



Planning & Building Department

401 Grove Street
Healdsburg, CA 95448

707.431.3346
www.cityofhealdsburg.org

Inclusionary Housing Program Information

Land Use Code Section 20.20.030

Last Updated: November 14, 2019

Overview of Inclusionary Housing Program

In order to provide affordable housing in a dispersed manner throughout the community, the City of Healdsburg requires certain residential development projects to include units that are affordable to very low-, low- and moderate-income households. These are known as “inclusionary” units.

20.20.030 Inclusionary housing

The following standards shall govern the provision of inclusionary housing:

- A. Applicability.** The provisions of this section shall apply to any discretionary or ministerial approvals for new residential and the residential component of mixed-use development projects.
- B. Exemptions.** The following shall not be subject to the provisions of this section:
 - 1. Existing residences that are altered, improved, restored, repaired, expanded or extended; provided, that the number of dwelling units is not increased or that the exterior floor area of the dwelling is not increased by 850 square feet or more;
 - 2. New dwelling units of 850 square feet or less;
 - 3. The construction of a new residential structure which replaces a residential structure that was destroyed by fire or natural disaster within five years prior to the application for a building permit for the new residential structure; provided, that the number of residential units is not increased from the number of residential units of the destroyed residential structure or that the replacement dwelling is not more than 850 square feet larger than the original dwelling;
 - 4. Accessory dwelling units constructed pursuant to HMC 20.20.010;
 - 5. Residential or mixed-use projects that are to be developed pursuant to the terms of a development agreement or vesting subdivision map executed prior to July 1, 2019;
 - 6. Residential subdivisions and multifamily housing projects that received tentative map or other discretionary approval by the City Council prior to July 1, 2019.
- C. Inclusionary Requirements.**
 - 1. Residential or mixed-use development projects with five or more dwelling units shall include at least 20 percent of the total number of new dwelling units that are affordable to low-, moderate- or middle-income households, as defined in HMC 20.28.310. The requirement for

the portion of a project including units for sale is 15 percent affordable to moderate-income households and five percent affordable to middle-income households. The requirement for the portion of a project including rental units is five percent affordable to low-income households and 15 percent affordable to moderate-income households.

Fractional units that may result from the application of these requirements may be satisfied by either of the following methods, at the discretion of the applicant:

- a. Any fraction of a unit may be rounded up and treated as a whole unit; or
 - b. The applicant may pay the portion of the required fractional unit as an in-lieu fee as described in subsection (C)(2) of this section.
2. Residential or mixed-use development projects with four or fewer dwelling units shall comply in either of the following ways, at the discretion of the applicant:
- a. Payment of a fee pursuant to subsection (J) of this section; or
 - b. Alternative compliance method, pursuant to subsection (D) of this section.

D. Alternative Compliance. Subject to the approval of the City Council, residential or mixed-use development projects identified in subsection (C)(1) or (C)(2) of this section may meet the requirements of this section in the following alternative ways, or combinations thereof:

1. In-Lieu Land Dedications. In lieu of constructing required inclusionary units on site, an applicant may satisfy inclusionary housing requirements by an irrevocable offer of dedication of land within the City limits, to the City, to be used for affordable housing purposes, such as acquisition of property, planning and design and construction costs. The applicant shall identify the land to be dedicated prior to approval of the discretionary permit for the residential or mixed-use development project.

In addition to any other findings required by statute, ordinance, or otherwise, any approval for an in-lieu land dedication shall include a finding that the land to be dedicated is not subject to liens, is served or proposed to be served by municipal services, including water, sewer, roads, electricity, telephone and other similar customary services, and contains no unusual planning or development constraints.

The applicant shall dedicate the land to the City. The amount of land shall be as much as necessary, as determined by the City, to provide for the equivalent number of required inclusionary units in accordance with subsection (C)(1) of this section. The City Council may approve, conditionally approve or reject such offer of dedication. If the City Council rejects such offer of dedication, the applicant shall be required to meet the inclusionary housing requirement by other means set forth in this section.

2. Off-Site Construction of Inclusionary Units. In lieu of constructing required inclusionary units on site, an applicant may satisfy inclusionary housing requirements by constructing some or all of the required inclusionary units on another site or sites within the City. The resultant linked project sites shall be considered a single combined project and shall be reviewed concurrently by the City. Off-site inclusionary units shall be constructed and available for occupancy concurrently with the project's market-rate units, unless an alternative schedule based on extenuating circumstances, as determined by the City, is adopted as part of the project approval.

In addition to any other findings required by statute, ordinance or otherwise, any approval of the linked project sites shall include the following findings:

- a. Practical difficulties exist with providing the required inclusionary units on the original development site;
 - b. The proposed location for the off-site inclusionary units will not result in an unreasonable concentration of affordable housing units in one geographic area of the City;
 - c. All other provisions of this section have been or will be complied with, as guaranteed through the imposition of conditions of approval.
3. Conversion of existing market-rate units to inclusionary units, in an amount equal to the inclusionary housing requirements, including any needed rehabilitation to ensure compliance with building, health and safety standards.
 4. Construction of a single-family dwelling along with an accessory dwelling unit pursuant to HMC 20.20.010, restricted to occupancy by a household earning no more than 80 percent of the Sonoma County area median income, with rent restricted to 30 percent of monthly income and adjusted for household size, and guaranteed through a regulatory agreement executed prior to building permit issuance. Such single-family dwelling units will not be required to pay an in-lieu fee and shall not be included in the total number of project units subject to the inclusionary housing calculation, in accordance with subsection (C)(1) or (C)(2) of this section.
 5. At the City's sole discretion, the City may accept, in fulfillment of an applicant's inclusionary housing requirement, any other approach proposed by the applicant which, as determined by the City, meets City housing goals and objectives and where the applicant demonstrates to the City's satisfaction equivalency to the requirements of subsection (C)(1) or (C)(2) of this section, as applicable.

E. Affordable Housing Incentives. An applicant may request the City provide regulatory, procedural or financial incentives, including but not limited to a density bonus or an increase in lot coverage, to meet or exceed the inclusionary housing requirement set forth in this section. The request for such incentives must be included as part of the project application materials and include the rationale for the incentives sought, including a detailed description of the incentives sought, financial feasibility information and a description of resulting public benefits. Requests for incentives shall be considered by the City Council.

F. Inclusionary Unit Development Standards. In addition to other development standards and requirements set forth in this title, the following standards shall be met for the construction of inclusionary units:

1. Inclusionary units shall be constructed and available for occupancy concurrently with the project's market-rate units, unless an alternative schedule based on extenuating circumstances, as determined by the City, is adopted as part of the project approval.
2. Inclusionary units shall be distributed throughout the residential project site to the extent practicable.
3. Inclusionary units shall reflect the range of number of bedrooms provided in the residential project as a whole. To make this determination for subdivisions where individual lots will be sold, the type and tenure of market rate units shall be used. For residential or mixed-use development projects that are required to provide 10 or more inclusionary units, at least 10 percent of the inclusionary units shall have three or more bedrooms.

4. The square footage, configuration, quality of finishes and amenities of inclusionary units shall be substantially similar to the market rate units. To make this determination for subdivisions where individual lots will be sold, adopted, applicable design guidelines shall be used.
5. Residents of inclusionary units shall have access to the project's common open spaces or recreational amenities.
6. Accessory dwelling units shall not be counted toward meeting a project's inclusionary housing requirements.
7. Inclusionary units may be for-sale or rental units.

G. Submittal of Inclusionary Housing Information. Any application for a residential or mixed-use development project including residential submitted to the City shall include the proposed method of satisfying inclusionary housing requirements, including any alternative compliance method pursuant to subsection (D) of this section, and the total number of units being requested for City approval, the number of inclusionary units included within the project, the level of affordability of proposed inclusionary units, whether inclusionary units will be for sale or for rent, proposed methods for income screening of prospective residents and other information deemed necessary by the City. The proposal shall be reviewed as part of the development process.

H. Inclusionary Housing Regulatory and Resale Agreements. The following shall govern the occupancy of inclusionary units and the future resale of such units:

1. Only low-, moderate- and middle-income households may occupy inclusionary units during the term of any regulatory agreement. The City or its designee shall notify all potential purchasers of inclusionary units to ensure adherence to applicable income restrictions.
2. Applicants proposing to meet the inclusionary requirement through the provision of for-sale inclusionary units shall enter into a regulatory agreement with the City prior to final map recordation for the project. All buyers of inclusionary units shall enter into a resale agreement with the City prior to close of escrow for such inclusionary unit. The resale agreement shall specify the income restriction on the household purchasing and occupying the inclusionary unit, the number of years that the inclusionary unit shall remain affordable to the target household income, an option for the City or its designee to designate an eligible purchaser, the City's right of first refusal to purchase the inclusionary unit, and a calculation of future equity assignment upon sale of the inclusionary unit. The resale agreement shall be recorded against each applicable unit.
3. Applicants proposing to meet the inclusionary requirement through the provision of inclusionary rental units shall enter into a regulatory agreement with the City prior to the issuance of a certificate of occupancy for the project. The regulatory agreement shall specify income restrictions on the households occupying the inclusionary units and the number of years that the inclusionary units shall remain affordable to the target incomes.
4. The City shall identify and periodically update the housing prices and rents that qualify as affordable for very low-, low-, moderate-, and middle-income households, utilizing the latest area median income for Sonoma County, adjusted for household size for the unit.

I. Management and Monitoring of Inclusionary Units.

1. Inclusionary rental units shall be professionally managed and/or operated by the owner of the residential complex or the authorized agent of the owner in accordance with a management and monitoring plan prepared by the owner and approved by the City. Each owner of one or

more inclusionary rental unit(s) shall submit an annual tenant income certification report to the City Manager or his or her designee, no later than March 1st, for the previous calendar year, identifying monthly rental rates, vacancy status of each inclusionary unit, income status for each resident and any other related data deemed necessary by the City while ensuring privacy for all residents.

2. If, upon recertification, a tenant's income has increased and exceeds the qualifying income for an inclusionary rental unit, such tenant's rent may be increased to a qualifying income for an inclusionary rental unit in a higher income category, if applicable to the project, and the project owner shall rent the next available inclusionary unit to the lower income category to restore the affordable unit mix required by the regulatory agreement. If, upon recertification, a tenant's income has increased and exceeds the qualifying income for all inclusionary units in a project, such tenant shall, upon expiration of the tenant's lease, and if so permitted by local and state law, after a 180-day period beginning on the date of lease expiration, be required to vacate the inclusionary unit.

J. Updating and Use of the In-Lieu Fee. The amount of the fee shall be set by resolution of the City Council and shall be updated annually based upon the annual changes in an identified, generally recognized construction cost index to reflect changing housing conditions within the community, including the actual costs of providing affordable housing. Fees collected for this purpose shall be deposited by the City into the inclusionary housing deposit account and used only for the purpose of providing affordable housing programs and services in the community, which includes the acquisition of property, planning and design, construction costs and program administration. Fees shall be payable at the time of building permit issuance. (Ord. 1191 § 2, 2019; Ord. 1159 §§ 13, 14, 2016; Ord. 1069 § 1, 2008; Ord. 1029 § 2 (Exh. A § 18115), 2006; Ord. 1018 § 2 (Exh. A § 18115), 2004; Ord. 950 § 2 (Exh. A § 18115), 1998.)

Inclusionary Ordinance Adopted by City Council on June 3, 2019 ([Ordinance 1191](#))

Inclusionary Housing Fees Adopted by City Council on June 3, 2019 ([Resolution No. 81-2019](#))

Exhibit A -- Inclusionary Housing In-Lieu Fee Schedule

For-Sale Housing			Rental Housing		
Unit Size Range (square foot)		Fee per Unit (\$16.70/sf)*	Unit Size Range (square foot)		Fee per Unit (\$6.15/sf)*
Low	High	Based on top of range	Low	High	Based on top of range
0	850	Exempt	0	850	Exempt
851	900	\$7,515	851	900	\$2,769
901	950	\$7,933	901	950	\$2,923
951	1000	\$8,350	951	1000	\$3,077
1001	1050	\$8,768	1001	1050	\$3,231
1051	1100	\$9,185	1051	1100	\$3,384
1101	1150	\$9,603	1101	1150	\$3,538
1151	1200	\$10,020	1151	1200	\$3,692
1201	1250	\$20,875		Above 1200	\$3,692
1251	1300	\$21,710			
1301	1350	\$22,545			
1351	1400	\$23,380			
1401	1450	\$24,215			
1451	1500	\$25,050			
1501	1550	\$25,885			
1551	1600	\$26,720			
1601	1650	\$27,555			
1651	1700	\$28,390			
1701	1750	\$29,225			
1751	1800	\$30,060			
1801	1850	\$30,895			
1851	1900	\$31,730			
1901	1950	\$32,565			
1951	2000	\$33,400			
2001	2050	\$34,235			
2051	2100	\$35,070			
2101	2150	\$35,905			
2151	2200	\$36,740			
2201	2250	\$37,575			
2251	2300	\$38,410			
2301	2350	\$39,245			
2351	2400	\$40,080			
2401	2450	\$40,915			
2451	2500	\$41,750			
	Above 2,500	\$41,750			

*Fees for units of 851 to 1200 square feet are calculated at 50% of full fee.
 Fee is calculated based on high square footage in range.