

**Healdsburg, Ca Municipal Code: Inclusionary and Affordable Housing**

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**Part 4 – Article 18: General Provisions**

**Section 18115 INCLUSIONARY HOUSING REQUIREMENTS**

**Sec. 18115 INCLUSIONARY HOUSING REQUIREMENTS**

The following standards shall govern inclusionary housing development:

- (a) Applicability. The provisions of this section shall apply to any discretionary or ministerial approvals for new residential development projects. The following shall not be subject to the provisions of this section:
- (1) Existing residences that are altered, improved, restored, repaired, expanded or extended, provided that the number of dwelling units is not increased or that the exterior floor area of the dwelling is not increased by 1,300 square feet or more;
  - (2) The construction of a new residential structure which replaces a residential structure that was destroyed or demolished within two years prior to the application for a building permit for the new residential structure, provided that the number of residential units is not increased from the number of residential units of the previously destroyed or demolished residential structure or that the replacement dwelling is not more than 1, 299 square feet larger than the original dwelling;
  - (3) Secondary dwelling units constructed pursuant to Section 1855.
  - (4) Residential development projects which are to be developed pursuant to the terms of a development agreement or vesting subdivision map executed prior to December 18, 1996.
  - (5) Residential subdivisions and multi-family housing projects that have received tentative map or other discretionary approval by the City Council prior to December 18, 1996.
- (b) Provision of required inclusionary units. The following requirements apply to residential development projects with seven (7) or more dwelling units:
- (1) Unless otherwise provided for in this section, at least fifteen (15) percent of the total number of new dwelling units or lots within a residential development project shall be made available to moderate-, low-, or very low-income

- households. Of these units, at least ten (10) percent shall be for very low- and low-income households and at least five (5) percent shall be for moderate-income households.
- (2) In determining the number of inclusionary units required, fractional units that may result from the application of these requirements may be satisfied by one of the two following methods, at the discretion of the applicant:
- i. Fractional numbers of inclusionary units may be "rounded up" to the nearest whole integer and treated as a whole inclusionary unit.
  - ii. Payment of a portion of the in-lieu fee allowed pursuant to subsection (d) in an amount equivalent to the remaining fractional portion of the inclusionary unit requirement.
- (3) The requirements of this section may be met in the following ways, or combinations thereof:
- i. Actual construction of inclusionary dwellings within a project
  - ii. Construction of inclusionary units on another site within the City
- (4) Upon the finding by the Planning Commission or City Council, as appropriate, that the construction of required inclusionary units is not feasible or appropriate as part of a residential development at the project site or elsewhere within the City, the applicant shall meet the inclusionary requirement as required below for a project with six (6) or fewer dwelling units.

The following requirements shall apply to residential development projects with six (6) or fewer dwelling units:

- i. Payment of in-lieu fees for each above-moderate unit pursuant to subsection (c);
- ii. In-lieu dedication of land for affordable housing purposes, pursuant to subsection (d).
- iii. Other equivalent methods which meet the intent of the Housing Element as determined acceptable by the final decision-making body for the project.

(c) In-lieu inclusionary housing fees. Where provided for in subsections (b)(3) and (c), in lieu of actually constructing affordable housing units, residential builders and applicants may elect to pay an in-lieu inclusionary housing fee. The amount of the fee shall be set by resolution of the City Council and may be periodically updated to reflect changing housing conditions within the community, including the actual costs of providing affordable housing. Fees collected for this purpose shall be deposited by the City into an Affordable

Housing Trust Fund for the purpose of providing affordable housing in the community. Fees shall be payable at the time of building permit issuance.

(d) In-lieu land dedications.

- (1) Where provided for in subsection (b)(4), residential builders and applicants for residential projects may satisfy inclusionary housing requirements by an irrevocable offer of dedication of land for construction of affordable housing within city limits. Identification of the land to be dedicated shall be accomplished prior to approval of the discretionary permit for the residential development project.
- (2) In addition to any other findings required by statute, ordinance, or otherwise, any project approval for an in-lieu land dedication shall include a finding that the land to be dedicated is not subject to liens, is served or proposed to be served by municipal services, including water, sewer, roads, electricity, telephone and other similar customary services, and contains no unusual planning or development constraints.
- (3) Land for affordable housing projects shall be dedicated to either for-profit or non-profit affordable housing builders only. The amount of land shall be as much as necessary to be one and one-half (1 1/2) times the equivalent number for the required inclusionary units in accord with subsection (b). The City Council may approve, conditionally approve or reject such offer of dedication. If the City Council rejects such offer of dedication, the applicant or developer shall be required to meet the inclusionary housing requirement by other means set forth in this section.

(e) Off-site inclusionary units.

- (1) Some or all of the inclusionary units associated with one residential development project may be constructed on another site or sites within the City, in accordance with subsection (b). The resultant linked project sites shall be considered a single combined inclusionary housing project and shall be reviewed concurrently by the City. Inclusionary housing units not built on the site of the proposed original project shall be constructed simultaneously with market-rate dwellings constructed on the original site, unless alternative arrangements are approved as part of the project approval.
- (2) In addition to any other findings required by statute, ordinance or otherwise, any approval of the linked projects shall include the following findings that must be made prior to the approval of off-site units:
  - i. That practical difficulties exist with providing required inclusionary units on the original development site.

- ii. That the proposed off-site location for inclusionary units will not result in an unreasonable concentration of inclusionary units in one geographic location of the city;
  - iii. That all other provisions of this section have been or will be complied with, as guaranteed through the imposition of conditions of approval.
- (3) Where inclusionary units are permitted off-site, such units do not count as affordable units for the purposes of the receiving site qualifying for a density bonus.
- (f) Affordable housing standards. In addition to other development standards and requirements set forth in the zoning ordinance, the following standards must be met for the construction of inclusionary dwelling units:
- (1) Required inclusionary units shall be constructed concurrently with the construction of market rate units, unless an alternative schedule based on extenuating circumstances is adopted as part of project approval.
  - (2) Inclusionary units shall be built on the project site unless alternative arrangements are made pursuant to subsections (c), (d) or (e), and, to the fullest extent practicable, distributed throughout the residential project site.
  - (3) For those residential development projects that are required to provide ten or more inclusionary units, at least 10 percent of the inclusionary units shall have three or more bedrooms.
  - (4) The size (square footage) and amenities of inclusionary units may be reduced from the overall quality of the market rate units provided that all other zoning and building codes are met. However, the exterior design of the inclusionary units shall be reasonably consistent and compatible with the total project design in terms of appearance, materials and finished quality, as determined through the Design Review process.
  - (5) Residents of inclusionary units shall not be denied access to common open spaces or recreational amenities.
  - (6) Second dwelling units, as provided for in Article 18 of the Zoning Ordinance, shall not be counted toward inclusionary housing requirements.
- (g) Submittal of inclusionary housing information.
- (1) Any application submitted to the City for residential development projects shall include the proposed method of satisfying inclusionary housing requirements, which proposal shall be reviewed as part of the development permit process. This shall include information as to the total number of units being requested for City

- approval, the number of inclusionary housing units included within the application, proposed sales prices of both market-rate and inclusionary units, proposed methods for income screening of prospective residents and other information deemed necessary by the City.
- (2) The City shall identify and periodically update the housing prices that qualify as affordable for very low, low, moderate and above-moderate incomes.
- (h) Inclusionary housing occupancy and resale agreements. The following shall govern occupancy of inclusionary units and future resale of such units:
- (1) Only moderate, low and very low-income households may occupy inclusionary housing units during the term of any resale or occupancy agreement. The City or its designee shall notify all potential purchasers to ensure adherence to the income restrictions for inclusionary units.
  - (2) All buyers of "for sale" inclusionary units shall enter into an Inclusionary Housing Resale Agreement with the City prior to close of escrow for such inclusionary unit. The Resale Agreement shall specify the number of years that the inclusionary unit shall remain as affordable, an option for the City or its designee to designate an eligible purchaser and the right of first refusal to purchase the unit, and a calculation of future equity assignment upon sale of the unit. The Agreement shall be recorded against each applicable lot or unit. The minimum period for which units shall be reserved for affordable households shall be forty-five (45) years for "for sale" dwellings and fifty-five (55) years for rental dwellings.
  - (3) Conversion of an inclusionary rental dwelling unit to a "for sale" unit shall not void any provisions of applicable inclusionary housing resale agreements, and, in the event of such conversion the City reserves the right to extend the affordability period for any affected units as though they were originally approved as for-sale units.
  - (4) "For-sale" residential projects shall also have the required inclusionary units as "forsale" in order to meet the inclusionary requirement.
    - (i) Management and monitoring of inclusionary units. Inclusionary rental units shall be professionally managed and/or operated by the owner of the residential complex or the authorized agent of the owner in accordance with an Inclusionary Rental Agreement prepared by the City. Each owner of inclusionary rental unit(s) shall submit an annual Tenant Income Certificate report to the Planning Department, no later than March 1, for the previous calendar year, identifying monthly rental rates, vacancy status of each inclusionary unit, income status for each resident and any other related data deemed necessary by the City while ensuring privacy for all residents.