street. New buildings up to three stories in height accommodate a mix of uses with commercial ground floors and residential or commercial upper floors. Parking is located behind buildings, subterranean, or in park-once lots or structures.
3. Village General (VG) – applies to parcels located around the periphery of the three stations. This zone enables multi-family and mixed-use buildings with an average height of three stories. Parking is located behind buildings or subterranean.
4. Village Corridor (COR) – applies to parcels along the north side of Colton Avenue, both sides of Orange Street north of the I-10 freeway, and both sides of Olive Avenue. This zone enables small-scale mixed-use buildings up to two stories in height with commercial ground floors and residential or commercial upper floors. Parking is located behind and to the sides of buildings, subject to minimum street-facing building frontage requirements.
5. Neighborhood General 1 (NG1) – applies to parcels located between Sixth Street and Church Street. It enables small-scale commercial and house-form buildings up to 2 stories high that

accommodate commercial, light industrial, and live-work uses. Parking is allowed behind and to the side of buildings, subject to minimum street-facing building frontage requirements.

6. Neighborhood General 2 (NG2) – This zone enables house-form buildings that accommodate residential and office uses. New buildings are up to two stories in height and are set back from the sidewalk behind yards. Parking is located behind new buildings.
7. Special District (SD1) – applies to school and other institutional sites. New buildings accommodate educational, religious, and other civic uses. Parking is located in surface parking lots or garages.
8. Civic Space (CS) – applies to parks, plazas, greens, and other open spaces within the Specific Plan area. These open spaces accommodate small structures such as gazebos, restrooms, and community centers.

As for parking requirements, minimum off-street parking spaces are provided in the TVSP and, for residential uses, are based on unit size, and gross floor area for commercial uses. Generally, the parking requirements in the TVSP are slightly lower than the parking requirements provided in the Municipal Code due to the transit-oriented character and convenient pedestrian access within the transit villages.

#### *4.1.4.3 Affordable Housing*

The Housing Resources section identifies different zones and suitable sites that may accommodate affordable housing need. The City intends for the TVSP to facilitate smart growth and new residential development around the new Metrolink/Arrow light rail stations. The plan contains progressive mixed-use development standards that will increase the sites available for affordable housing. Additionally, the City is including programs to upzone the RHNA sites outside of the TVSP area to further improve capacity for affordable housing. The City also has examples of two recent affordable housing projects that occurred in medium-density multi-family areas. These recent projects support that land zoned for less than 30 du/ac can also support affordable housing.

#### *4.1.4.4 Multi-Family Development*

Pursuant to the Zoning Ordinance (Section 18.192.020), 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:

- That the proposed development will not adversely affect the applicable land use plans of the City;
- That the proposed development will not be detrimental to the public health, safety and welfare;
- 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
- 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. Conditional Use Permits are a potential constraint by adding uncertainty and extending the potential for delay in project processing. Multi-family developments within the TVSP are permitted uses (unless greater than 35 units), and processed through a Commission Review. Approval is required of all new construction over 500 square feet and the 4/5th City Council vote may apply for density and height approval. There is currently no difference in the permitting process for multi-family rental developments from other, for-sale, multi-family developments in the City.

Program 1.2-13 is included to remove the CUP requirement for multi-family developments greater than 35 units.

#### *4.1.4.5 Density Bonus Provisions*

The state density bonus law provides a maximum density bonus of 50 percent. To be eligible for the maximum bonus, a project must set aside at least 15 percent of total units for very low income households, 24 percent of total units for low income households, or 44 percent of for-sale units for moderate income households. Levels of bonus density between 35 percent and 50 percent are granted on a sliding scale, depending on the number of affordable units.

#### *4.1.4.6 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 the City distinguish between permanent and transitional housing. Therefore, supportive and transitional housing are treated the same as other residential uses in the same zone.

In October 2013, City Council adopted Resolution No. 7322, which allowed for emergency shelter and transitional housing to be constructed in the SC (Service Commercial) district of the Downtown Specific Plan by right. The SC district is 38.1 acres and the most recent point in time count of unsheltered homeless individuals in the City is 47. The SC District could easily support homeless shelters that would meet the City's need. Many properties in the district are highly underutilized, with existing uses consisting of surface parking lots and small or aging structures. Additionally, the district contains 20 vacant parcels, with a total area of 2.9 acres. As the SC district is a part of the Downtown Specific Plan, it has excellent access to employment, commercial and recreational amenities, and educational institutions. This district is also located within 2 blocks of the downtown Metrolink Station. These conditions make the SC district appropriate for emergency shelters.

The Downtown Specific Plan contains a number of specific standards that apply to emergency shelters. The plan specifies requirements for on-site security, parking, storage, pets, on-site management, operational hours, among others. There are no spacing requirements or development standards for emergency shelters that would pose a constraint to development. Program 1.2-1 amends the code for AB 139 compliance. The City has identified Program 7.2-1 to amend the Downtown Specific Plan/proposed

TVSP to comply with the requirements of AB 139 – Emergency and Transitional Housing. The City will reduce the parking requirements, and review all other emergency shelter standards to ensure that they are expressly permitted by AB 139 or are consistent with other uses in the same zone.

Redlands has six single-family and three multi-family residential districts (Table 4-1). Furthermore, the 3,723 total available sites are located in a range of zoning districts. The development standards for these districts generally do not serve to restrict the development of single-family residential structures. The requirements for lot size and private open space are a constraint to small lot multi-family development. Housing is allowed in 10 different nonresidential districts. While only single-family homes are allowed in the agricultural districts and the R-1, R-E, and R-S districts, the minimum lot area, height, and front, side and rear yard standards are not burdensome. The Administrative & Professional Office (A-P) and Downtown Specific Plan/proposed TVSP districts permit single-family and multi-family housing of various types including mixed-use, live/work, emergency shelters, and group homes.

The City's development fees are found in Table 4-2. The fees the City charges do not serve to restrict housing variety.

#### 4.1.4.7 Hillside Slope Standards

The southeastern portion of Redlands contain steep hillsides and canyons. The City initially restricted growth in these areas through Measure N, in order to protect ridgelines from significant grading and preserve scenic vistas. These restrictions have the additional purpose of minimizing flood hazards, erosion from residential and road construction, exposure to wildfire, evacuation efficiency, and potential for groundwater deterioration. The Zoning Ordinance defines a Hillside Development District (HD) for parcels with average cross-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, the permitted density of the General Plan land use designation of Very Low Density Residential would permit up to 6 du/ac, thus the hillside policy results in fewer dwelling units per acre than would otherwise be permitted by the General Plan. While a constraint in terms of achievable dwelling units, the hillside policy is both practical and necessary to protect valuable environmental resources, limit exposure to hazards, and is generally in line with smart growth practices.

#### 4.1.4.8 Parking Standards

Off-street parking facilities are required for all new dwelling units. Single-family residential dwellings are required to have at least two covered parking spaces per unit. Multi-family residential dwellings require a range depending on the housing type and number of bedrooms. Outside of the proposed TVSP, 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. The parking requirements for multi-family development can serve as a constraint on development by requiring more land area to accommodate surface parking. Ordinance No. 2688 provides reduced off-street parking requirements for mixed-use

projects. The TVSP proposes more streamlined and less burdensome parking requirements that are not viewed as a constraint to development and are suitable for transit oriented development.

While parking standards can constrain residential development, requirements of 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) and uncovered parking satisfies the parking requirement for second units, another good source of affordable housing.

#### 4.1.4.9 Building Codes

Redlands currently requires residential construction to comply with the 2019 California Uniform Building Code and other standard codes. The City has not amended the building code in a way that would increase the costs of developing housing or increase the time for permitting. Fire sprinkler systems are also a requirement on all new residential units or when an addition of 500 sf or more is constructed (such as an ADU, JADU), which adds a cost between \$0.81 and \$2.47 (\$1.35 on average) per square foot, depending on the unit type.<sup>9</sup>

The City has two full-time Code Enforcement Officers to conduct a proactive code enforcement program, but also responds to complaints or notices received through the City's Redlands 311 reporting app. The City also has a Rental Dwelling Unit Ordinance that was adopted in 2012 and is implemented by the Code Enforcement Division of the Facilities and Community Services Department. The ordinance requires that every rental property obtain a rental dwelling unit permit. The permit must be renewed on an annual basis and the owners are required to keep the rental dwelling unit(s) in compliance with specific standards, particularly those regarding life safety, hazards, and maintenance. The intent of the ordinance is to ensure that the City's rental housing stock is kept and maintained according to state and local health and safety laws. The cost of this permit ranges from \$80 to \$116 depending on the rental property typology. This fee may pose a financial constraint to property owners of rental housing.

#### 4.1.4.10 Off-site Improvements

Off-site improvements, including public streets, curbing, sidewalks, streetlights, 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.

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.

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<sup>9</sup> Home Fire Sprinkler Cost Assessment – 2013, <https://www.nfpa.org/News-and-Research/Data-research-and-tools/Suppression/Home-Fire-Sprinkler-Cost-Assessment-Final-Report>.

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 or wall 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, streetlights, fire hydrants, signs, street lines and markings, street trees and shrubs, landscaping, monuments, bicycle facilities, fences and smoke detectors, or in lieu fees.

These off-site improvements are either installed by the developer as part of the project or paid for by impact fees assessed on larger regional or area wide facilities. Off-site 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 off-site 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.

### 4.1.5 Development Review Process

#### 4.1.5.1 Permit Processing

Residential construction involving individual single-family homes on existing lot, 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. The City's plan check policy is to complete first submittal plan checks within 10 business days and resubmittal checks within 5 business days.

The City offers a "Preliminary Review" service where plans may be submitted for review and comment by all relevant City departments prior to formal application. However, the City staffs a "One Stop Permit Center" where customers can talk with representatives from Planning, Building, and Municipal Utilities and Engineering to receive guidance and obtain standards for development.

Residential construction involving tracts and larger multi-family projects utilize the following processing schedule.<sup>10</sup>

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<sup>10</sup> 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,

For projects not requiring legislative actions the entitlement process can take as little as 100 calendar days (approximately) if an Initial Study is not required under the California Environmental Quality Act.<sup>11</sup> Steps are:

- (1) submission of complete application,
- (2) Development Review (40 days),
- (3) Planning Commission (30 days).

During this formal application phase, the applicant submits ten sets of plans, appropriate application forms and all required fees. Completeness review by Planning staff and committee review by the Development Review Committee occurs within the first 30 days following application submittal. The applicant then provides additional information and prepares plan revisions (if needed) based on Development Review Committee comments/corrections. Conditions of approval are prepared 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 prepares and presents reports on each project. The applicant and members of the public have the opportunity to comment. As for multi-family development, the Zoning Ordinance allows up to 34 units to be approved under a site plan approval process called a Commission Review and Approval (CRA). The site plan proceeds through the same process except that CRAs do not require a public notice or hearing (if a SCBS is required for the project, then Municipal Code Section 16.02.040 requires a public hearing for the SCBS), but do proceed to Planning Commission review.

If the project is subject to CEQA, then an Initial Study must be prepared by the city's environmental consultant(s) and typically requires an additional 90 to 180 days including a 30-day public comment period on the environmental document (e.g., a Mitigated Negative Declaration). Consideration of the project environmental document is part of a public hearing on the entire project. 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.

For projects requiring legislative actions (General Plan Amendment, Zone Change, Agricultural Preserve Removal, etc.) processing takes approximately 140 calendar days, plus any CEQA environmental review processing requirements. Steps are the same as above plus (4) City Council (40 days).

- Once the entitlements are granted developers prepare for approval of their final map and submit for Residential Development Allocations (RDA).<sup>12</sup> 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

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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.

<sup>11</sup> Projects requiring CEQA review may take an additional 180 days or more to allow for preparation of the environmental document.

<sup>12</sup> The RDA process has been temporarily suspended by SB 330 until 2030. (City Council Resolution No. 8082 adopted on 5/19/2020 suspended the competitive evaluation and selection system contained in Municipal Code 19.04.040). The proposed SB 8 may extend this to 2030.

the developer is completing final engineering and completing the final map (as well as finalized home designs), 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 determined by the City Council.
- Note: With implementation of SB 330 provisions through at least January 1, 2025 (and adoption of City Council Resolution No. 8082 suspending the RDA's competitive evaluation and selection system contained in Municipal Code Section 19.04.040 for the duration of SB 330), the evaluation and approval of multifamily residential dwelling units now occurs simultaneous with the individual project's CRA and/or CUP entitlement process.

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

Given that permit processing times are generally in line with other communities in the area, the Redlands development review process does not represent a constraint that is significant, although additional staff resources would enable staff to process projects more quickly. 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, not just in Redlands. 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.

Developers can face delays in obtaining building permits after entitlement due to the need to create more detailed plan sets after entitlement approval. Those plans may take several weeks to develop and submit for plan check review; however, the City accepts plan checks "at risk" and many developers take advantage of this option to expedite the permitting process. This process allows the developer to submit their project for plan check review prior to entitlement approval. The plan check is "at risk" as the project may be modified prior to entitlement, but the ability to initiate the plan check process early can result in developers obtaining building permits at the conclusion of the entitlement appeals period.

#### *4.1.5.2 Postings and Notices*

The City is compliant with requirements for posting notices of public hearings and discretionary land use decisions. This includes CUPs, variances, zone changes, General Plan amendments, and environmental review, among others. The City has an internal process to track projects and submit notices in the appropriate format to the local newspaper, posting on the City's website, and posting in physical locations in the City's buildings, including outside the Council Chambers and at the City Clerk's office.

#### *4.1.5.3 SB 35 Ministerial Approval Procedure*

SB 35 (Wiener, 2017) requires a Streamlined Ministerial Approval Process for developments in jurisdictions that have not made sufficient progress towards their RHNA.

The City of Redlands has yet to receive an SB 35 application. If the City were to receive an SB 35 application, it would follow state law procedure. The City would provide a layout summary and other materials upfront, as well as an optional precomputation to review standards and objective standards. The following permitting procedure that the City will follow is from the Streamlined Ministerial Approval Process guidelines outlined by HCD.<sup>13</sup>

1. After receiving a notice of intent to submit an application for a Streamlined Ministerial Approval Process, and prior to accepting an application for a Streamlined Ministerial Approval process, the City will complete the tribal consultation process outlined in Government Code section 65913.4(b).
2. The City will perform a determination of consistency with regards to objective zoning, subdivision, and design review standards.
3. The City will perform a determination of consistency with density requirements.

The City will complete the design review within the following timeline:

1. Within 60 calendar days of submittal of the application to the City if the development contains 150 or fewer housing units.
2. Within 90 calendar days of submittal of the application to the City if the development contains more than 150 housing units

The City will determine whether the applicant for Streamlined Ministerial Approval complies with requirements, and will approve or deny the application, within the following timeline:

1. Within 90 calendar days of submittal of the application to the City if the development contains 150 or fewer housing units
2. Within 180 calendar days of submittal of the application to the City if the development contains more than 150 housing units.

While the City has yet to receive an SB 35 application, the City will facilitate the process and support any future applicants, as outlined in Program 1.2-19.

#### **4.1.5.4 Residential Development Allocation**

The Residential Development Allocation (RDA) process discussed below has been temporarily invalidated by SB 330 until 2025, and potentially until 2030 based on SB 8. Also, the City Council adopted Resolution No. 8082 on May 19, 2020, suspending the competitive evaluation and selection system contained in Municipal Code 19.04.040 for the duration of the state's applicable legislation.

Required by voter initiatives, the 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 each year, 117 dwelling unit allocations in each of the first three quarters and then the remainder of dwelling

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<sup>13</sup> HCD Updated Streamlined Ministerial Approval Process: <https://www.hcd.ca.gov/policy-research/docs/sb-35-guidelines-update-final.pdf>

units in the fourth quarter. Staff assists applicants in preparing applications. Unused dwelling unit allocations cannot be carried forward into the next year. Moreover, a project must obtain at least ninety points in order to be eligible to receive an allocation award.

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, finalizing the home designs (after selecting a home builder), and processing building permits. Therefore the projects are not held in hiatus when they are going through the RDA process and there typically is no significant time loss. Furthermore, the RDA application fee is \$2,828 per development application.

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 stabilized fees via Development Agreements with affordable housing developers. 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.

#### *4.1.5.5 Socioeconomic 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, CUP approval, or with a building or development area exceeding a cumulative total of 5,000 square feet shall submit a socioeconomic study and cost-benefit analysis (SCBS; see Section 4.1.1.5). 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.<sup>14</sup> 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 \$3,265 per project (regardless of project size or number

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<sup>14</sup> Reference from 5<sup>th</sup> Cycle Housing Element update, Email exchange with Jeff Shaw, City of Redlands Community Development Director, 3/12/2008.

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 \$65 and \$36 per unit, respectively. Thus, the monetary cost of this requirement is quite low. City staff prepares the socioeconomic study and cost-benefit analysis that is reviewed by the Planning Commission/City Council along with the Initial Study (per CEQA).

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 that 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 that 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. Redlands Municipal Code Chapter 16.02 provides the SCBS requirements, and Section 16.02.040 states, “The approving body for the development proposal shall conduct at least one public hearing at which the public may appear and be heard to consider the socioeconomic cost/benefit study after providing ten (10) days’ prior notice, published once in a newspaper of general circulation within the city.” In some cases that may not otherwise require a public hearing (such as a simple CRA approval), this provision may trigger a public noticing and hearing requirement for the entire project.

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 socioeconomic studies have been performed and no project has been denied because of a study’s results. Please see Program 7.4-14 in Chapter 7 for further clarification regarding how the study is used.

#### 4.1.5.6 Impact Fees and Exactions

Fees are collected by the Building Division, 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 several years, as needed. Planning application fees and Municipal Utilities and Engineering fees were last updated in August 2018; both are available online on the City’s website. Current School District fees, last updated in June 2012, are also available online on the District’s website. To obtain Building & Safety Division fees, applicants must call the department or visit the One Stop Permit Center, 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, add up to approximately \$16,641. Total fees for a multi-family home are about \$11,638. Total fees for an ADU can range between \$5,224 and \$6,856.

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 4-2 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 4-2: REDLANDS DEVELOPMENT FEES (PER UNIT)**

	<b>ADU 700+ sq feet</b>	<b>ADU &lt; 700 sq feet</b>	<b>Single Family</b>	<b>Multi- Family</b>	<b>TOD</b>
<b>Development Impact Fees</b>					
Open Space and Parks	\$2,454.85	\$1,841.14	\$3,959.94	\$3,624.62	\$2,454.85
Library	\$164.02	\$123.01	\$264.58	\$242.18	\$164.02
Storm Drain			\$700.00	\$343.00	\$343.00
Public Facilities Fee	\$425.55	\$319.16	\$686.45	\$628.33	\$425.55
Fire Protection Fee	\$357.74	\$268.31	\$577.08	\$528.21	\$357.74
Police Facilities Fee	\$18.67	\$14.00	\$30.11	\$27.56	\$18.66
Transportation Fee	\$937.54	\$703.16	\$1,512.36	\$1,048.32	\$1,074.63
Sewer Capital Fee	\$824.65	\$618.49	\$3,130.00	\$2,295.00	\$366.00
Water Capital Fee	\$1,146.08	\$859.56	\$4350.00 - \$9431.00 (depending on acreage)	\$2,181.00	\$1,096.00
Solid Waste Fee	\$325.00	\$325.00	\$650.00	\$325.00	
Water Rights	\$206.29	\$154.72	\$783.00 - \$1701.00 (depending on acreage)	\$397.00	\$167.00
<b>DIF Total</b>	<b>\$6,860.39</b>	<b>\$5,226.55</b>	<b>\$16,643.52 - \$22,642.52</b>	<b>\$11,640.22</b>	<b>\$6,467.45</b>
<b>Building and Safety Fees</b>					
Building Permit			\$736		
Building Plan Check			\$4,093		
Plumbing			\$63.85		
DIF + Building and Safety Total	\$11,753.24	\$5,226.55	\$21,536.37 - \$27,535.37	\$11,640.22	\$6,467.45
Environmental Review (Negative Declaration)			\$392.00		
General Plan Amendment			\$3,797.00		
Zone Change			\$1,066.00		
New Construction Conditional Use Permit			\$1,066.00		
Commission Review and Approval			\$12,493.00		
Tentative Tract Map Review			\$2,567.00		
Final Tract Map Review			\$3,857.00		
Residential Development Allocation			\$392.00		
<b>Total (with GPA and Zone Change)</b>	<b>\$11,753.24</b>	<b>\$5,226.55</b>	<b>\$47,166.37 - \$53,165.37</b>	<b>\$37,270.22</b>	<b>\$32,097.45</b>

Source: City of Redlands Resolution No 7951, 2018. .

Accessory Dwelling Unit Development Impact Fee Memorandum, 2018

In calculating the fees in Table 4-2, 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 for multi-family housing scenarios: 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 8-inch pipes and an average of \$46/foot for 12-inch pipes.

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, grant funds to pay for development fees if necessary, to maintain the financial feasibility of an affordable housing development proposal.

#### 4.1.6 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.

##### 4.1.6.1 *Emergency Shelters, Transitional Housing, and Supportive Housing*

In January 2008, SB 2 went into effect, requiring that every jurisdiction in the state identify one or more zoning districts that allow emergency shelters and that transitional housing and supportive housing be treated as any other residential use, subject only to those restrictions on residential uses contained in the same type of structure. The law also requires that the identified zones contain sufficient capacity to provide shelter for homeless persons that have unmet housing needs. On October 1, 2013, City Council adopted Resolution No. 7322, which permits emergency shelters in the SC (Service Commercial) District of the Downtown Specific Plan by right and establishes development standards for emergency shelters. The City has 38.1 acres of land in the SC district and a current unsheltered homeless population of 141. The 38.1 acres is more than sufficient to fulfill the need for emergency shelters for the City's unsheltered homeless population. The City continues to permit transitional and supportive housing by right in all zones that allow residential uses, and projects are not subject to any restrictions not imposed on similar residential uses in the same zone. Program 1.2-3 will ensure the City is compliant with supportive housing regulations pursuant to Government Code Section 65651.

#### 4.1.6.2 *Single-Room Occupancy (SRO) Units*

SROs represent another affordable housing alternative. City policies regulate the location of 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 (Program 7.1-1) and create standards for SROs (Program 7.1-2). 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 400 dwelling unit cap imposed by Measure U, and therefore may be used to fulfill regional housing needs over this limit. The City initiated the process of considering appropriate zoning districts for SROs and developing criteria for the review of projects. Staff held one workshop with the Planning Commission and had begun preparing a draft ordinance for their review. Staffing constraints have since stymied progress on the SRO Ordinance and the City will maintain this program in this current policy cycle.

#### 4.1.6.3 *Manufactured Housing and Mobile Homes*

Municipal Code Chapter 18.140 regulates the location of manufactured housing and mobile homes. Manufactured homes and 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 CUPs. 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). The City's rent control policy is detailed in Municipal Code Chapter 5.48, Rent Stabilization for Mobile Home Parks and ties rent increases to the Consumer Price Index (CPI).

#### 4.1.6.4 *Constraints to Housing for Large Households and Female-Headed Households*

Large households 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 2011, approximately 7 percent of households in Redlands were female-headed households and 11 percent were large households (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 nonresidential 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.

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; according to the 2019 American Community Survey, 5.1 percent of households were considered overcrowded (defined as more than one occupant per room). Program 7.3-8 has been added to study

overcrowding conditions in Redlands in more detail, as well as the inventory and availability of large (3+ bedroom) units, and make further recommendations to the City Council based on the findings.

#### **4.1.6.5 Constraints to Housing for Persons with Disabilities**

As noted in the Special Needs Section (Section 2.9.3) 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 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.

#### **Group Homes – 6 or fewer people**

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's Municipal Code permits group homes of 6 or fewer people in any residential zone; however, the code implies that group homes must be licensed by the state. To prevent unnecessary constraints on group homes and to improve housing choice within the community, the City has included Program 1.2-5 that would clarify that a group home of 6 or fewer people may be permitted in any residential zone regardless of state licensing.

#### **Group Homes – 7 or more people**

The City's Municipal Code identifies group homes of 7 or more people as being permitted in multi-family and agricultural zones with the approval of a CUP. This is inconsistent with other similar uses and present a constraint to providing group homes that serve people with disabilities or who otherwise require assistance which subsequently leads to reduced housing choice. With a CUP, the certainty of approval is limited. CUPs require a public hearing and notices mailed to all property owners within 300 feet of the proposed group home. In some cases, the potential exists for neighborhood organization against the application and NIMBY-like behavior. The City has included Program 1.2-5 to address these constraints on group homes and will amend the Municipal Code to permit group homes in all residential zones.

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 Development Services 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 300 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 Development Services Director or the committee acting in the capacity of the 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). The Zoning Ordinance establishes a time frame of 30 days to make a decision on an application and the notification of neighbors within 300 feet is handled within this time frame.

Typically, smaller-scale ADA retrofit requests are processed over the counter. A request for a ramp to accommodate a wheelchair takes approximately two to three weeks, while a bathroom modification only takes two to three days. Building permit fees for these types of procedures are less than 100 dollars for bathroom modifications and approximately 30 dollars for a wheelchair ramp.

### **Efforts to Remove Regulatory Constraints 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 the ADA and applicable California law regarding access and accommodations for persons with disabilities. 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

A comprehensive review of the City's zoning laws, policies, and practices for compliance with fair housing law has been conducted and is included in the Affirmatively Fair Housing Chapter of the Housing Element. 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 City of Redlands General Plan: Housing Element 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 7.1-1 in Chapter 5 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 Livable Community 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 straightforward. 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 2019 California Uniform Building Code..

#### 4.1.7 Development Densities below those Anticipated in the RHNA

As seen in the 5<sup>th</sup> Cycle, sites identified in the RHNA were either not developed with residential uses or were developed at lower densities. For the 6<sup>th</sup> Cycle RHNA, the City is implementing a 20 percent buffer when planning for residential capacity. This 20 percent additional capacity addresses the possibility that some sites may not develop as anticipated. Should that occur, the City would still be well within its ability to accommodate its RHNA obligation before needing to identify and rezone additional land. Additionally, the City has weighted its 20 percent toward the very low and low income categories as this unit classification is generally the most difficult to see to fruition.

In November 2021, the City Council made findings to exempt three different projects in the downtown from Measure U requirements. Each of these sites are included in the City's RHNA for the 6<sup>th</sup> Cycle. The total proposed unit count from these projects is 950 units, indicating that interest in developing higher-density housing is gaining traction.

#### 4.1.8 2022 Ballot Measure Amending the Principles of Managed Development of the General Plan

On June 7, 2021, *Redlanders for Responsible Growth Management* filed with the Redlands City Clerk a petition for an initiative measure titled "An Initiative Ordinance of the People of Redlands Amending the Principles of Managed Development of the Redlands General Plan" (Initiative). The initiative is an effort to ensure that future development within the City occurs in a manner that is consistent with the values and standards enacted by the people of Redlands through the establishment of the City's Growth Management System. More specifically, the Initiative would amend various sections of the previously adopted Measure U as follows:

1. Requirements for a socioeconomic analysis and cost benefit study will be modified to include a formula that is applicable to residential components of a project in order to determine costs necessary for inclusion in the cost benefit study.
2. Exempts those properties located within the Transit Village Overlay Zone from vote requirements related to density increases and establishes new height limits and parking requirements for Transit Village areas.
3. Provides certain categories of development from the Principles of Managed Development previously established by Measure U and exemptions for development related to the Metrolink stations and for new developments within the Downtown Specific Plan 45 will be deleted;
4. The City Council's vote requirement related to redesignating or rezoning lands previously designated as Urban Reserve or Urban Reserve (Agriculture) will be amended from a requirement of a 4/5th vote to a 5/5th vote. Measure U's density limitation on lands designated as Urban Reserve would also be deleted.
5. Establishes exemptions for projects which have acquired vested rights in accordance with criteria established by the initiative from the Initiative's requirements. The Initiative further details that actions taken by a developer to expedite a development project due to the pending Initiative will not qualify for exemption from the provisions of the Initiative.
6. Require that any interpretation of the Initiative's provisions shall be done in a manner which most vigorously and effectively accomplishes its purpose and operative provisions.

### Preemption by Senate Bill 330 (SB 330) – Housing Crisis Act

The courts use the following four-step test when determining the issue of preemption:

1. Does ordinance/initiative regulate a 'municipal affair'
  - a. The regulation of zoning through an initiative directed at changing the City's General Plan is considered a municipal affair
2. Must be an actual conflict between local and state law
  - a. The Initiative conflicts with the Act by its imposition of height restrictions, new parking regulations, and the imposition of third-party approvals of certain development proposals by adjacent landowners.
3. The State law must address a matter of 'statewide concern'
  - a. The legislature has specifically deemed the provision of adequate housing a matter of statewide concern
4. Must be determined that the initiative is 'reasonably related to...resolution' of the statewide concern and is 'narrowly tailored' to avoid unnecessary interference in local governance
  - a. SB 330 is narrowly tailored to the type of land use restrictions which reduce or restrict the development of housing

Based on this four-step test, the Initiative is highly likely to be preempted by SB 330 because it imposes new land use restrictions beyond what was found in the City's General Plan 2035, and those restrictions would have the effect of reducing the development of affordable housing opportunities.

## Conflict with SB 330 - Housing Crisis Act and Legal Review Conclusions

Based on analysis considering the sufficiency of the proposed Initiative, the following components of the Initiative may be prohibited by the Housing Crisis Act:

1. Established height restrictions in the Transit Villages
2. Requirement for written agreement from adjacent single-family dwelling owners for buildings with more than two stories
3. Additional parking requirements
4. Revised vote requirement to 5/5<sup>th</sup> vote for the redesignation or rezoning of land designated as Urban Reserve or Urban Reserve (Agriculture).

Any development policy, standard, or condition that does not comply with the Housing Crisis Act is considered to be void. Therefore, the above-mentioned provisions would likely be deemed void if challenged and if the Initiative passes, as they have been determined to lessen the intensity of housing. Furthermore, the proposed revisions to parking standards under the Initiative would also conflict with the state density bonus law's parking requirements for 1.5 spaces for units with two bedrooms or more, since the Initiative proposes to require two covered parking spaces for two or more bedroom units.

The City's RHNA strategy was developed under the assumption that development would occur at densities up to 27 du/ac and up to 3 stories in height. In the event that the Initiative passes, the Initiative would not have an effect on the City's ability to meet its RHNA obligation.

## 4.2 NON-GOVERNMENTAL CONSTRAINTS

Market forces and environmental considerations 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.

### 4.2.1 Environmental Constraints

#### Fire

In Redlands, the highest wildfire risk areas are in San Timoteo and Live Oak Canyons and their neighboring ridgelines. Prolonged droughts coupled with high winds and dry vegetation during summertime creates the highest fire risk in these areas. Left uncontrolled, these fires have the potential to damage or destroy structures, roadways, and utility systems, and disrupt the economy.

The potential for wildland fires can be considered a constraint to development in this portion of Redlands. Thus, programs have been included in this Housing Element update to direct development away from areas at higher risk of wildland fires and closer to areas less prone to wildfires.

## **Flood**

Flooding has historically been a concern in Redlands, where moderate to heavy storms can overwhelm the area's drainages and intermittent waterways. Redlands is drained by four streams, each of which represents a potential flood hazard at peak flows: the Santa Ana River/Mill Creek, the Mill Creek Zanja (also known as Mission Zanja and Mission Storm Drain), San Timoteo Creek, and Live Oak Creek. The Santa Ana River/Mill Creek and the Mission Zanja pose particular flooding hazards to the Redlands.

In order to combat this significant flood risk, the City has been proactive with its building code. The Redlands Zoning Ordinance implements the policies of the General Plan. It contains provisions to mitigate potential hazards on floodplains. Chapter 18.136 establishes the Floodplain District (FP), which prohibits occupancy or encroachment of any structure or development that would obstruct the natural flow of floodwaters within a designated floodway (like the San Timoteo Creek or Santa Ana River); ensures that developments in the floodplain outside of the floodway remain above the design flood flow elevation; and prevents economic loss of loss of life or property from excessive flooding.

Much of the TVSP area is within a 100-year flood zone. The City's Municipal Code provides standards for building within the floodplain that includes standards for both new and repurposed buildings. No special approval or entitlement is needed to construct in the flood zone, only that the building pad be elevated at least 2 feet above the 100-year flood elevation. Because any new or repurposed building would be constructed above the flood elevation, the risk of flood damage is no greater than for dwelling units outside the flood zone.

Thus, compliance with existing building codes would not pose an environmental constraint to housing development.

### **4.2.2 The Local Housing Market**

The value of housing in Redlands has gone up dramatically since 2000. Between 2000 and 2018, median home sales prices in Redlands increased 300 percent. In 2020 the median home sales prices in Redlands were \$499,105.<sup>15</sup> Overall, Redlands has the highest median home sales price compared to communities nearby. In 2020, the average price of a 3-bedroom home is approximately 2.25 times more expensive than in 2003.

According to the City's Annual Progress Reports (APRs) the vast majority of housing produced in the City in recent years has been above moderate-income housing. 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.

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<sup>15</sup> <https://www.zillow.com/redlands-ca/home-values/>

**TABLE 4-3: MEDIAN HOME SALE PRICES IN REDLANDS AND NEARBY COMMUNITIES**

City	2000	2012	2020
San Bernardino	\$94,300	\$119,536	\$324,881
Highland	\$122,200	\$180,000	\$365,250
Redlands	\$152,200	\$241,898	\$456,332
Yucaipa	\$116,400	\$190,000	\$404,175
Loma Linda	\$151,300	\$191,000	\$450,890

Source: DQNews.com; 2013 CityData; Zillow 2020.

**TABLE 4-4: REDLANDS MEDIAN HOME SALES, 2003, 2007, 2012, 2020**

Number of Beds	Year			
	2003	2007	2012	2020
<b>Condominiums</b>				
1	\$100,000	\$160,000	\$55,000	\$139,000
2	\$249,500	\$255,500	\$97,000	\$195,000
3	\$225,000	\$290,000	\$130,000	\$305,000
<b>Single Family Homes</b>				
1	\$187,000	\$382,500	\$125,750	-
2	\$153,000	\$325,000	\$165,250	\$345,000
3	\$220,000	\$380,000	\$200,000	\$499,000
4	\$207,000	\$431,750	\$280,000	\$639,000
5	\$610,000	\$635,000	\$401,000	\$942,500

Sources: First American Real Estate Solutions (from County Assessor Data); HR&A, Inc; DQNews.com, 2013; Zillow 2020.

#### 4.2.2.1 Land Costs

Land costs are one of the major components of housing development costs. Land prices vary to such an extent that it is difficult to give average prices within small geographic regions. Factors affecting the costs of land include overall availability within a given subregion; environmental site conditions and constraints; public service and infrastructure availability; aesthetic considerations such as views, terrain, and vegetation; the proximity to urban areas; and parcel size.

Rising costs of land are often related to the limited availability of buildable land. In San Bernardino County, which has large expanses of buildable land, this has not historically been considered a problem. Recent sales data indicates that in Redlands the price per square foot of raw land ranges from \$0.15 in rural, hillside areas of the City to \$25.25 in the downtown area.<sup>16</sup>

<sup>16</sup> (www.zillow.com Accessed April 15, 2021)

#### 4.2.2.2 Construction Costs

The cost of construction depends primarily on the cost of materials and labor, which are influenced by market demand. The cost of construction will also depend on the type of unit being built and on the quality of product being produced. The cost of labor is based on a number of factors, including housing demand, the number of contractors in the area, and the unionization of workers.

The construction cost of housing affects the affordability of new housing and may be considered a constraint to affordable housing in San Bernardino County. A reduction in construction costs can be brought about in several ways. A reduction in amenities and quality of building materials in new homes (still above the minimum acceptability for health, safety, and adequate performance) may result in lower sales prices. State housing law provides that local building departments can authorize the use of materials and construction methods if the proposed design is found to be satisfactory and the materials or methods are at least equivalent to that prescribed by the applicable building codes.

In addition, prefabricated, factory-built housing may provide lower-priced products by reducing labor and material costs. As the number of units built at once increases, savings in construction costs over the entire development are generally realized as a result of an economy of scale, particularly when combined with density bonus provisions.

Using current pricing sources, the average costs for a newly constructed 2,000-square-foot single-family home (not including land) in the Redlands region would cost between \$228,000 and \$338,000. At the time of the writing of this Housing Element update, materials costs are increasing, namely lumber prices. Lumber prices have risen more than 250 percent in the last year and the National Association of Homebuilders noted the increases added more than \$24,000 to the price of the average single-family home.<sup>17</sup> This price increase is a result of limited domestic supply because of the COVID-19 pandemic. Until the domestic lumber supply can catch up to the demand, prices will remain high and home builders will likely continue to pass the cost to homebuyers.

#### 4.2.2.3 Interest Costs and Availability of Financing

Interest rates are determined by national policies and economic conditions, and there is little that local governments can do to affect these rates. Jurisdictions can, however, offer interest rate write-downs to extend home purchase opportunities to lower-income households. In addition, government-insured loan programs may be available to reduce mortgage down-payment requirements.

It can be difficult for very low-, low-, and moderate-income first-time homebuyers to acquire sufficient savings and income to pay for a down payment, closing costs, monthly mortgage, and tax and insurance payments.

#### 4.2.2.4 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 4-5 shows how changes in interest rates

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17 <https://markets.businessinsider.com/news/stocks/lumber-prices-hit-record-highs-soaring-past-year-2021-4-1030299977>

affect borrowing costs. For each one 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 one percentage point increases the monthly payment 10 to 11 percent—nearly 37 percent if the increase is from five to eight percentage points.

**TABLE 4-5: 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: City of Redlands 5<sup>th</sup> Cycle Housing Element.

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. Presently, interest rates are at near historic lows which has increased the purchasing power of homebuyers; however this advantage has been offset by the increasing cost of new housing and has fanned the rapid increase of existing home prices.

#### 4.2.2.5 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 4-6 shows the impact 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.

Therefore, a three percentage point increase in interest rates for permanent financing, from 6 percent to 9 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.

**TABLE 4-6: 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: City of Redlands 5<sup>th</sup> Cycle Housing Element.

#### 4.2.2.6 Financing Availability and Distribution

Given the increase in defaults on mortgages in Redlands and elsewhere in the region that resulted from the 2008 financial crisis, as well as the subsequent reaction from the Federal Reserve, the ability to borrow money has become more difficult. According to the 5th Cycle Housing Element, the most severe lending problem appeared 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 data from 2019 supports this assertion as a continuing condition. The rate of approval for home improvement loans in North Redlands was 20 percent lower compared with approval rates for home purchase loans. In census tract 78 (Lugonia Colony area), no home improvement loans were originated in 2019.<sup>18</sup>

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 Home Mortgage Disclosure Act data confirms that borrowing rates are fairly consistent throughout the city. On average, 72 percent of home purchase loans were approved in the city, up 2 percent from 2013; the rate in North Redlands is lower at 68.5 percent, although one census tract in the neighborhood reports approval rates at 67 percent, the same as 2013. 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 by the Federal Reserve may lead to a decrease in mortgage rates, encouraging borrowing for mortgages and construction loans. In addition, deferred maintenance has become an issue with resales as well, since homes being purchased must be up to code.

18 Federal Financial Institutions Examination Council. Home Mortgage Disclosure Act. 2019 Mortgage Application and Approval Data by Census Tract.