

Summary of Proposed Inclusionary Housing Ordinance for City of Daly City

APPLICABILITY

The ordinance is applicable to all new rental and ownership residential developments of 5 or more units in all areas of the city except for Redevelopment Project areas.

REQUIREMENTS

For **rental** developments, 20% of the proposed units shall be affordable to households at 60% of area median income (AMI); or 10% of the units shall be affordable to households at 50% AMI.

For **ownership** developments, 20 % of the proposed units shall be affordable to households at 100% AMI; or 10% of the units shall be affordable to households at 60% AMI.

Tenure	Percent Affordable	Income Targeting
Rental	20%	60% AMI
	10%	50% AMI
Ownership	20%	100% AMI
	10%	60% AMI

IN LIEU FEES

In lieu fees shall be calculated as follows:

Tenure	Eligible Project Size	Calculation of Required Payment
Rental	5 to 10 units	(# units) X \$250,000 X 15%
Ownership	5 to 20 units	(# units) X \$250,000 X 15%

FRACTIONAL UNITS

When the calculation of a project's inclusionary obligation results in a fractional unit, the fractional unit obligation will be rounded up to the nearest whole number or be subject to the pro-rata share of the City's in-lieu fee.

OCCUPANCY STANDARDS

Priority for occupancy shall be for households meeting the following size requirements:

- 1 bedroom units – no restriction
- 2 bedroom units – Minimum two-person occupancy
- 3 bedroom units – Minimum three-person occupancy

INCLUSIONARY HOUSING AGREEMENT

All developments subject to the ordinance shall enter into an Inclusionary Housing Agreement (IHA) memorializing the number affordability and character of BMR units to be included within a proposed development as well resident selection procedures and annual monitoring requirements.

FOR SALE UNITS

- (a) Maximum Sales Price The maximum sales price of BMR units shall be limited to a price that is affordable to a household earning the targeted household income level (may be between 60 to 100 percent of area median income adjusted for household size), with payments not to exceed between 30-35 percent of the gross monthly income, less insurance and property taxes and homeowners association dues. Maximum sales prices will be adopted by resolution annually by the City council.
- (b) Sales Restrictions BMR units shall be sold or resold only to eligible moderate or lower-income households. A deed restriction, covenant, and/or other instrument enforceable by the City limiting the resale of such units to eligible or lower income households shall be recorded in the chain of title of all BMR units.
- (c) Resale Restrictions Each unit offered for resale will be subject to resale restrictions in which the effective sales price will be computed to consider the current incomes for the San Francisco PMSA during the period of ownership.
- (d) Owners Occupancy Restrictions Owner of the affordable unit must use the inclusionary unit as the primary place of residence. Renting, leasing, subleasing or subletting shall not be permitted for more than two months in any year.

RENTAL UNITS

Rental Units will be offered to eligible households at an affordable rent.

- (a) Rental Rates The monthly rent to be charged for a BMR unit in a rental project shall be based on the income of eligible tenants, but shall not exceed 30 percent of the gross monthly income for households earning the targeted household income level (may be between 50 to 80 percent or less of area median income), adjusted for household size. Allowable rental rates adjusted by unit size will be adopted by ordinance by the City Council annually.
- (b) Move-In Costs Total costs and security deposits to occupy a unit shall be limited to first and last month's rent plus a cleaning deposit not to exceed one month's rent.
- (c) Rental Restriction Occupancy of BMR rental units and qualification of eligible lower-income tenants shall be the responsibility of the project owner or an authorized agent of the owner. Income qualifications of the tenant shall be verified upon annual lease renewal. If a tenant's income rises above 90 percent of area median income, the unit shall become a market rate unit and the next comparable unit available will become a BMR unit, unless the tenant chooses to vacate the unit.
- (d) Annual Reporting Each project owner shall submit an annual report to the City identifying for each BMR unit the monthly rent, vacancy information for the prior year, income and income verification for the tenants, and other information as required by the City of Daly City.

LENGTH OF RESTRICTIONS

BMR units shall be affordable for 55 years. The length of affordability restarts with each transfer of the property.

UNIT SIZE AND DESIGN

BMR units shall:

- (a) have exterior design and appearance compatible with and substantially the same as market rate units within the project, including landscaping;
- (b) be distributed throughout the development project;
- (c) have similar access to the unit from the exterior as market rate units;
- (d) contain proportionately the same or a large number of bedrooms as market units;
- (e) generally be of comparable size to similar market rates units
- (f) have access to all on-site amenities; and
- (g) in phased developments projects, be constructed proportionately in each phase.

ELIGIBILITY/SELECTION OF OCCUPANTS

To the extent permissible under applicable state and federal law, preference shall be given to persons residing or working within Daly City.

ANNUAL REPORTING

The following annual reporting shall be required:

Tenure	Reporting Responsibility	Information Required
Rental	Owner	Tenant income and household size
Ownership	City	Certification of owner primary residency

ADMINISTRATIVE FEE

A BMR administrative fee shall be charged as follows:

Tenure	Administrative Fee	Party Responsible for Administrative Fee
Rental	\$50 per affordable unit per year	owner
Ownership - Initial Sale	One percent (1%) of sales price	Developer/seller
Ownership - Resale	One half of one percent (.5%) of sales price	seller