

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: September 20, 2016

FROM: Megan Hunter, Community Development Department Director

THROUGH: Anastacia Wyatt, Planning Manager

BY: Joel Alvarez, Housing Services Supervisor

**SUBJECT: INCLUSIONARY HOUSING PROGRAM -
2016 INCOME LIMITS AND AFFORDABLE RENT LEVELS**

RECOMMENDATION:

It is recommended that the City Council approve a resolution adopting the revised Exhibit C to the Inclusionary Housing Guidelines to reflect the 2016 income limits and affordable rent levels for the Inclusionary Housing Program.

DISCUSSION:

On October 6, 1992 the City Council adopted Inclusionary Housing Guidelines implementing the Inclusionary Housing Ordinance (No.2178). On November 14, 2006 the City Council adopted revised Inclusionary Housing Guidelines via the Inclusionary Housing Ordinance (No. 19111). The general requirements for inclusionary housing are contained in the Ordinance; operational details and procedures are contained in the Guidelines.

The Inclusionary Housing Ordinance is keyed to the State HCD "Area Median Income" which is updated annually and publishes the tables showing maximum income limits for *very low income*, *low income* and *moderate income* households. Any homes purchased under the Inclusionary Housing Ordinance No.2178 (Pre-2006 guidelines) must adhere to Section 2, Paragraph A of the Inclusionary Guidelines, which calls for the City Council to adopt a table of affordable rents once a year, once the new income limits have been adopted and published by the State HCD. Staff calculates affordable rent levels in accordance with the Ordinance and Guidelines. Attached to this report is a revised Exhibit C from the Guidelines that reflects the new income limits and maximum rent levels for 2016.

On June 15, 2015, the California Supreme Court held that local inclusionary housing ordinances can be justified so long as they bear a reasonable relationship to the public welfare. The California Supreme Court decision allows the City's Inclusionary Housing Ordinance to be required for new development of ten (10) or more units.

Moving forward, staff notes that once the State HCD publishes and releases the future years' income limits, staff will no longer need to bring this item for City Council approval as the income limits will already be approved by HUD and the State HCD.

ISSUE:

Shall the City Council approve a Resolution adopting 2016 income limits and affordable rent levels for the inclusionary housing program?

ALTERNATIVES:

The City Council may defer a decision at this time and provide direction to staff.

TIME CONSIDERATIONS:

The Inclusionary Housing Guidelines require updated income and affordable rent limits to be consistent with annual updates from HUD and the State of California.

CONCLUSION:

The inclusionary housing program contemplates annual updates of both area income figures and maximum rent levels for restricted units. Staff has revised Exhibit C of the Guidelines using the published data and the established process. Staff recommends the City Council adopt the attached resolution adopting the 2016 revised Exhibit C to the Inclusionary Housing Guidelines. Moving forward, staff recommends that the City utilize the State HCD future years' income limits as they will have already been approved by HUD limits, thereby eliminating the need for City Council approval on the new income limits annually.

Supporting Pages:

Draft Revised Exhibit C
Resolution