To: Honorable Mayor and Members of the City Council

From: Jennifer Ott, City Manager

Date: December 2, 2025

Supplemental Memo regarding Agenda Item 6-A, Workshop to Discuss Updates to the Inclusionary Housing Ordinance.

SUPPLEMENTAL INFORMATION

This memo is being provided to supplement the staff report already published for the December 2, 2025, City Council meeting regarding updates to the City's inclusionary housing ordinance. Specifically, this memo explains how the Metropolitan Transportation Commission (MTC) Transit-Oriented Communities (TOCs) Policy intersects with current efforts to update the Inclusionary Housing Ordinance.

Background on MTCs TOC Policy
In 2023, MTC adopted Resolution 4530, the TOC Policy, to implement Plan Bay Area 2050, the region's long-range plan for transportation, housing, the economy, and the environment. The TOC Policy supports key regional strategies by promoting higher residential and commercial densities near major transit hubs to reduce greenhouse gas emissions. It establishes requirements for density and affordable housing in urban areas near transit. In the context of inclusionary housing, Resolution 4530 establishes a goal of a 15% requirement for affordable rental housing at the Low-Income category and a 15% requirement for affordable ownership housing at the Moderate-Income category. (Exhibit 1)

Funding Implications
Beginning with OBAG 4 and subsequent funding cycles, the One Bay Area Grant (OBAG) program will prioritize funding for jurisdictions that comply with the TOC Policy. To ensure eligibility for OBAG 4 and other discretionary funding linked to TOC Policy, MTC has further adopted Final Administrative guidelines in May 2025 and advised local governments to demonstrate compliance prior to the OBAG 4 funding cycle beginning 2026 (Exhibit 2).

Relevance to Inclusionary Housing Ordinance
While consistency with the TOC Policy is voluntary, it positions the City to compete for OBAG 4 discretionary funding, which the City currently uses to fund Transportation projects. Staff believes the inclusionary requirements established in the TOC Policy is among the more achievable requirements in the TOC framework because the other options would require either local funding commitments, zoning additional land for housing, creating land trusts, and other actions that require greater commitment of City resources compared to adjustments to the existing Inclusionary Housing ordinance.

City staff are actively engaged with MTC staff in this Inclusionary Housing ordinance update. The staff recommendations in the December 2 report are designed to position the City's inclusionary housing program to align with TOC Policy and the anticipated OBAG 4 requirements.

Respectfully submitted,
Allen Tai, Planning Building and Transportation Director

By,
Steven Buckley, Planning Services Manager

Exhibits:

1. MTC Resolution 4530 – Transit-Oriented Communities Policy
   https://mtc.ca.gov/sites/default/files/documents/2023-11/MTC_Resolution_4530.pdf?cb=4967b20f

2. Final Administrative Guidance for MTC's TOC Policy May 2025
   https://mtc.ca.gov/sites/default/files/documents/2025-05/MTC_TOC_Policy_FINAL_Administrative_Guidance_Version1.1_May_2025.pdf?cb=f216e1b4