



**City of Alameda  
Inclusionary Housing Rental Guidelines**

**JUNE 2024**

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# **CITY OF ALAMEDA INCLUSIONARY HOUSING RENTAL GUIDELINES**

## **A. Introduction**

To address the need for affordable housing in the City of Alameda (“City”), the City adopted and implemented the Inclusionary Housing Program in the year 2003. The requirements for residential projects under the Inclusionary Housing Program can be found in Alameda Municipal Code (“AMC”) 30-16. The City funds and oversees the Inclusionary Housing Program, often referred to as the Below Market Rate (“BMR”) Program. In July 2023, the City of Alameda selected Rise Housing Solutions (“Program Administrator”) to administer its BMR Programs. This manual describes the program guidelines and processing procedures for the BMR rental program.

For all residential developments of five (5) or more units, at least fifteen percent (15%) of the total units must be inclusionary units restricted for occupancy by Very Low-, Low- or Moderate-Income households. This attachment is meant to provide more information on how a project owner (Owner) may satisfy their inclusionary housing obligation by building inclusionary rental units on-site dispersed throughout their residential development and renting those units to eligible households.

Depending on the number of Inclusionary Housing Units in a building, an Owner should expect a minimum of 4 (four) months from start to lease signing of rental units.

While every effort has been made to align the information in this Manual with the requirements of the AMC, including those related to Rent Program or Inclusionary Housing, if a conflict exists:

- The terms of the AMC prevail over the terms set in this document
- The terms of an individual project’s or unit’s recorded BMR use restrictions prevail over any general requirements in this document or in the AMC.

## **B. Affordable Housing Agreement**

The Affordable Housing Agreement is a covenant by the Owner for the benefit of the City of Alameda governing how the project’s inclusionary housing obligation will be satisfied. The Inclusionary Housing Agreement may be comprised of more than one document. Prior to the approval of any final or parcel map, or the issuance of any Building Permit for a project subject to the Ordinance, the City and Owner will execute an Inclusionary Housing Agreement. The Inclusionary Housing Agreement will then be recorded against the project, any Contiguous Property and any other property used for the purposes of memorializing the requirement to meet the obligations of the Ordinance.

A marketing plan for the Inclusionary Rentals is required including a commitment to provide the Inclusionary Rentals to the public in a nondiscriminatory and equitable manner. This marketing plan must be submitted prior to lease-up of the affordable units. The marketing plan is subject to the Community Development Director’s review and approval, not to be unreasonable withheld or delayed.

### **C. Timing of Construction of Rental Inclusionary Units**

On-site Inclusionary Rentals must be developed and made available for occupancy either prior to or concurrently with the market rate units. Construction must also be consistent with the phasing plan for Inclusionary Rentals in relation to market rate units. The City may not issue Building Permits for more than ninety percent (90%) of the market rate units within the Residential Development (or construction phase) until it has issued Building Permits or authorized occupancy for all the Inclusionary Rentals within that project.

### **D. Standards for Rental Inclusionary Units**

The Inclusionary Rentals shall have a comparable square footage and the same bedroom count and bedroom count ratio as the market rate units.

#### **1. Size of Units**

Inclusionary Rental Units are expected to be comparable in size, bedroom count and footage as market-rate units. Similarly, they should be dispersed throughout the development. In addition, they must at least meet the following square footages as defined by California Tax Credit Allocation Committee Regulations (May 16, 2017) or the applicable Planning Code requirement.

#### **2. Additional Requirements for Developing On-Site Inclusionary Rental Units**

Project s should review the Municipal Code 30-16 and the executed Affordable Housing Agreement for the Project to answer questions regarding On-Site Inclusionary Rental Units such as: (1) the number of Inclusionary Rental Units required (varies by size of the Project, type of project and project location); (2) affordability levels of Inclusionary Rental Units; and (3) How or whether the State Density Bonus applies.

#### **3. Equivalency of Units**

There are a number of important elements of On-Site development that should be noted including:

**Exterior Features and the Size:** Inclusionary Rental Units should be comparable in number of bedrooms, exterior appearance and overall quality of construction to market-rate units in the same project.

**Interior Features:** Inclusionary Rental Units should generally include the same interior features as market-rate units in the same building, but appliances need not be the same make, model or style, so long as they are new and of good quality.

**Location:** Inclusionary Rental Units should be evenly distributed throughout the building. Project s should also consult Planning for further information concerning Inclusionary Housing Rental location requirements regarding issues such as

adjacency and comparable access to building and neighborhood amenities, (balconies, views, light, etc.) as well as income tier distribution.

**4. Marketing and Lotteries**

Projects must meet the City’s requirements regarding marketing and lotteries for Inclusionary Rental Units. Please see Section K below.

**5. Preferences**

The total number of Preference Points possible per household are two. Applicants for inclusionary housing (Applicant) can receive one for living or working in Alameda (but not one for each household member), and one for being an employee of the Alameda Unified School District. All preference points claimed will be verified upon full application submission.

**1) Living/Working in the City of Alameda (1 preference point)**

To qualify under this Preference Point a member of the household must work a minimum of 32 hours per week as a permanent employee at a business within the corporate city limits OR be a current resident of the City of Alameda.

**2) Alameda Unified School District Employee (1 preference point)**

To qualify under this Preference Point a member of the household must be an employee of the Alameda Unified School District.

**6. Timing**

The City will make every effort to ensure that projects proceed through the City’s procedures in a timely manner while Owners must make every effort to ensure Inclusionary Rental Units are leased-up at the same time as the market-rate units. Unnecessary delays in leasing Inclusionary Rental Units by Owners will result in enforcement actions by the City.

**7. Document Retention Policy**

Owners of Inclusionary Rental Units shall retain initial application forms and Household income documentation for the greater of (a) five (5) years from the date of a Inclusionary Housing Renter’s occupancy of a Inclusionary Housing Rental Unit, or (2) the duration of the tenure of the Inclusionary Housing Renter occupying the Inclusionary Housing Rental Unit, whichever is longer.

**8. Notification of Property Management Changes**

Owners must notify the City of Alameda, Housing and Human Services in writing within thirty (30) days of any change in the property management of Inclusionary Rental Units. This notification must contain the name(s) and contact information of the new entity and the personnel involved in the management of the Inclusionary Rental Units.

**E. Applicant Eligibility Requirements**

In order to apply for the City of Alameda BMR Program, Applicants must not currently own real

estate and meet the following requirements:

**1. Household Size Compatibility**

The minimum household size is one person per bedroom.

**2. Income Limits**

The BMR program will use the income limits updated annually by the State of California Department of Housing and Community Development (HCD). Income limits for each housing opportunity will be posted in marketing collateral and on online application website.

**3. Determining Baseline Household Income**

Household Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 6.1), whether or not exempt from federal income tax. Such income includes, but is not limited to, the following:

- The full amount (before any payroll deductions) of all wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services
- The full, gross amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipt including a lump sum payment for the delayed start of a periodic payment; include amounts received by adults on behalf of minors, or by minors intended for their own support
- Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation, and severance pay
- Welfare assistance (excluding food stamps)
- Alimony/maintenance and child support payments
- All regular pay, special pay, and allowances of a member of the Armed Forces
- The income, salaries, and other amounts derived from operation of a business or profession
- Income from assets
- Income from an interest in an estate or trust
- Interest; dividends; Capital Gains; Rents, Royalties
- Lottery/gambling winnings paid in periodic or lump sum payments
- Allowances for housing, auto, food, etc.
- Recurring contributions or gifts regularly received from organization or from persons not residing in the dwelling

The following sources of income shall be excluded from the total household income:

- Income from the employment of any Household members under the age of 18
- Payments received from the care of foster children or adults, or adoption

assistance

- Lump sum additions to family assets (e.g., inheritances, capital gains, insurance policy, death benefit payment, stock options payout) (See Asset Inclusions below)
- Medical expense reimbursement received specifically for the medical expense of a household member
- Income of a live-in aide
- All forms of student financial assistance paid directly to a student, educational institution, or a veteran
- Income from full-time students who are Dependents.

#### 4. Income Calculations

The Program projects future income and is projected based on the Gross Income shown on each applicant's income documentation and as verified during the approval process. The Program Administrator must review income documentation for all household members 18 years and older, regardless of dependency status. Earned income from the employment of any household members under the age of 18 is not counted. However, unearned income (e.g., child support, social security, and other benefits paid on behalf of a minor) is included.

Income sources for all household members 18 years or older will be reviewed based on the following methodology:

**Employment Income:** Annual employment income must be determined for each job currently held.

**Overtime, Tips and Bonuses:** When calculating income based on paystubs, overtime, tips and commission will be annualized. Bonuses will be annualized unless the Applicant can provide documentation from the employer that the bonus was a one-time occurrence. In this case, the bonus amount will be removed from the annualization of the income and added in one time to the total annual income that is determined. Tips that are received in cash will require a year-to-date profit and loss statement.

**Seasonal Workers:** The program will not annualize current income for seasonal workers who provide a Verification of Employment from their employer(s) verifying that the work does not occur year-round. The income calculation for employment income will be used to determine annual seasonal income, while discounting the amount for off season time. Applicants who are seasonal workers must include documentation of any unemployment he/she/they have received or may receive during the off season. The annual unemployment compensation will be included in Household Income.

**Child Support:** Income from child support may be excluded with evidence that the child support is scheduled to be terminated within 3 months of the date of application. Alimony/maintenance and child support payments will not be deducted from the household income.

**Wage Reductions:** For the Applicants whose income from employment has declined in the six (6) months prior to submitting an application or during the application process, income will be calculated at the pre-decline rate. Following are two methods used by the City of Alameda to calculate household income. The City of Alameda will use the greater of:

- Current total annual income from all sources projected 12 months forward; or
- Total Gross Annual Income from all sources earned in the immediate past tax year.

**Income from Government Income:** For Applicants receiving government income of any source (e.g. social security, CalWORKs, etc.), the income is derived by multiplying a regular monthly statement by 12 months or by referring to an annual award letter.

**Self-employed Income:** Self-employed Applicant's employment and income will be verified by obtaining from the Applicant: (a) copies of his/her/their federal income tax returns (both individual returns and in some cases, business returns) that were filed with the IRS for the past three years with all applicable schedules attached, and (b) year to date profit & loss statement.

**Other Income:** Any source of regular income whether in cash or recurring deposits into a bank account prior to application may be treated as income. In the case of an Applicant who is paid in cash for employment, the City will consider those Applicants self-employed. Please review the requirements for self-employed income.

**Unemployed Applicants:** Unemployed Applicants who are receiving no income at all should submit a Zero Income Affidavit as provided by Program Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero Income Affidavit as unemployment benefits are considered income. All unemployed Applicants will be required to provide a copy of their most recent EDD Award Letter during the Alameda BMR Program Application processing for the Program Administrator to validate applicant's unemployment and income.

The City, its designee, or the Program Administrator may request an official Verification of Employment signed by an Applicant's employer as proof of an Applicant's income, if needed.

The income of an Applicant's Spouse or Domestic Partner must be included in the Gross Annual Income for the household, unless an applicant is legally divorced from his/her/their Spouse or his/her/their Registered Domestic Partnership has been terminated. An applicant must provide the Program Administrator with a copy of a court-ordered divorce decree or Notice of Termination of Domestic Partnership in order to be considered "legally divorced". For divorces, a petition for dissolution will not suffice. For Registered Domestic Partnerships,

at least six months must have passed since the Notice of Termination of Domestic Partnership has been filed in order for the Registered Domestic Partner's income not to be included in the Gross Annual Income for the household.

## 5. Assets Requirements

To determine a Household's income eligibility for occupancy of an Inclusionary Rental Unit, a percentage of the Household's assets (as defined in the Assets section below) shall be added to the Household income.

**Asset Test:** When a household has total household assets in excess of \$5,000, the greater of 10% of the total assets over \$5,000 or actual asset income will be added to the total household Gross Annual Income. The value of a retirement account such as a 401K, 457 or similar will not be counted for those Applicants under retirement age as outlined by the terms of the retirement account.

**Asset Inclusions:** When calculating an applicant's assets, the assets to be counted when determining eligibility include, but are not limited, to the following: savings accounts, checking accounts, Certificates of Deposit, the total balance of any joint accounts, money market or mutual fund accounts, in trust for accounts (amount accessible), stocks or bonds, Gift Funds, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement accounts), the amount of equity in any real estate owned, and other investments held by any occupant of the Applicant's household age 18 or older.

**Assets Exclusions:** The cash surrender value of life insurance policy, the value of an IRA account, the value of retirement accounts (including but not limited to 401K and 403B accounts), the value of a special needs trust or the value of a 529 college savings may be excluded from an applicant's assets for the evaluation of Pre- and Post-Purchase Assets.

**Restrictions:** Evidence that assets have been transferred to another individual or into an unavailable asset account, or have been spent (except on unexpected emergencies, such as funeral expenses, travel costs related to illness, repair of a vehicle, medical needs and housing needs) to avoid use in the purchase will result in disqualification of the Applicant's application.

**Deposits:** Deposits or withdrawals that total five hundred dollars (\$500) individually or in aggregate in a thirty (30) day period must be sourced. Any newly opened account must be sourced. The Administrator and City reserve the right to request sourcing documents for any deposit or withdrawal.

## 6. Household Size Determination and Requirements

The household size for BMR rental units is determined by counting together every person who intends to live in the property, regardless of age or dependency status. All spouses or Registered Domestic Partners must be included in the household, appear on the application. All household members aged 18 and older must appear on the application.



In order to count household members who are under 18 years of age in the composition of the household, they must be the legal Dependent of an adult household member or an adult household member must have at least partial (50%) custody of the child/children, except in the case of emancipated minors, as claimed on the most recent federal Income tax return, or legal minor children of renters.

When determining household size for eligibility purposes, pregnant Applicants will be considered as one household member.

Temporarily absent household members who plan to live in the unit upon return must appear on the application for the property. Such household members include, but are not limited to, household members serving temporarily in the armed forces, who are temporarily institutionalized, or who are enrolled full-time at a college or university.

Divorced or separated Applicants who have joint custody of their children should include the children in their household count if they have at least 50% custody of the children. Applicants who do not have custody should not include the children in their household count.

The following individuals are **not** counted as part of the household:

- foster children;
- unborn children;
- children who are subject to a shared custody agreement in which the child resides with the household less than 50% of the time;
- children being pursued for legal custody or adoption who are not yet living with the household at time of application; and
- non-related live-in care takers.

These apply when there are no other pertinent federal statutes applicable to the inclusionary rental units. If federal statutes apply (Tax Credit Allocation Committee, TCAC) the following occupancy guidelines may be used: 1.5 persons per bedroom. Owners may make an election to use the TCAC occupancy guidelines for the entire property.

## 7. Other Eligibility Requirements for Renters

No Household may occupy an Inclusionary Unit unless the City or its designee has approved the Household's eligibility in accordance with City-approved policies. Each Household that occupies a BMR rental unit must occupy that unit as that Household's principal residence.

**Student Households:** Students who meet the requirements for household income described above are qualified to rent inclusionary housing. There are no restrictions on how many students may be a part of a household.

**Minimum Income:** The Owner may require a minimum income for BMR Renters but must not require any applicant to have a minimum Gross Income of more than two times the Maximum Annual Rent. All potential applicants meeting requirements for minimum and maximum income must be considered equally, without preference for those with higher or lower incomes within this range. If an

applicant is using a rent subsidy such as a Housing Choice Voucher, the minimum Gross Income will be based on the BMR Renter's monthly share of rent rather than the Maximum Annual Rent amount, which will be partially covered by the voucher. For example, if the BMR Unit's rent is \$1,200 and an applicant is responsible for a rent payment of \$400, then to qualify the Applicant must earn a minimum of \$800 per month.

**Conflict of Interest Exclusions:** The Owner may not rent an Inclusionary Rental Unit to the Project architect, attorney, prime contractor, or to anyone of its or their employees, directors, officers or agents, or to any of their family members, as determined by the City of Alameda.

#### **F. Affordable Rent Levels for Inclusionary Rental Units**

Inclusionary rental units must be offered to tenants using "Affordable Rent" as defined in the City of Alameda's Municipal Code. The Affordable Housing Agreement will list the number of units required by Alameda County Area Median Income ("AMI") level.

As defined in Health and Safety Code Section 50052.5(h), the family size appropriate for the rental inclusionary unit is determined by the number of bedrooms. The family size is equal to one person greater than the number of bedrooms in the unit. For the purposes of determining affordable rental rate, each inclusionary rental unit shall be adjusted for family size appropriate for the unit based on the number of bedrooms as follows:

- Studio = one person;
- One-bedroom = two persons
- Two-bedrooms = three persons
- Three-bedroom = four persons
- Four-bedroom = five persons

The following summarizes the various affordable monthly housing cost definitions per the Health and Safety Code (Section 50053):

For extremely low-income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit. (Section 50053(b) (2))

For very low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit. (Section 50053(b) (3))

For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household. (Section 50053(b) (4))

For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household. (Section 50052.5(b)(5))

Affordable Rental rates includes all charges related to occupancy of the unit including utilities, parking fees, fees for use of common facilities and other fees and charges. If utilities are paid by tenants of the Inclusionary Rental Units, the rent for the Inclusionary Rental Units must be adjusted downward for tenant utility expenses, calculated in accordance with the utility allowances published by the City of Alameda Housing Authority on an annual basis.

If rental insurance is required or if the Owner requires other costs of the tenant, the rent for the Inclusionary Rental Units must be adjusted downward by the total costs incurred.

If the rental prices calculated based on California Health & Safety Code Section 50052.5 are greater than the rental prices permitted by the Alameda Municipal Code then the price established by the Alameda Municipal Code shall be offered.

In situations where there are multiple affordability restrictions/income or rent limits set by different funding requirements or jurisdictions, the Project must adhere to the strictest requirement so it can meet all of the layering restrictions.

**Late Payment Fees:** Late payment fees may be charged for BMR Renters who fail to pay rent in full by the due date defined in their lease. Under no circumstances can BMR Renters be required to pay late payment fees higher than 5% of the BMR Rental Unit rent in any given month.

**Annual Rent Adjustments:** The maximum Affordable Rental Rates will be adjusted annually based on the most recently published household income limits for Alameda County by family size. The City or its agent will notify the property /property manager of the new rental rates. If the Owner chooses to raise rents, the Owner must serve tenants with a notice of rent increase as provided by State Law.

### **G. Ongoing Compliance with Affordable Housing Agreement**

The Owner of each project containing inclusionary rental units is required to submit an Annual Compliance Report and pay City monitoring fees (if applicable). The Annual Compliance Report (ACR) consists of the following three documents which may be obtained from the City:

**Tenant Income Certification (TIC):** Completed and signed by residents residing in the Inclusionary Rental Unit. It is used to document family size, income and other financial information. Residents must be recertified annually to maintain eligibility at the inclusionary project.

**Certified Rent Rolls:** A report listing each affordable unit, the resident's name, rental rate, household income, the household size, and any other information regarding property tenancy.

**Certificate of Continuing Program Compliance:** A signed statement attesting that the project is in compliance with the City of Alameda's Inclusionary Housing Agreement.

#### **H. Annual Tenant Income Certification (TIC) / Recertification**

Each year, BMR Renters must provide Household income documentation and other applicable Household information to the Owner. BMR Renters who fail to provide the required documentation in a timely manner are in violation of the Program and will not have their lease renewed.

Leases for Rental Inclusionary Units shall provide for submittal of signed TIC forms upon written request of the owner or property manager and if tenants fail to submit the form within thirty (30) days of receipt of a written request, then this is a violation of the lease and the lease shall automatically terminate. If the renter fails to comply after notice, the owner or property manager will institute eviction proceedings.

If a Very Low-Income inclusionary tenant's household income increases and exceeds the income limit for Very Low-Income households but does not exceed the income limit for a Moderate-Income household, then the tenant's rent will be increased to 30% of their actual certified income, and the tenant may remain in the unit. If a tenant's household income increases and exceeds the Moderate-Income Limit, the tenant's rent will be increased to 30% of their actual certified income. If a tenant's household income increases and exceeds 140% of the Moderate-Income Limit, the tenant will be given three months to locate alternate housing and vacate the inclusionary apartment unit.

One three-month extension may be granted in the case of extreme hardship. The extreme hardship request must be submitted at least 30 days prior to the vacancy date. The property may also offer the tenant a market rate unit.

#### **I. Terms of Tenancy**

Inclusionary Rental Unit tenants will be subject to the same conditions of tenancy as other tenants occupying the same property, except for terms relating to occupancy, income eligibility, annual recertification, and limits on rents. The initial lease term for the Inclusionary Rental will be for one year.

Any termination of tenancy or eviction must follow currently requirements of Alameda's rent program as well as any applicable state or local law. Tenants being considered for involuntary termination of tenancy must be referred to Alameda's Rent Program to receive referrals to supportive services.

#### **J. Availability of New Units for Lease**

An Inclusionary Rental Unit may not be leased until the City has approved the unit and tenant for occupancy.

### **K. Marketing New Inclusionary Rental Units**

The overall goal of the City in its marketing and outreach requirements is to ensure that the diverse groups of people living in Alameda have knowledge of and access to the affordable housing opportunities offered. Owners are required to conduct various activities and use every good faith effort to engage in targeted outreach that attracts income qualified Households from communities that are under-represented.

Marketing of Inclusionary Rental Units must be in compliance with all applicable federal, state and local laws related to Fair Housing laws and must not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual orientation, health status, source of income such as disability insurance, social security, source of income, or any other basis prohibited by federal, state or local law.

It is the Owner's responsibility to ensure that rental staff of the project receive and review a copy of this Attachment and the Restrictions applicable to the Inclusionary Rental Units.

#### **1. Minimum Qualifications for Marketing Firms**

When selecting a marketing, sales and/or leasing firm for new Inclusionary Rental Units, Projects must require all of the following minimum qualifications:

- Documented experience in marketing to and working with low- and moderate-income first-time homebuyers or renters;
- Language capacity in multiple languages (Spanish, Chinese, Filipino, Vietnamese, English);
- Cultural sensitivity and demonstrated awareness of the needs of the City of Alameda's diverse populations; and
- Experience with Microsoft Office and similar technology

#### **2. Marketing Timeline**

The Marketing Plan cannot be submitted prior to seven (7) months before the estimated issuance of the Temporary Certificate of Occupancy (TCO). Projects prepare and submit for approval a Marketing Plan in a format prescribed by the City (Please see Exhibit A). No applications, marketing or advertising material for the Inclusionary Housing units may be distributed or published without prior written approval by the City.

The following timelines are recommended to Projects for completion of the City's marketing and outreach activities:

- New Inclusionary Rental Units must be advertised by the Owner for at least fourteen (14) days prior to an application deadline.

Please refer to Section L. Application and Process below for more information on the lottery process including lottery timelines.

### 3. Marketing Meetings & Trainings

In preparation of lease up, Projects and/or their leasing agents are required to attend a series of Marketing and Outreach telephone meetings/trainings with City staff or its designee. These may include:

**Pre-Marketing Meeting/Conference Call:** This is a meeting with Projects to discuss the overall marketing expectations, timelines, process, roles and responsibilities for a successful, timely lease up process. The Pre-Marketing meeting occurs after rents are finalized and prior to submitting a Marketing and Outreach Plan to the City.

**Marketing and Outreach:** After the Marketing and Outreach Plan has been submitted and before final approval, a conference call or meeting of the property management agent and City staff will finalize any outstanding issues within the Plan.

**Lottery Meeting:** The purpose of the Lottery Meeting is to discuss the logistics of the public lottery and the roles of the property management agent and City staff in attendance.

**Pre-Lease Up Training for Rental Projects:** This is an opportunity for leasing agents to review the City's Inclusionary Housing requirements and discuss how to use the income calculation tools that must be submitted to the City for approval prior to lease up.

### 4. Advertising and Community Outreach

#### **Print, Electronic Newspapers, Social Media and Internet Presence**

The Housing and Human Services of Alameda County and Eden Information and Referral must be notified of the availability of Inclusionary Rental Units. In addition, the inclusionary units must be advertised in at least five local newspapers that reach diverse low- and moderate-income communities in Alameda for a continuous period. It is recommended that Owners also announce the availability of units on at least three social media outlets such as Facebook, Twitter, Next Door, Craig's List, throughout the marketing period.

**Physical and Electronic Flyers:** Project must provide a flyer for the Inclusionary Rental Units that includes specific information (and in the required languages) prescribed and approved by the City prior to distribution.

**Community Outreach:** The Project must conduct community outreach to the surrounding neighborhoods including outreach through identified local nonprofit community-based organizations. Community Outreach activities must target diverse low to moderate-income households.

**Open Houses:** Potential renters of Inclusionary Rental Units must be allowed to inspect the available units in the same fashion as market rate applicants. Project s shall hold at least three open houses. At least one open house should be held on a weekday evening and one on a weekend. Each open house should be no shorter than two hours and provide information on the application process.

**Information Sessions:** Projects with ten (10) or more Inclusionary Rental Units may be required to hold at least one information session. Owners offering larger quantities of Inclusionary Rental Units may be required, at the City’s discretion, to hold additional information sessions in a public, accessible location that is arranged and paid for by the Owner.

**Building Signage:** Owners may prominently display City prescribed and approved signage on the construction site of any project that will include On-Site Inclusionary Rental Units. The signage should be no smaller than 5’ by 5’ and indicate the number and type (tenure) of Inclusionary Rental Units in the project and include a web address and/or telephone number for interested Applicants to learn more.

## **5. Marketing Plan Content**

The Marketing Plan Template provided by the City will guide Projects through the marketing plan submittal process. In preparation, Projects should plan to provide the City with the following information as part of the marketing plan submittal:

- Marketing Launch, Open Houses, Information Session(s), Application Deadline, Lottery Dates.
- A comprehensive strategy for reaching out to diverse low- and moderate- income persons including the names of local community-based organizations with contact information for the individual representing the organization that will be engaged in the outreach effort. A social and print media plan.
- Marketing flyers that include a description of the Inclusionary Rental Units in the Project, Maximum Income Limits, and important dates.
- A comprehensive plan for how the Owner and their agents will ensure that every Applicant’s language, ability and/or cultural needs are met throughout the application, sales/lease up process.
- A written Resident Selection Criteria for all rental Projects that include Inclusionary Rental Units.
- A list of community housing organizations that will receive written notification regarding the availability of the Inclusionary Rental Units prior to commencement of advertising or marketing of the market rate units.
- A list of organizations that the Project’s marketing representative must work with in order to meet language or cultural needs of Minority Communities.
- A plan for obtaining and displaying the banner to be hung on-site during construction announcing the development of Inclusionary Rental Units, if applicable.

### **L. Application and Process**

The City has contracted with an organization who will organize and execute a lottery to select potential Inclusionary Rental Unit tenants (the Program Administrator). The steps to select potential tenants are described below.

#### **1. Pre-Application and Lottery Process**

- 1) Eligible Pre-Applications will be sorted by the number of Preference Points awarded.
- 2) Applicants will then be randomly sorted through a lottery selection process and each Applicant will be given a lottery ranking number.
- 3) Applicants will be notified in writing of the results of the selection process within one week of the lottery being conducted.
- 4) Households that submit multiple eligible pre-applications and receive two lottery numbers will be relegated to the lower lottery number.

## **2. Full Application Review**

- 1) Applications will be reviewed in lottery ranking order. Failure by the applicant household to submit a complete program application with all required supporting documents by the application deadline may result in disqualification.
- 2) Additional documents may be requested from the Applicant with a deadline(s) outlined. Failure to return the additional documents by the deadline(s) will result in program disqualification due to an incomplete application.

Please refer to Exhibit B for sample step-by-step procedures for application review and processing.

## **3. Conditional Approval, Preference Point Determination, or Program Disqualification**

- 1) After a full application review, the Program Administrator will submit a recommendation for Conditional Approval, Program Disqualification or Preference Point Determination to the City along with the complete Program Application and a summary of eligibility findings.
- 2) The City will issue a Conditional Approval or Disqualification letter to the Applicant. The Conditional Approval letter will include next steps the potential tenant must take. The Disqualification letter will include information about appealing the decision to disqualify.
- 3) Owners must contact conditionally approved tenants to communicate next steps to rent an inclusionary unit. Owners must make no fewer than three contacts using the tenant's preferred method and at least two of the following methods: email, text, mail and telephone.

## **4. Appeal Process**

- 1) Within seven (7) days from the date on the Disqualification letter, Applicant must submit an appeal to the Program Administrator in writing, along with documentation demonstrating the reason for the appeal. Appeals that are submitted after this time period will not be considered.
- 2) The documentation will be provided to the Housing and Human Services Manager for review.
- 3) Within fifteen (15) business days of receipt of the appeal, a hearing officer will



be assigned to review the appeal and additional documentation submitted by the Applicant.

- 4) Seven (7) days from assignment to a hearing officer, a final decision will be delivered by mail to the Applicant.

During the appeal process, one appropriately sized Inclusionary Rental Unit will be held until the process is complete and a final eligibility determination has been made.

## **5. Lease Requirements**

The Owner must allow a BMR Renter a minimum of seven (7) calendar days from the date of the Program approval letter to enter into a lease. That lease should commence no sooner than ten (10) calendar days from the signing unless the BMR Renter prefers to begin the lease sooner. These deadlines will be clearly outlined in the Owner's approval letter to the BMR Renter Household.

### **Minimum Term and Early Lease Termination**

All leases must follow guidelines set in the City of Alameda Rent Program. The material terms of the lease shall not change from year to year, except for the Maximum Annual Rent and other changes required or approved by the City of Alameda. Should a BMR Renter have the need to terminate their lease, the BMR renter will be responsible for notifying the Owner in writing of their intentions and will be financially responsible for any fees associated with an early termination. Owners however, may not assess, charge or collect fees from BMR renters for any period in which the BMR Unit has been re-rented.

### **Deposit Requirements**

Money paid as first month's rent is not a considered a security deposit. The security deposit must follow State and local law and should not exceed twice the monthly rent for an unfurnished unit or three times the rent for a furnished unit. Pet deposits may be charged in compliance with State and local law. Pet deposits should be refunded, less any documented damage costs attributed to the pet. Owners may not collect a deposit for documented service animals.

## **M. Restrictions on Inclusionary Rental Units and Renters**

Because renting an inclusionary rental unit differs from renting a market rate unit, it is important that potential tenants and tenants understand the rules of the Program. Violation of these restrictions could result in an Owner's decision not to renew a lease, eviction and/or penalties. The following requirements apply and must be included in any tenant lease agreement:

1. **Occupancy:** All members of the Household that applied must move into the BMR Rental Unit within 60 days of the start of the lease and occupy the BMR Unit as their Primary Residence for at least 10 out of 12 months of each calendar year.
2. **No Subletting:** BMR Renters may not sublet any part of the BMR Rental Unit to anyone that is not a part of the Household at any time. BMR Rental Units cannot be subleased for long-

term or short-term vacation rentals at any time. There is also no renting or subletting of a parking space or any other space provided with the BMR. Any violation of this rule will lead to the termination of the lease and fines enforced by the Planning Department and/or City Attorney's Office.

- 3. Household Size:** BMR Renter Households must maintain a minimum Household size of at least one person per bedroom. Any violation of this rule, including changes in Household size after commencement of the lease term, could result in non-renewal of the lease for a BMR Household.

**Household Changes:** An Owner must not allow any changes to a lease for a BMR Unit within the first lease year, except in following situations: in the case of marriage, death, dissolution of marriage or domestic partnership within the household and only with the written consent of the City of Alameda and the Owner. If a household adds or removes anyone within the first twelve (12) months, the new Household Income must be at or below the maximum income allowed that the initial application was approved for.

After the first 12 months, if the household composition changes, the new household income must remain at or below the maximum income for that Area Median Income. In order for the City of Alameda to approve the household composition change, the new household must submit a new application for the BMR Rental Unit and meet the current qualification standards.

In the event that a tenant no longer meets the household minimum size requirements (see Section 8. E. 1) for their unit, such tenant's household may be moved to a smaller unit when an appropriately sized unit becomes available in the same property, in accordance with the terms of the tenant's lease. If the Head of Household moves out within 12 months of adding an additional adult household member, then the lease shall be terminated at the time the Head of Household moves out and the remaining household members will be required to vacate the unit and to re-apply to the waitlist for the property or seek alternate housing. Moreover, any additions to the Household may be subject to a credit and criminal background check when qualifying. Should the City of Alameda approve the household composition change, the new household must submit a new application for the BMR Rental Unit and meet the current qualification standards.

- 4. Transferring BMR Rental Units:** BMR Renters may apply for other BMR Rental Units by participating in the full application and lottery process for any available BMR Rental Units, but are not given a priority to such units. BMR renters in one building may not transfer to another BMR Rental Unit in the same building once they have begun their lease term unless specifically authorized by City of Alameda staff to address compelling circumstances such as death of a Household member, divorce or separation or mobility accessibility needs of one or more Household members. A BMR renter will be responsible for any costs associated with an approved transfer.

- 5. Rental Unit Maintenance:** BMR Renters are responsible for making sure that their BMR Rental Units is not damaged and for maintaining the Unit in compliance with the terms of

their lease. Owners are responsible for maintaining the BMR Unit in the same manner they maintain their market rate units.

## **N. Conversion of Inclusionary Rental Units to Homeownership Units**

In some instances, a Project may convert Inclusionary Rental Units to Homeownership Units. Please refer to the Below Market Rate Program Manual for more information on Inclusionary Homeownership Units. Inclusionary Rental units can only be converted to Inclusionary Homeownership units if the following conditions are met:

### **1. Inclusionary Housing Renter Right to Purchase**

When authorized by local and State laws, the Project's conditions of approval and the City of Alameda Building, Planning and Transportation Department, an Inclusionary Housing Rental/BMR Unit may be offered for sale through the Inclusionary Housing Program. The Owner is responsible for working with the City of Alameda to enter into a new Affordable Housing Agreement. Projects must offer the opportunity to purchase the Inclusionary Housing Rental Unit ("Unit") to the existing tenant household before it is marketed for sale through the City's lottery process. The following conditions may apply:

- The Unit must be in good physical condition as evidenced by a home inspection paid for by the Owner and performed by a state-licensed and independent third party. The inspection should identify and describe physical deficiencies that could affect the health and safety, soundness, or structural integrity of the unit or inhabitants. All reported deficiencies that pose health and safety hazard or are the direct result of deferred maintenance, must be corrected by the Owner prior to final approval of the conversion.
- At the time the existing tenant is informed of the opportunity to purchase a unit, the Owner must refer the tenant to a first-time homebuyer program for additional information and support. Existing Inclusionary Housing renters have at least one year from the time of official notice from the Owner to exercise the right to purchase.
- The sales price for existing Inclusionary Housing Renters will be at the level of affordability as designated in the Affordable Housing Agreement.
- The existing Inclusionary Housing Renter Household must be a qualified buyer under the Program and the gross annual household income of the Inclusionary Housing Renter at the time of purchase shall not exceed the income level designated in the Affordable Housing Agreement.
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### **2. Sale to Other Qualified Inclusionary Housing Applicant**

If the existing Inclusionary Housing Renter decides not to purchase the Unit, the unit must be offered for sale through the City of Alameda's Inclusionary Housing program, and in compliance with the Affordable Housing Agreement that is prepared for the sale of the units. The City will prepare the unit pricing in compliance with the level of affordability dictated by the existing Affordable Housing Agreement and according to the City's Inclusionary Housing sales pricing rules. The Owner must also ensure that the Unit meets the physical conditions required by this manual and must adhere to the City's marketing requirements (including a

City lottery). The prospective purchaser must meet all of the requirements of an Inclusionary Housing Homeownership Unit applicant described in the Below Market Rate Program Manual at the time of sale.

**3. Relocation Allowance**

If the existing Inclusionary Housing Renter decides not to purchase the Unit, the Owner shall coordinate with the City of Alameda Rent Program to determine the amount of relocation allowance that must be provided to the current Inclusionary Housing Renter.

## Glossary

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**Affordable Rent:** The amount of rent considered as “affordable rent” for very low- and low-income households, adjusted for family size appropriate to the unit, less a utility allowance, pursuant to California Health and Safety Code Section 50053 or any successor statute thereto. If the statute is no longer in effect and no successor statute is enacted, the City shall establish the Affordable Rent for purposes of this Agreement. The term “adjusted for family size appropriate to the unit” shall mean a household of two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit. Notwithstanding the foregoing, during the 15 years of the tax credit compliance period under Internal Revenue Code Section 42 applicable to the Housing Project, or such longer compliance period pursuant to a Regulatory Agreement executed by the California Tax Credit Allocation Committee (“CTCAC”) and recorded against the Housing Project (the “TCAC Regulatory Agreement”), the City hereby permits Developer to use the occupancy standards and rent levels used by CTCAC for purposes of enforcing the TCAC Regulatory Agreement.

**Applicant:** Any person eighteen (18) years of age or older who is applying for the inclusionary rental program and who will reside in the property.

**Application:** Inclusionary rental unit program application with required supporting documents submitted by Applicants to determine household eligibility and preference verifications.

**Area Median Income:** The median income for Alameda County as defined by the California Department of Housing and Community Development (HCD) and adjusted for household size. The amounts are adjusted by HCD on an annual basis.

**City of Alameda:** A municipal corporation in the State of California.

**Dependents:** The household members who reside in the property and who are listed as dependents on the Applicant’s Federal Income Tax returns or who the Applicant has at least 50% custody of.

**Gift Funds:** An applicant may use funds received as a personal gift from an acceptable donor. An acceptable donor includes a relative, defined as any other individual who is related to the Applicant by blood, marriage, adoption, or legal guardianship and who is not part of the household. Gift funds are not allowed for a fiancé or fiancée who is not part of the household.

**Gross Annual Income:** The anticipated income of an Applicant for the twelve-month period following the date of determination of Household Income.

**Head of Household:** The tenant whose income covers the majority of the cost of rent for the period of time.

**Household Income:** The combined Gross Income for the Applicant(s), and any other person 18 years of age or older who is expected to live in the residence.

**Inclusionary Housing:** A public benefit program that requires a certain percentage of newly

constructed residential units (houses, condos, etc.) to be affordable to very low-, low- to moderate-income households.

**Monitoring:** Activities of the City, or its designee, which will ensure compliance with the requirements of the inclusionary rental program.

**Program Administrator:** The City of Alameda has contracted with Rise Housing Solutions to act as the Program Administrator and to administer the day-to-day program operations.

**Preference Points:** Preference points, selected by Applicants during the pre-application process, improve chances in a housing lottery. During the lottery ranking drawing, Applicants are ranked and sorted by number of preference points, with those with the most points at the top of the list. Complete program applications will be processed in lottery ranking order, and self-reported preference points will be verified during the file review.

**Registered Domestic Partner:** As defined in the State of California Family Code Section 297-297.5.

**Rise Housing Solutions:** An organization focused on administering BMR and other affordable housing programs in the Bay Area which has contracted with the City of Alameda to serve as the Program Administrator overseeing the day-to-day activities of the City of Alameda BMR Program. Their website is: [www.risehousing.com](http://www.risehousing.com)

**Spouse:** A partner in a marriage.

## EXHIBIT A

### How the City of Alameda Determines Household Income Limits

The municipal code requires that on-site rental inclusionary units be rented to:

- Very Low-Income Household shall mean a household whose annual income does not exceed the qualifying limits set for "very low-income households" in Section 50105 of the California Health & Safety Code, currently 50% of Alameda County Area Median Income (AMI).
- Low-Income Household shall mean a household whose annual income does not exceed the qualifying limits set for "lower income households" in Section 50079.5 of the California Health & Safety Code, currently 80% of AMI.
- Moderate-Income Household shall mean a household whose annual income does not exceed the qualifying limits set for "persons and families of low-or moderate-income" in Section 50093 of the California Health & Safety Code, but whose income exceeds the income limit for lower income households, currently 80%-120% of AMI.

Potential tenants are determined to be qualified for an inclusionary rental unit when their total household income, according to their household size, as defined by the current income limits for Alameda County Area Median Income, falls within the applicable percentage of area median income as stated in the Affordable Housing Agreement.

## EXHIBIT B

### BELOW MARKET RATE (BMR) RENTAL APPLICATION PROCESSING GUIDELINES

1. Program Administrator provides City with unranked lottery list.
2. If possible, Program Administrator verifies preference points prior to ranking.
3. Lottery is ranked in Program Administrator system.
4. Program Administrator verifies if applicants submitted their file by the file submission deadline.
  - a. Program Administrator filters out applicants who did not submit a complete file from consideration.
  - b. Program Administrator will confirm the accuracy of the preference points and re-ranks based on accuracy before posting final ranked list.
  - c. Program Administrator will confirm whether the applicant has owned real estate in the last 3 years.
    - i. If they have owned real estate and sold it, obtain documentation about where the assets went, and include any gains in the imputed income calculation.
    - ii. If they currently own real estate, the application is ineligible for further review.
  - d. If multiple lotteries, Program Administrator confirms that applicant is in the appropriate lottery for income level.
5. Program Administrator posts final ranked list and provides final ranked list to City.
6. Program Administrator verifies applicant's program eligibility.
7. Program Administrator sends completed applicant file to City of Alameda for review, in ranked order.
  - a. Once the City of Alameda confirms ineligibility, Program Administrator will send denial letter to applicant.
  - b. Once the City of Alameda confirms eligibility, Program Administrator provides eligible applicant in ranked order to Property Management for Property Management to pre-screen applicants for qualification (e.g. conduct credit check).
8. Property Management sends Program Administrator pre-approval (to include rent), not to applicant.
9. Program Administrator will send an eligibility confirmation letter to applicant and cc: Property Management and [housing@alamedaca.gov](mailto:housing@alamedaca.gov). Eligibility letter should include:
  - a. Eligibility Status
  - b. Rent
10. Offer of unit selection is made to applicant in writing by Property Management or designee.
11. Property Management submits the lease agreement for close-out.
12. Property Management collects reservation/holding fees, sets a move-in date for the applicant(s) and sets up lease.