

Inclusionary Housing Ordinance Amendments

City Council Meeting

May 19, 2026



Presentation Overview

- First Reading – Municipal Code Section 30-16 Amendments
- Proposed amendments recommended by Planning Board represent an important update of 2004 ordinance
- Better reflects 2026 Alameda housing needs, economic conditions and best practices
- Staff is recommending approval of amendments and further work on the in-lieu fee provisions of the ordinance for future consideration

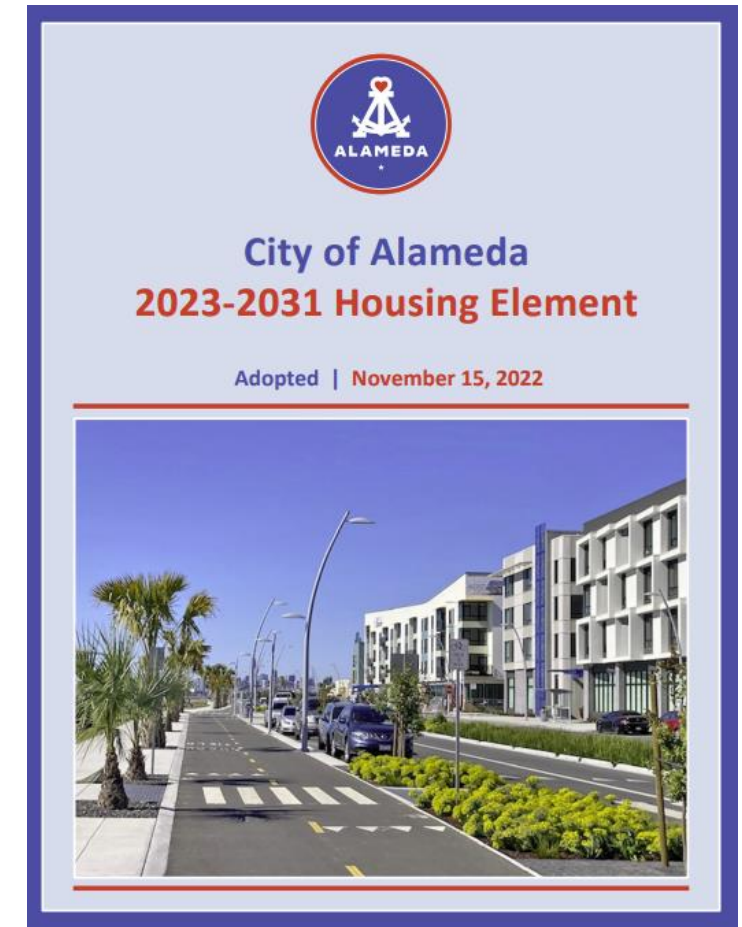


New multifamily rental housing coming online in 2022 at the Alameda Marina project on Clement Avenue.

Background – Housing Element

In 2022, City Council adopted 2023-2031 Housing Element:

- Housing Element identifies sites and actions necessary to achieve State mandated housing goal of 669 units/year over 8 years (5,352 total).
- Housing Element identified need to evaluate and update the 2004 Inclusionary Housing Ordinance (Program 7).
- Alameda only issued 447 residential unit building permits in the first 2.5 years of this 8-year cycle.
- Far short of Housing Element goal. Important to identify and remove unnecessary constraints to kickstart housing production.



Process To Date

- Staff and Planning Board initiated work on the Ordinance Update in 2024.
- Spring 2025 working group
- November 2025 Planning Board Study Session
- December 2026 Council Study Session
- On April 9, 2026, the Planning Board held final public hearing and recommended:
 - Approval of amendments with some modifications to add specificity, clarify process for approved projects
 - Continued work on in-Lieu fee provisions for City Council consideration within next 12 months



Rental Housing Project Requirements

Current Requirement

- 15% all projects over 4 units
 - 4% very low
 - 4% low
 - 7% moderate

Current Conditions:

Moderate rate rental are remaining vacant in the Alameda rental market as rents are similar to market

Recommended Amendment

- Focus on Low and Very Low
- Provide Options
- Option 1: 15% low income
- Option 2: 5% very low+ 5% low
- Option 3: 8% very low
- Option 4: An economically equivalent option

All options are of equal cost/value

Owner Housing Project Requirements

Current Requirement

- 15% all projects over 4 units
 - 4% very low
 - 4% low
 - 7% moderate

Current Conditions:

Greatest need for ownership housing is in the moderate- and low- income categories.

Recommended Amendment

- Focus on Moderate and Low
- Provide Options
 - Option #1: 15% moderate
 - Option #2: 6% low and 6% moderate
 - Option #3: 10% low
 - Option #4: An equivalent

All options are of equal cost/value

Additional Proposed Amendments

- **Term:** Extend Term for affordable units from 59 to 99 years
- **Clustered:** Codify and clarify current process and standards for "clustered" development (all affordable in a single building)
- **Revised Programs:** Establish standards for applications to revise previously approved projects
 - Entitled but not yet constructed may apply to revise.
 - Only constructed rental projects with vacant moderate units may apply to revise.



Proposed Exemptions

- **Current Exemption:** Projects with 4 or fewer units
- **Planning Board Recommendation:** Projects with 11 or fewer units

Very few new projects in Alameda between 5 and 11 units.

Staff did not include the change in the draft ordinance.

City Council may make change as part of first reading.

In-Lieu Fee

Staff recommend pursuing in-lieu fee study in next 12 months, consistent with Planning Board:

- Currently only for project 5-9 units.
- Best Practice is to allow an in-lieu fee for larger projects.
- Creates a locally-run funding source to leverage other subsidies for affordable housing.
- Goal is to create more affordable housing citywide than can be done through privately produced “on-site” affordable housing in market rate projects, and makes affordable projects more competitive for grants and loans.
- Facilitates market rate housing by allowing project to cover entire cost of requirement in single up-front cost – as opposed to a long-term cost which reduces the internal rate of return to the project over the long term.
- City can create strategic criteria to allocate funds in a way that supports City goals (e.g. prioritize projects in certain parts of the City; allow funds to be used for land acquisition)

Conclusion and Recommendation

- Amendments tailor inclusionary requirements to current conditions and needs, reflect current best practices, and align with MTC Transit-Oriented Communities guidelines.
- Amendments will have immediate benefits to facilitate at least one major stalled housing project at Alameda Marina with 359 rental units, waterfront park improvements, and Tidelands environmental remediation.
- City should revisit this ordinance more frequently to respond to changing market conditions.
- **Staff recommends:**
 - Approval of the First Reading; and
 - Direction to continue work to evaluate the In-Lieu Fee provisions of the ordinance in next 12 months, for the purpose of increasing and facilitating affordable housing production in Alameda.
 - Modification to increase exemption to 11 or fewer units for consistency with Planning Board recommendation is acceptable to staff.