

Summary of Inclusionary Housing Ordinance as Proposed in October 2006

Number of Inclusionary Units	15% of total units if built on-site 20% of total units if built off-site
Target Households	Rental: Maximum of 80% of AMI, with average of 60% AMI Ownership: Maximum 120% of AMI, with average of 100% AMI
Application of Ordinance to All New Residential Development	All projects except those that have vested rights on or before May 1, 2007 or if project qualified for exemption.
Exempt Projects	<p>Certain specified transit village projects</p> <p>Reconstruction of units destroyed or damaged by natural disaster (within certain time limits)</p> <p>Projects subject to recorded restrictions imposed in conjunction with City's affordable housing funding process</p> <p>Rental projects that contain at least 40% of units affordable at 60% of AMI for at least 55 years (tax credit projects)</p> <p>Rehabilitation of existing units when cost of rehabilitation is less than 75% of estimated replacement cost after rehabilitation ("moderate rehabilitation")</p>
Number of Threshold Units	Projects that create 20 or more new residential units
Rental vs. Ownership Thresholds	Same for rental and ownership

Prior or Concurrent Production of Inclusionary Units with Market Rate Units	Inclusionary units must be constructed no later than the market rate units in project.
Term of Affordability of Inclusionary Units	Rental units - 55 year affordability Ownership units - 45 years affordability.
On-Site Units - Location, Size, Amenities	Mix of affordable units by size (number of bedrooms) must be proportional to mix in the market rate units.
Harmony w/ Market Units	Inclusionary units should be distributed proportionately among market rate units.
Same Amenities as Market Rate Units	Construction type, tenure, SF and interior feature of inclusionary units do not need to be equivalent to market rate units. Must be at least standard construction grade and consistent with standards for affordable housing.
Limiting Accessory Units to meet Inclusionary Unit Obligation	Not included – not clear what this refers to.
Waiver or Reduction of Inclusionary Requirement	Developer must demonstrate that it meets one of the following criteria: 1) no nexus between development and inclusionary requirement; 2) inclusionary requirement would deprive the project applicant of all economically viable use of the property or constitute a taking 3) application of the ordinance would violate CA or US Constitutions.
Developer Alternatives	Can build Inclusionary units off-site or pay in-lieu fee

In-Lieu Fee Options	In-lieu fee based on off-site percentage (20% of market rate units). Fee calculated as the full subsidy required to cover gap between development costs of affordable units and the amount of funds that can be leveraged through sale or rental at affordable costs.
Developer Land Dedication for Public Uses	Not included
Off-Site Development of Inclusionary Units	Developer must build no fewer than 20% of all market rate units in project on off-site location.
Transfer of Inclusionary Credits to other Projects	Not included
Incentives and Concessions	
Waiver/Reduction/Deferral of Fees for Affordable Units	Not considered because of impact on General Fund.
Increase Density Bonus Options to Reduce Development Costs or Financing Gap	Project applicant may be entitled to density bonus/incentives/concessions under CA Density Bonus Law for incl. units.
Expedited Application and Permit Processing	Not included
Offer of Financial Incentives	Use of any public affordable housing funds is prohibited (except for exempt affordable housing projects)
Modification or Reduction of Zoning or Building Standards	Not included

Monitoring and Enforcement	<p>City to monitor compliance with affordability requirements.</p> <p>Failure to comply constitutes cause for City to revoke certificate of occupancy and/or assess a penalty (minimum of \$500 per day for 1st 30 days of noncompliance, and thereafter 120 percent of the current in-lieu fee)</p>
Tracking Results	<p>City Administrator will report to City Council annually on results of Inclusionary Housing Requirements, including new applications covered by ordinance, inclusionary units provided on and off-site, amount of in-lieu fees collected, and information about any projects receiving waivers or reductions.</p>
Teacher Housing Program	<p>20 percent of for-sale inclusionary units located outside of certain redevelopment project areas must be offered first to Oakland teachers. If occupied by qualified teacher for 5 years, affordability restrictions are removed and owner must repay the subsidy value of the reduced sale price. Any appreciation in value is shared between teacher and City.</p>
Uses of In-Lieu Fee	<p>Restricted for development of housing affordable to households at or below 60% of AMI, with a preference for units serving 30% of AMI or below.</p> <p>20% of fees used for a mortgage assistance program for moderate income teachers.</p>
Targeting of Redevelopment Agency Affordable Housing Funds	<p>A companion resolution would have restricted the use of Redevelopment Agency Low/Moderate Income Housing Funds to households at or below 60% of AMI, with a preference for 30% AMI or below.</p> <p>Exceptions for pre-existing homebuyer or rehab programs, and for assistance to affordable housing in Wood Street or Oak to Ninth projects.</p>

