

Examples of Inclusionary Housing Programs

	INCLUSIONARY REQUIREMENT	UNIT AFFORDABILITY	ALTERNATIVES	INCENTIVES AND OTHER PROGRAMS
MONTEREY COUNTY	<p>Residential projects with 3 or more units, except for eligible agriculturally zoned land, must provide inclusionary units on-site or off-site.</p> <ul style="list-style-type: none"> ▪ On-site units must be 20% or greater than the total number of units. ▪ Off-site units must exceed the number which would have been required on-site. 	<p>Income distribution:</p> <ul style="list-style-type: none"> ▪ 8% of the total units for moderate income households. ▪ 6% for low income households. ▪ 6% for very low income households. <p>Term of affordability: 55 years</p>	<p>Developers can satisfy the requirements in whole or part by payment of in-lieu fees:</p> <ul style="list-style-type: none"> ▪ Residential projects with 3 or 4 units can elect to pay the in-lieu fee. ▪ Residential projects with 5 or more units can elect to pay the in-lieu fee instead of providing some or all of the required inclusionary units if the project site lacks access to services or the zoning requires large lot development. 	<p>None identified.</p>
MORGAN HILL	<p>Residential rental or for-sale projects of 2 or more units must include at least 15% affordable units.</p> <p>New rental or for-sale projects within the downtown area are required to restrict 10% of the units to be affordable.</p>	<p>For-sale projects:</p> <ul style="list-style-type: none"> ▪ All required units are to be moderate income. ▪ Deed restricted for 45 years. <p>Rental projects:</p> <ul style="list-style-type: none"> ▪ At least 1/2 of required units: very low-income. ▪ Remaining units: low-income. ▪ Rents restricted for rental 55 years. 	<p>Alternative compliance options:</p> <ul style="list-style-type: none"> ▪ Rental units in for-sale projects ▪ Off-site construction ▪ Land dedication ▪ In-lieu housing fee ▪ Request for waiver of requirements 	<p>Development incentives:</p> <ul style="list-style-type: none"> ▪ Density Bonus ▪ Reduction in minimum setback requirements ▪ Alternative unit type ▪ Alternative interior design standards <p>Below Market Rate program</p> <ul style="list-style-type: none"> ▪ Provides ownership opportunities and affordability to low-income and moderate-income households.

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<p>Projects with 10 units or more must provide inclusionary affordable units:</p> <ul style="list-style-type: none"> ▪ For sale projects: 15% or 20% depending on affordability. ▪ Rental projects: 12% or 20%, depending on affordability. <p>Projects under 10 units are exempt.</p>	<p>For-sale projects can either provide:</p> <ul style="list-style-type: none"> ▪ 20% inclusionary units with a minimum 8% units for lower income households and 4% for very low income, moderate, and workforce income each¹, OR ▪ 15% inclusionary units with a minimum of 6% units for median and moderate income households each, and 3% for workforce income households. <p>Rental projects can either provide:</p> <ul style="list-style-type: none"> ▪ 12% inclusionary units with a minimum 8% of units affordable to very low income households and 4% for lower income households, OR ▪ 20% inclusionary units with a minimum 4% units for very low income households at affordable rents, 8% for lower income households at affordable rents, 4% for moderate income households at affordable ownership cost, and 4% for workforce income households. <p>Term of affordability: 30 years</p>	<p>Alternative compliance options:</p> <ul style="list-style-type: none"> ▪ Off-site construction ▪ Land dedication ▪ Partnership with another developer to construct all or some of the units ▪ In-lieu fee ▪ Transfer of surplus of inclusionary units ▪ Request for waiver of requirements 	<p>None identified.</p>

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¹ "Workforce income households" means households whose annual income, adjusted for household size, does not exceed 160 percent of area median income.

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<p>SAN JOSE</p> <p>Projects with 20 or more units must provide 15% of housing that is affordable.</p>	<p>For-sale projects:</p> <ul style="list-style-type: none"> ▪ 15% of total units required to be affordable for households earning no more than 110% of the area median income. Such units can be sold to households earning no more than 120% of the area median income. <p>Rental projects</p> <ul style="list-style-type: none"> ▪ 9% of the total units is required to be made available for rent at an affordable cost to moderate income households and 6% of the total units is required for very low income households. 	<p>Alternative compliance options:</p> <ul style="list-style-type: none"> ▪ Off-site construction ▪ In-lieu fee ▪ Dedication of land ▪ Credits and transfers from another developer ▪ Acquisition and rehabilitation of existing market rate units for conversion to units affordable to lower or very low income households only ▪ HUD restricted units 	<p>Density bonus, waivers, and other incentives pursuant to the State and City’s housing density bonus law.</p> <p>The City is in the process of updating their ordinance. A few of the requested changes include:</p> <ul style="list-style-type: none"> ▪ Lowering the minimum threshold to a project with 10 or more units. ▪ Revising unit affordability for rental development.
<p>WATSONVILLE</p> <p>Projects of 7 or more units:</p> <ul style="list-style-type: none"> ▪ Must provide affordable units with percentages dependent on tenure and number of total units. <p>Residential projects 6 or less units:</p> <ul style="list-style-type: none"> ▪ Required to pay an in-lieu fee. ▪ Also applies to commercial and industrial projects exceeding 1,000 square feet of floor area, and condominium conversions. 	<p>For-sale projects:</p> <ul style="list-style-type: none"> ▪ Projects with 7-50 units require 15% affordable units: 5% above moderate², 5% moderate, and 5% median income. ▪ Projects with more than 50 units require 20% affordable units: 10% above moderate², 5% moderate, and 5% median income. <p>Rental projects:</p> <ul style="list-style-type: none"> ▪ Projects with 7-50 and more than 50 units require 20% affordable units: 5% median, 5% low, and 5% very low, and 5% for Section 8. 	<ul style="list-style-type: none"> ▪ Residential projects in Watsonville’s downtown core can provide the required affordable units at a location outside of the downtown area. 	<ul style="list-style-type: none"> ▪ Priority processing for a project providing affordable units equal to 50% or more of the total project.

² "Above moderate" units are not typically considered affordable.