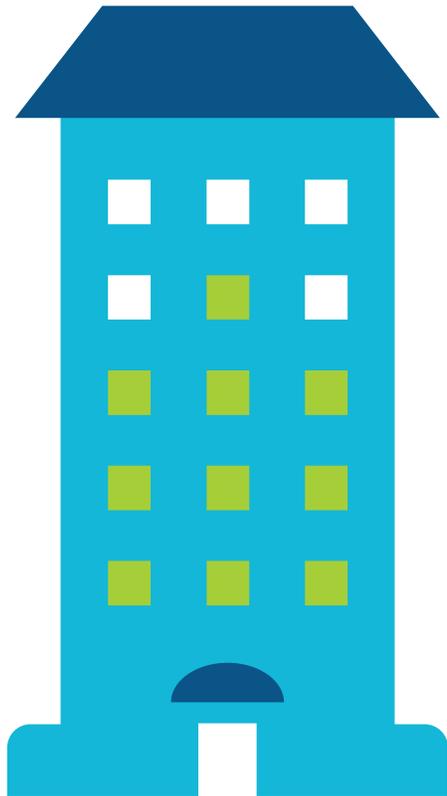




General Comments and Feedback

Threshold Applicability and Affordability Mix

Inclusionary Requirements will apply to projects **10 units** or larger



Income and affordability standards must be set at levels that do not constrain residential development.

Inclusionary Housing Production Analysis Financially Feasible Inclusionary Housing Percentages Submarket #1: Rental Residential Development

Alternative	Financially Feasible Inclusionary %
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Single-Income Category Inclusionary Alternatives

All Moderate Income (MOD)	19%
All Low Income (LI)	12%
All Very Low Income (VLI)	11%

Mixed-Income Category Inclusionary Alternatives

20% VLI and 80% LI	12%
80% VLI and 20% LI	11%
30% LI and 70% MOD	14%



Production Options

Proposed set of standards for production of inclusionary housing units: on-site vs. off-site

On-site:

- Affordable units dispersed throughout project
- Bedroom mix of affordable units proportional to bedroom mix of market-rate units, with City discretion of square footage
- Developed at the same quality as base models of market-rate units.

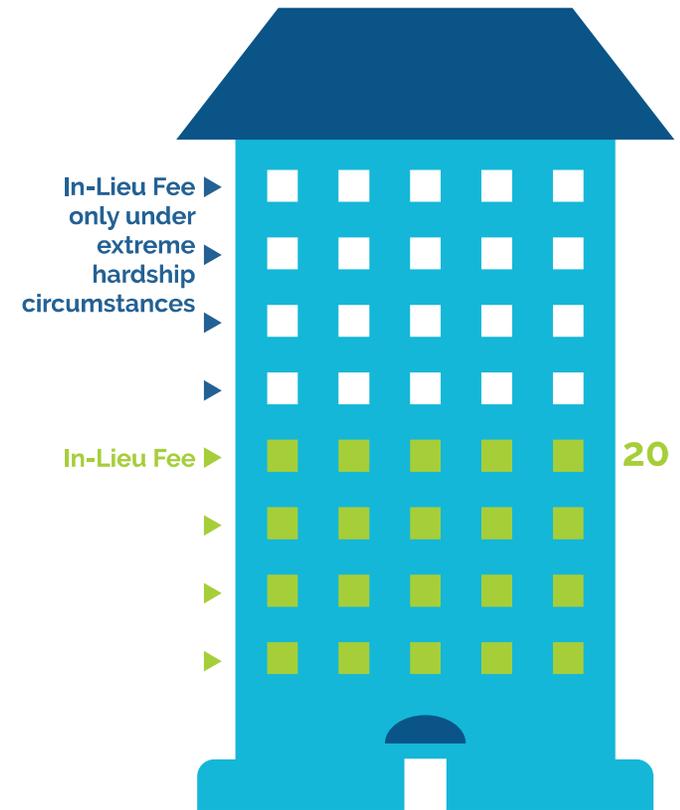
Off-site:

- Located in close proximity to market-rate project and City approval rights over off-site location
- Option to establish higher inclusionary housing percentage requirement
- Required to be comprised solely of rental residential units
- City to set scope, design, building quality and maintenance standards to fulfill the needs of the targeted population base

In-Lieu Fees

An in-lieu fee is an alternative to satisfy the inclusionary housing requirement by paying a fee in lieu of building affordable units. Generally, these are paid into a housing trust fund and used (along with other funding sources) to finance affordable housing developed off site.

- In-lieu fee payment should be allowed for any fractional inclusionary housing unit requirement
- Developers of ownership housing projects of any size **could** be allowed to pay an in-lieu fee by right
- In-lieu fee payment **could** be allowed by right for rental residential projects with up to 20 units
- Rental residential projects with more than **20 units** should be required to produce the requisite number of inclusionary housing units. The City **could** allow in-lieu fees on projects with more than 20 units under demonstrated extreme hardship circumstances.



In-Lieu Fees—Affordability Gap Approach Submarket #1: Rental Residential Development

In-Lieu Fee	Moderate Income	Low Income	Very Low Income
Per Affordable Unit	\$223,000	\$356,000	\$383,000
Per Square Foot of GBA	\$37.90	\$37.90	\$38.50

Incentive Based Inclusionary Housing Program for Submarket #2

With no recent multifamily projects built in Submarket #2 and no development data, the City could not complete a feasibility analysis and will therefore develop an incentive-based policy for Submarket #2.

- Impose inclusionary housing requirements on proposed projects that request a zone change, a density increase, a height increase and/or other development standards waivers
- Pilot program that provides increased density and building height standards in return for inclusionary housing obligations
- Develop a Transfer of Development Rights (TDR) program that requires inclusionary housing obligations as a program requirement

Inclusionary Housing Production Analysis: Submarket #2 Potential Inclusionary Housing Production Requirements			
Income Level	Affordable Units as a Percentage of Base Zoning	Density Bonus Percentage	Number of Incentives or Concessions
Rental Residential Projects			
Very Low (VL)	11%	35%+	3+
Low (L)	12%	35%+	2+
Moderate (MOD)	19%	35%+	2+
Ownership Residential Projects			
Moderate (MOD)	19%	35%+	2+