



COUNTY OF MENDOCINO

DEPARTMENT OF PLANNING AND BUILDING SERVICES

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MEMORANDUM

DATE: FEBRUARY 20, 2014

TO: PLANNING COMMISSION

FROM: ANDY GUSTAVSON, CHIEF PLANNER

SUBJECT: Key Provisions of the County's Inclusionary Housing Ordinance

At its January 16th public hearing, the Planning Commission requested staff to provide an overview of the provisions of the County's Inclusionary Housing Ordinance (Zoning Code Division I, Chapter 20.238). The key provisions of the ordinance are described below. The full text of the ordinance is attached.

Purpose: The Inclusionary Housing Ordinance requires new market-rate residential development projects to either construct housing for qualified low, very low, and moderate income households or to pay an in-lieu fee, which the County can use to fund a variety of affordable housing projects, consistent with the County's Housing Element.

Applicability: All market-rate residential development projects, including residential subdivisions and as-of-right residential projects, are subject to the ordinance with the exception of the first residential unit, as-of-right secondary single-family dwelling units, efficiency units, units in affordable housing projects, and reconstructed/replacement units. In addition to these defined residential uses, the Planning Commission determined the ordinance would not apply to the first residential lot. (Planning Commission Minutes, June 18, 2010)

Residential developments that will result in two to four new housing units or lots are required to pay an in-lieu fee. Sec. 20.238.015.

Large residential projects (5+ units) must provide affordable housing units on-site (or at an off-site location in certain circumstances) in accordance with an approved Inclusionary Housing Plan. In some instances, the developer may elect or the Board may approve the payment of the in-lieu fee instead of constructing new units on-site.

The number of affordable units that must be built is based on the number of new units or lots included in the project. A project with 5-25 units is subject to a 10% inclusionary requirement. Projects with 26-50 units require 15%. Sec. 20.238.015

Inclusionary Housing Plan: All large residential development projects are required to submit an Inclusionary Housing Plan. Sec. 20.238.050. The approved plan prescribes the number, type, and location of each affordable unit. It also establishes affordable household income qualifications, occupancy requirements, equity sharing, and transfer requirements that apply for 30 years.

In-Lieu Fee: The in-lieu fee is based on the County Assessor's annual determination of the county-wide median sales price of a dwelling unit of the same size. Sec. 20.238.015

It is assessed on each unit or lot when they are built or recorded. A 2% fee is charged for a new second dwelling unit or lot. It increases to 4% for the 3rd and 4th house/lot and then to 20% for 5 or more houses/lots. Sec. 20.238.035

All in-lieu fees are deposited to the County's Affordable Housing Trust Fund. The fee must be deposited into the fund prior to the issuance of any building permit. The fund has accumulated \$34,426.

Affordable Housing Credit: The Inclusionary Housing Ordinance also provides a mechanism that allows developers to purchase inclusionary housing credits from a developer who has accrued affordable housing credits by building surplus affordable housing units, according to an approved Inclusionary Housing Plan. Sec. 20.238.025.