

# Chapter 17.50

## AFFORDABLE HOUSING, DENSITY BONUSES AND INCENTIVES

### SECTIONS:

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<b>17.50.050</b>	<b>Assurance of Continued Availability for Low and Moderate Income Units</b>
<b>17.50.060</b>	<b>In Lieu Fees for Affordable Housing</b>

### **17.50.010 PURPOSE**

The purpose of this chapter is to:

#### **A. Meet Code Requirements**

Meet the requirements to provide affordable housing contained in Government Code Section 65590 (also know as SB 626).

#### **B. Promote and Facilitate**

Promote and facilitate the provisions of low and moderate income housing consistent with the provisions of Government Code Sections 65590 and 65915 and the Housing Element of the General Plan.

#### **C. Establish Guidelines for Developers**

Establish guidelines to assist prospective developers of low and moderate income housing including requirements for City approval of density bonuses or other incentives of significant financial value\*. [Ord. 316 Exh. A (part) 1987]

### **17.50.020 GENERAL AFFORDABLE HOUSING REQUIREMENTS**

Pursuant to the requirements of Government Code Section 65590, all new residential developments of three or more attached units or eleven or more detached units shall provide a minimum of one unit or ten percent of the total number of units, whichever is greater for units intended for sale to be affordable to families with incomes in the low and moderate income ranges. These regulations shall

also apply to developments involving demolition of existing housing and to condo-conversions unless regulations contained in Section 17.49 would result in a greater amount of affordable housing to be provided. These regulations also shall be applicable to owners and developers who have subsequent projects involving, in aggregate, three or more attached units or eleven or more detached units.

However, if the City determines that it is not feasible for the developer to provide affordable housing on-site, based upon a detailed economic analysis to be prepared by the applicant, the City shall require the developer to provide such housing at another location in Morro Bay or the county within three miles of the Coastal Zone. If the City determines that it is not feasible or desirable for the developer to provide such affordable housing off-site, the developer shall pay a fee in-lieu of providing such housing. Said fee shall be as prescribed in Section 17.50.060.

### **17.50.030 SINGLE FAMILY RESIDENTIAL DISTRICT DENSITY BONUSES AND INCENTIVES**

#### **A. Construction**

Pursuant to Government Code Section 65915, the City shall either: (a) grant a residential density bonus of at least twenty-five percent, or (b) provide other incentives of equivalent financial value\* when a developer of five or more housing units agrees to construct at least one of the following:

1. Twenty percent of the total units of a housing development for persons and families of lower income, or
2. Ten percent of the total units of a housing development for very low income households, or
3. Fifty percent of the dwelling units of a housing development for senior citizens, as defined in Section 51.3 of the Civil Code.

#### **B. Submission of Preliminary Proposal**

A developer may submit to the City a preliminary proposal for the development of housing pursuant to this section prior to the submittal of any formal requests for General Plan amendments, zoning amendments, subdivision map approvals, conditional use permits, coastal development permits, or other discretionary entitlements. The City shall, within ninety days of receipt of a written proposal, notify the housing developer in writing of the manner in which it will comply with this section. Such determination by the City shall be based on a public hearing conducted by the Planning Commission and approved by the City Council by consent.

#### **C. Alternative Incentives**

Incentives may be considered by the City, at its option, as an alternative or partial alternative to the density bonuses defined above, or as a means of encouraging a developer to provide a higher percentage of very low, lower, and moderate income housing project.

#### **D. Incentive Combinations**

Incentives utilized by the City may include some combination of reduced fees, modified development standards, expedited processing procedures, provisions of water at reduced cost, direct financial subsidy, or grant assistance or other incentives described in Government Code Section 65913.4. These incentives will be designed to provide equivalent financial value\* by project basis through cooperation and negotiation with the developer.

**E. Multiple Density Bonuses**

If a developer agrees to construct both twenty-five percent of the total units for persons and families of low income and ten percent of the total units for very low income households, the developer is entitled to only one density bonus although the City may, at its discretion, grant more than one density bonus.

**F. Optional Density Bonuses**

If a developer agrees to construct less than the percentages of low or very low income housing indicated in subsection A above, the City may grant density bonuses or provide other incentives which vary from those prescribed in subsection A.

**17.50.040 DENSITY BONUSES AND OTHER INCENTIVES FOR CONDOMINIUM CONVERSIONS**

Pursuant to Government Code Section 65915, the City shall either: (a) grant a density bonus, or (b) provide other incentives of equivalent financial value\* when an applicant requests approval to convert apartments to a condominium project agrees to one of the following:

1. Provide at least thirty-three percent of the total units of the proposed condominium project to persons and families of low income, or
2. Fifteen percent of the total units of the proposed condominium project to very low income households as defined in the Housing Element of the General Plan, and
3. Agrees to pay for the reasonably necessary administrative costs incurred by the City.

The City may place such reasonable conditions on the granting of a density bonus of twenty-five percent or other incentives of equivalent financial value\* as it finds appropriate, including, but not limited to, conditions which assure continued affordability of units to subsequent purchasers who are persons and families of low and moderate income or lower income households.

**A. Application for Approval To Convert**

An application for approval of a preliminary proposal to convert apartments to a condominium project may be submitted to the City pursuant to this section prior to the submittal of any formal requests for subdivision map approvals. The City shall, within ninety days of receipt of a written proposal, notify the applicant in writing of the manner in which it will comply with this section. Such determination by the City shall be based on a public hearing conducted by the Planning Commission and approved by the City Council by consent. Nothing in this Section shall be construed to require the City to approve a proposal to convert apartments to condominiums.

**B. Ineligibility**

An applicant shall be ineligible for a density bonus or other incentives under this section if the apartment proposed for conversion constitute a housing development for which a density bonus or other incentives were previously provided by the City.

**17.50.050 ASSURANCE OF CONTINUED AVAILABILITY FOR LOW AND VERY LOW INCOME UNITS****A. Length of Availability**

Where there is a density bonus or waivers of development standards or unit allocation priority or direct financial contribution to a housing development pursuant to this chapter through participation in cost of infrastructure, write-down of land costs, or subsidizing the cost of construction, or other incentives provided by the City, the developer shall assure continued availability for low and very low income units for a minimum of 30 years.

**B. Long Term Affordability**

Deed restrictions or other binding legal measures that will control resale of the units in such a manner as to assure the long term affordability of these units to low and moderate income persons shall be approved by the City Attorney, and accepted by the housing developer as a condition of project approval. [Ord. 316 Exh. A (part), 1987]

**17.50.060 IN-LIEU FEES FOR AFFORDABLE HOUSING**

In cases where affordable housing is required and where the developer has substantially demonstrated to the City's satisfaction that the reasonable and practical development of affordable housing either on-site or off-site is infeasible, the City may permit the developer to satisfy the requirements to provide affordable housing by the payment of an in-lieu housing fee. The City Council shall establish the amount of said fee. Said fees shall be paid prior to issuance of a building permit or final tract map.

Fees accepted for affordable housing shall be used by the City to construct or assist in the construction of housing for rent or sale to very low, low and moderate income families or to purchase land for the purpose of affordable housing or to assist very low, low and moderate income families to afford adequate housing or for other measures to provide housing for low and moderate income families. The City may, at its option, transfer in-lieu fees to another public agency as a non-profit housing provider for the purpose of providing affordable housing in the City of Morro Bay.

(\*For purposes of this section, other incentives of equivalent financial value shall not be construed to require the City to provide cash transfer payments or other monetary compensation but may include the same types of incentives described in 17.50.030 D above)