

INCLUSIONARY HOUSING



INFORMATION GUIDE

City of Los Altos
Development Services Department

This guide provides general information related to inclusionary housing, in-lieu fees, and commercial linkage fees within the City of Los Altos. This informational guide is not intended to be used as a substitute for the Los Altos Municipal Code, which contains detailed regulations.

What is Inclusionary Housing?

An inclusionary housing unit (or “affordable,” “below market rate” or “BMR” housing unit) is a unit that is priced for rent or sale below the current market value, to be affordable to lower income households. “Affordable” is defined by the California Department of Housing and Community Development (HCD) as meaning affordable to households of varying income levels relative to the Area Median Income (AMI) of the County of Santa Clara. Affordable units aim to ensure that housing costs (such as mortgage or rent payments, utilities, and taxes) do not exceed 30% of a household’s income. Typically, affordable units are deed restricted to ensure they remain affordable for a specific duration of time.

Inclusionary Housing in Los Altos

The City of Los Altos is committed to providing housing to meet the needs of all income levels for the community. To achieve this goal, the City requires new multi-family and mixed-use residential developments to designate a portion of their residential units as onsite inclusionary units and/or pay an inclusionary housing in-lieu fee to fund the development of affordable housing. Additionally, new commercial developments are required to pay a commercial linkage fee to mitigate impacts on housing affordability.

KEY TERMS

- **Affordable Housing Unit:** A for-sale or rental dwelling unit that is affordable to households with extremely low, very low, low, or moderate income levels as published periodically by HCD.
- **Extremely Low, Very Low, Low, Moderate Income:** An annual income of a household that does not exceed amounts designated for each income category as determined by HCD.
- **HCD:** California Department of Housing and Community Development or any successor agency.
- **Inclusionary Housing In-Lieu Fee:** A development fee paid to the City of Los Altos as an alternative to providing some or all of the required onsite inclusionary units of a multiple-family residential development.
- **Commercial Linkage Fee:** An impact fee paid by new commercial developments to the City of Los Altos to mitigate the impacts of commercial developments on housing costs.

Inclusionary Housing Requirements for New Developments

All multi-family residential projects that create five or more new dwelling units shall, at minimum, provide affordable housing as follows. Nothing in this informational guide or the Los Altos Municipal Code shall preclude a project from providing additional affordable units beyond the minimum.

Multi-Family Development Type	Affordable Housing Requirement
Projects with 5 to 9 units	15% of the units (rental or ownership) shall be designated as affordable units. Alternatively, applicants may request to pay an inclusionary housing in-lieu fee instead of providing onsite units.
Projects with 10 or more units	Rental: 20% of the total number of units shall be designated as affordable units. Alternatively, applicants may request to pay an inclusionary housing in-lieu fee instead of providing onsite units.
	Ownership: 15% of the total number of units shall be designated as affordable units. Alternatively, applicants may request to pay an inclusionary housing in-lieu fee instead of providing onsite units.

Requirements for Affordable Units

- Calculations for the required affordable housing shall be rounded up to the next whole number.
- Unless otherwise approved by the City Council, all affordable unit in a project shall be constructed concurrently with market-rate units, shall be dispersed throughout the project, and shall not be significantly distinguishable by size, design, or construction materials.
- Affordable rental units to satisfy the inclusionary housing requirements of the Los Altos Municipal Code shall be deed restricted for a term of at least 99 years.
- Affordable for-sale units to satisfy the inclusionary housing requirements of the Los Altos Municipal Code shall be deed restricted for a term of at least 55 years.
- Units satisfying the City’s inclusionary housing requirements may also be used to satisfy density bonus requirements; however, if a project opts to pay inclusionary housing in-lieu fees instead of providing onsite units, it will not be eligible for density bonus.

Inclusionary Housing In-Lieu Fee and Commercial Linkage Fee

The following table shows the City’s inclusionary in-lieu and commercial linkage fee types for a variety of new developments. Development projects that are subject to the City’s inclusionary housing requirements may request to pay an in-lieu fee as an alternative to providing a portion of or all onsite affordable units.

Development Type	Fee Type
Multifamily-Rental (5 or more units)	Inclusionary in-lieu
Condominium-For Sale (5 or more units)	Inclusionary in-lieu
Townhouse-For Sale (5 or more units)	Inclusionary in-lieu
Commercial/Retail (net new square footage)	Commercial linkage
Office (net new square footage)	Commercial linkage

* Fees are subject to change. Refer to the Los Altos Master Fee Schedule for current fee information. Project shall pay fee(s) in effect at the time of building permit issuance, unless otherwise specified.