

**CITY OF ALAMEDA
PLANNING BOARD**

WORKSHOP

STAFF REPORT

ITEM NO: 5-B

PROJECT

DESCRIPTION: **Inclusionary Housing Ordinance Update.** Update on the City's workplan to consider updates to the inclusionary housing ordinance.

GENERAL PLAN: Citywide

ZONING: Citywide

ENVIRONMENTAL

DETERMINATION: Exempt – A workshop discussion has no possibility of an effect on the physical environment.

PROJECT PLANNER: Steven Buckley, Planning Services Manager

PUBLIC NOTICE: No notice is required for a workshop discussion; the agenda was posted at City Hall and on the City's website. Notice will be given more broadly when warranted.

EXHIBITS:

1. Inclusionary Housing Ordinance
2. Inclusionary Housing Worksheet
3. 2024 Income and Rent Limits
4. Consultant Scope of Work
5. Consultant Presentation Slides

BACKGROUND

In 2004, the City Council adopted Ordinance No. 2926, which amended the Alameda Municipal Code (AMC) by adding new section 30-16, Inclusionary Housing Requirements for Residential Projects (see Exhibit 1). Ordinance 30-16 is a mechanism for the development of affordable homeownership and rental housing in Alameda. Implementation of this ordinance is referred to as the Inclusionary Housing Program and housing within the program is referred to as Below Market Rate (BMR) housing. See Exhibit 2 for a brief summary of program guidelines.

The ordinance currently requires that all residential projects with five (5) or more units provide at least 15% of the units with deed restrictions to ensure that the units are

affordable to very low-income (4%), low-income (4%), and moderate-income (7%) households. Residential projects with nine (9) units or less may pay a per-unit fee in lieu of providing the deed-restricted units. Any project with 10 or more units must construct the deed-restricted units. These household incomes vary from year to year and by household size, as well as by which program is being used to fund the development or qualify the households. See Exhibit 3.

Properties that are located on the former sites of the Naval Air Station Alameda/Fleet Industrial Supply Center are subject to a higher threshold. On March 21, 2001, Renewed Hope Housing Advocates (RHHA) and the City of Alameda agreed to enter into a settlement agreement (Settlement Agreement) to settle litigation filed by RHHA challenging the City's certification of the environmental impact report ("EIR") for the reuse of Naval Air Station Alameda/Fleet Industrial Supply Center (what is now Alameda Landing) and the Alameda Point Improvement Plan. Under the approved Settlement Agreement (Section 4.1), twenty-five percent (25%) of all newly constructed housing units at Alameda Point must be made permanently affordable.

To implement AMC Section 30-16, developers must enter into an Affordable Housing Agreement with the City which defines the requirements, details marketing guidelines, and includes the Homeownership Guidelines and/or Rental Guidelines. To date, the City has 140 BMR homes purchased that are in HHS's BMR housing portfolio, with an additional 6 BMR units at Bay37 that are constructed and remain for sale and 1 BMR unit at Alameda Marina that is constructed and has an approved buyer pending purchase contract. There are 318 affordable rental units that have completed construction (245 + 73 that completed construction at Launch and Alta Star). There are 38 total BMR's homeownership units currently under construction (2 at Pulte's Bay37, 20 at LandSea's Alameda Marina Townhomes and 16 at Trumark's 2015 Grand Street). Alameda Marina's Phase 3 has yet to have an affordable housing agreement established, but it is pending 30 additional affordable rental units.

DISCUSSION

Presently, the need for affordable housing remains varied and substantial within the City of Alameda. Through public-private partnerships and in accordance with AMC Section 30-16, the City works with developers to increase the supply of homes that are available to very low-, low- and moderate-income renters or first-time homebuyers while increasing the overall supply of housing for all. The Alameda Housing Authority also develops and manages its own portfolio of affordable housing options with a variety of funding sources.

The Housing Element includes several policies and programs to address the availability of housing for all incomes and special needs. These include the inclusionary program, in-lieu fees, partnerships with non-profit and other developers, density bonus, and funding for infrastructure. The City also committed to streamlined review of affordable housing projects and adopted objective design standards for those reviews.

During the preparation of the Housing Element in 2022, the City found that there were shortcomings in the adopted ordinance and policies. Key issues were:

- No in-lieu fee option as required by state law¹
- Moderate income units effectively function as market rate units due to higher incomes in Alameda
- Differing prices and costs of development are not accounted for in requirements for ownership and rental housing types.

Therefore, the Council included a program in its 2023 Strategic Plan, Program HH8a: *Update Inclusionary Housing Ordinance*. The anticipated timeline was to have this completed in mid-2025.

Pertinent to this discussion, the Housing Element committed the City to “consider modifications to the ordinance to lessen or eliminate the 7% moderate income units and increase the 4% requirement for low- income units and 4% very low income units, or alter the percentages for each level or required units in some other way, given the larger need for lower income units.”

The City solicited proposals in Spring 2024 and hired a consultant, Streetlevel Advisors, in Fall 2024 to assist the City in preparing the analysis and presentations for consideration by the Planning Board and City Council. The scope of work is attached as Exhibit 4.

The Planning Board appointed two representatives in December 2024 to sit on a working group with representatives of the Alameda Housing Authority and the City’s Housing and Human Services Department, which will meet several times in the next few months to review research and draft materials and advise the consultant and staff. The working group had its first meeting on January 8, 2025. The consultant presentation is included as Exhibit 5.

This agenda item is for the purpose of providing an early update and to solicit questions and input from the Planning Board. Staff will return with further analysis and recommendations as the working group concludes its work.

RECOMMENDATION

Receive the update and provide feedback.

¹ Since 1989 the City has collected in-lieu fees from commercial and industrial development projects, which are deposited in a fund that is managed by the Housing and Human Services Department.