

CITY OF CHULA VISTA

GUIDELINES TO THE BALANCED COMMUNITIES POLICY

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Introduction

Adoption

The City of Chula Vista adopted a Balanced Communities Policy (“Policy”), commonly referred to as Inclusionary Housing, in 1981 as part of its Housing Element of the General Plan. The City Council’s purpose of the Policy is to increase the diversity of housing prices/rents throughout the community and ensure that the range of prices/rents continues over time.

Intent of Guidelines

The guidelines in this document are intended to supplement and support the Inclusionary Housing Policy of Chula Vista. They will assist the layperson in interpreting the Policy and developers early in the development process so that Residential Development projects are designed from the beginning in compliance with the requirements of the Policy.

Guidelines & Policy

These Guidelines should be read in conjunction with the Policy. While every effort has been made to ensure that these Guidelines are consistent with the Policy, if there is any conflict or discrepancy between these guidelines and the Policy, the Policy shall prevail. In addition, the provisions of a Balanced Communities Affordable Housing Agreement (or like Agreement) recorded against a property or inclusionary units shall prevail over any general requirements of the Policy. Users of these Guidelines are encouraged to seek their own legal counsel to aid in understanding the requirements of the City’s Inclusionary Program. For any general questions regarding the Guidelines, you may call (619) 691-5047.

Review & Updates

The City will review and, to the extent necessary, update these Guidelines in conjunction with the City’s review of its General Plan Housing Element and its Balanced Communities Policy, or as deemed necessary.

The Development Services Director may make interim revisions, interpretations or clarifications to these Guidelines provided that he or she considers the revision, interpretation, or clarification to be minor and consistent with the purposes of the original Policy and the Guidelines.

Inclusionary Requirements

Applicability

The Policy applies City wide to all residential development of 50 units or more, except as provided below. The requirements of these Guidelines and Policy shall not be cumulative to state or other local affordable housing requirements where those units are subject to an affordability restriction recorded against the property by the state or local agency. To the extent that state or local regulations are inconsistent with the requirements herein for the amount of the fee, length of the restriction or the level of affordability, the more restrictive shall apply.

Exemptions

In order to reach the Policy goal of creating a balanced community and not overburdening areas of our community with low income housing concentrations, these Guidelines define areas of the City that currently provide a large share of low income housing options. A waiver of the inclusionary requirement ~~will~~may be granted within the designated census tracts defined as the "Area of Low/Moderate Income Concentration", as illustrated in Exhibit 1 and defined as meeting the following criteria:

- Median income falls below the City wide Median Income, as estimated by the San Diego Association of Governments; and/or
- Within the Low to Moderate Income Boundary, as provided by the U.S. Department of Housing and Urban Development.

Exhibit 1 may be updated and approved periodically by the Development Services Director to reflect current market conditions.

Variance

A Variance request from the affordable housing requirements may be approved in "Primarily Undeveloped Area" as identified in Exhibit 1, if specific findings can be substantiated by City Council and shall include financial and other information that the Development Services Director determines is necessary to perform an independent evaluation of the applicant's basis for the variance. Such findings shall include at least one of the following:

- (1) That ~~Special~~ circumstances exist that are ~~unique~~ to that development, ~~that justify~~ ~~justify~~ granting the variance (for example, the development provides other unique public benefits to the community); or
- (2) That ~~The~~ application of the standard affordable housing requirements to the development without the variance would cause the development to not be



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infeasible or impose a specific and substantial hardship on the project resulting in a material adverse impact on the quality or timing of the development.

The City Manager's recommendation to the City Council as to whether or not to recommend a variance shall consider such factors as project size, site constraints, special infrastructure requirements, market competition, price and product type disparity, developer capability, financial subsidies, and whether alternative means of compliance are available which would be more effective in attaining the purposes of this Policy than the relief requested.~~without the modification;~~

~~A specific and substantial financial hardship would occur if the variance were not granted; and~~

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~~No alternative means of compliance are available which would be more effective in attaining the purposes of this Policy than the relief requested.~~

Calculating the Obligation

The Policy indicates that all shall provide 10% of the total number of dwelling units as affordable to low and moderate income households, as follows:

- 5% minimum for low income households
- 5% for moderate income households

In making this calculation, any decimal fraction is *neither* rounded up or down. The Developer may either provide for one additional Affordable Unit or pay a partial in-lieu fee equal to the remaining fraction.

EXAMPLE: Calculating Obligation

1. The developer proposes a 125-unit residential project.
2. Inclusionary Housing Obligation
 $125 \text{ units} \times 0.10 = 12.5 \text{ Inclusionary Units}$
6.25 units as a moderate income and 6.25 units as a low income

Incentive Credit

The City has a greater need for housing for very low and low income households. To encourage Developer's to provide for these households, the City can in effect reduce the required affordable housing obligation when the Developer opts to provide very low or low income rather than for moderate income households.

Calculating Incentive Credit

The Incentive credit shall be calculated as follows:

1. 2.0 unit credit for every very low income unit in lieu of a moderate income unit.
2. 1.5 unit credit for every low income unit in lieu of a moderate income unit.
3. .5 unit credit for every very low income unit in lieu of a low income unit.

EXAMPLE: Calculating Incentives

The developer proposes a 300-unit residential project.
Inclusionary Housing Obligation = 30 Inclusionary Units
(15 moderate income & 15 low income units)

Inclusionary Housing Proposed with Incentive Credit

Proposes to build 20 low income units (*5 more than required*)

(*5 additional low income units x 1.5 credits = 7.5 incentive credits*)

Remaining moderate balance = 7.5 (*15 required – 7.5 credits*)

OR

Proposes to build all low income units in lieu of moderate

15 moderate income units required/1.5 low income units = 10

low income units, *therefore developer could fulfill obligation by building 25 low income units*

Meeting the Requirement

Affordable Housing often provides opportunities to a segment of the population or provide a public benefit that the market might not otherwise provide on its own. The Policy seeks to provide these opportunities while still allowing Developers to provide market driven housing options. This balance requires flexibility and standards to be set in order to meet the goals of the Policy and to ensure a variety of housing options are provided. The standards and methods of compliance to meet these goals are defined below.

Standards

A variety of factors are considered in planning Affordable Housing and meeting the Inclusionary Requirements defined under the Policy, such as the location of the housing, the type of housing, design and amenities. These factors are further defined below and set standards to meet the goals while ensuring that the obligation does not negatively affect the community.

Location

Inclusionary units shall be encouraged on sites that are in proximity to or will provide access to employment opportunities, urban services, or major roads or other transportation and that are compatible with adjacent land uses.

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Design

The design of the Inclusionary Units shall be reasonably consistent or visually compatible with the design of the total project development in terms of appearance, external building materials and finished quality.

Upon application as provided herein, the City may, to the maximum extent appropriate in light of project design elements as determined by the Development Services Director, allow builders to finish out the interior of Inclusionary Units with less expensive finishes and appliances, without reducing the amenities offered.

Bedroom Mix

Inclusionary developments shall provide a mix of number of bedrooms in the affordable dwelling units in response to affordable housing demand priorities of City and/or proportionate to the bedroom size of the market-rate units as determined by the Development Services Director.

Public Benefit

~~The City may approve alternatives to the construction of new inclusionary units where the proposed alternative provides a more effective and feasible means of satisfying the requirements and greater public benefit.~~

~~This determination shall be based on findings approved by City Council that the proposed alternative:~~

- ~~• Advances the goals and objectives of the Housing Element;~~
- ~~• Achieves a balance of housing opportunities within the community;~~
- ~~• Provides a preferred product type in light of the housing needs of the surrounding area and need;~~
- ~~• Offers opportunities to special needs populations of the community;~~
- ~~• Offers locational advantages relative to the needs of lower income households; and/or~~
- ~~• Offers greater feasibility and/or cost effectiveness than new construction.~~

Determining Methods of Compliance

Generally, the City encourages the satisfaction of the Inclusionary Housing requirements through the construction of new residential units to increase its supply of affordable housing within the project ("on-site") for for-sale developments. For—rental development, a Developer, who has not received any form of City assistance, may voluntarily fulfill their obligation by any of the methods of compliance. The City



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recognizes that there may be a need to provide greater flexibility to developers seeking

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to satisfy their requirement due to unique conditions of the project and/or the varied housing needs of the community. The City may request information from a Developer in determining the feasibility of one or more of the compliance alternatives, including but not limited to the factors below.

Compliance Alternatives

A Developer may satisfy the Policy requirement by any combination of the following alternatives after consideration of the methods of compliance. These alternatives shall be reviewed in priority order for compliance with the obligation using the determining factors above.

On-Site

On-site inclusion of the Inclusionary Requirement is the preferred alternative to meet the inclusionary requirements. Factors to consider in meeting the on-site obligation include the location of the project, type and tenure of the entire project, and financing of the project.

Off-Site

Developers may choose to satisfy their requirements through a project at a different site, known as the "off-site" option but not in the "Area of Low/Moderate Income Concentration". This option may be accomplished solely or in conjunction with another developer, also referred to as a "combined project".

Such options may include, but are not limited to:

- Constructing new affordable units at a different site;
- Acquiring and rehabilitating existing market rate units to affordable units;
- Transfer of affordable housing credits from the City or another developer; and
- Provision of special needs housing projects or programs to meet the special needs of certain population groups within the community such as, but not limited to, persons with disabilities, homeless, veterans, elderly, students, and national level student/amateur athletes. Such alternative housing types may include (shelters, transitional housing, second dwelling units, micro-units, single room occupancy hotels, dormitories, or other specialty housing types approved by the City Manager consistent with the objectives of this Policy etc.).

The City acknowledges that there may be rare instances where an over-riding public benefit of a particular project may require consideration of meeting an off-site obligation within the "Area of Low/Moderate Income Concentration". In such cases, the City Council may provide a finding that an off-site obligation may be met within this



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otherwise excluded area, if it provides a unique public benefit that might not otherwise occur.

As part of the Inclusionary Housing Plan, the Developer shall:

Guidelines to the Balanced Communities Policy

- Identify the proposed off-site location and the number of proposed units to be credited to its Inclusionary requirement, demonstrating that the off-site option meets the goals of the Inclusionary policy (i.e. provides a balance of housing options and/or provides a unique benefit);
- Provide evidence of site control of the off-site location; and
- Demonstrate that the proposed off-site location will be able to satisfy the requirements of the Policy.

In-Lieu Housing Fee

Developers may choose to satisfy any portion of their requirements through payment of an in-lieu housing fee, including a prorated in-lieu fee for partial units. This fee is approved by the City Council based upon the affordability gap of what low/moderate income households can afford to pay for a home and the median sales price of a home in Chula Vista. The fee is regularly updated as conditions change.

Developers must pay the In-Lieu Housing Fee at the time of issuance of a building permit for any part of the project.

Public Benefit

The City may approve alternatives to the construction of new inclusionary units where the proposed alternative provides a more effective and feasible means of satisfying the requirements and greater public benefit.

This determination shall be based on findings approved by City Council that the proposed alternative meets one or more of the following:

- Advances the specific goals and objectives of the Housing Element;
- Achieves a balance of housing opportunities within the community;
- Provides a preferred product type in light of the housing needs of the surrounding area and need;
- Offers opportunities to meet the special needs of population groups ~~populations of the community~~ such as, but not limited to, persons with disabilities, homeless, veterans, elderly, students, and national level student/amateur athletes;
- Offers locational advantages relative to the needs of lower income households; and/or
- Offers greater feasibility and/or cost effectiveness than new construction.

Calculation of Credit for Alternative Housing Types

When satisfying inclusionary housing requirements, generally, the City encourages the

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provision of residential "units." The City recognizes that there may be a need to provide greater flexibility to developers seeking to satisfy their requirement due to unique conditions or varied housing needs of the community. Alternative housing types may be developed and measured in terms of the number of "rooms" or "beds" rather than "units." Accordingly, a conversion analysis from "rooms" or "beds" to "units" will be required to determine the credits a developer will receive when an alternative housing type is proposed.

Given the uniqueness and wide range of alternative housing types, the City Manager or their designee, at their discretion, may consider and balance, on a case-by-case basis, the following factors to determine the appropriate credit:

- The number of new affordable housing "units" that could otherwise be built on-site;
- The amount of the in lieu fee that could otherwise be paid;
- Any additional projected project development costs or savings accruing to a developer to build the alternative housing type, including any attendant property costs/savings;
- The extent and nature of the public benefit of the proposed project and any attendant amenities; and
- The timing of when the alternative housing project will be built relative to when more conventional housing or in-lie payments would otherwise be required.

The City Manager or their designee may request additional information from a Developer in determining the credit towards the inclusionary housing requirements through one or more of the compliance alternatives.

In-Lieu Housing Fee

~~Developers may choose to satisfy any portion of their requirements through payment of an in lieu housing fee, including a prorated in lieu fee for partial units. This fee is approved by the City Council based upon the affordability gap of what low/moderate income households can afford to pay for a home and the median sales price of a home in Chula Vista. The fee is regularly updated as conditions change.~~

~~Developers must pay the In-Lieu Housing Fee at the time of issuance of a building permit for any part of the project.~~

Process

The Balanced Communities Policy is implemented primarily through two documents: the Inclusionary Housing Plan and the Balanced Communities Affordable Housing Agreement. The Inclusionary Housing Plan provides the basis for determining how the provisions of the Policy will be satisfied. The Inclusionary Housing Agreement and any

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deed restriction or regulatory agreement set forth the ongoing affordability and other restrictions applicable to the Inclusionary Units once they have been completed.

Preliminary Application

A Developer subject to the Inclusionary Housing provisions of this Chapter and proposing a housing development pursuant to the Policy may submit a preliminary application prior to the submittal of any formal request for approval. Applicants are encouraged to schedule a pre-application conference with designated staff of the Planning, Building and/or Housing Divisions of the Development Services Department to discuss and identify potential application issues, including prospective incentives or concessions that may be requested.

A preliminary application shall include the following information:

- A brief description of the proposed housing development, including the total number of units, bedroom count, and Inclusionary Units proposed;

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- The zoning and general plan designations and assessor parcel number(s) of the project site;
- A vicinity map and preliminary site plan, drawn to scale, including building footprints, driveway, parking layout, open space, recreational amenities, building elevations, existing contours and proposed grading; and
- A letter identifying what specific incentives or concessions are being requested for the affordable units.

Within 90 days of receipt of the preliminary application, the City shall provide to the Applicant a letter which identifies project issues of concern and the procedures for compliance with this Policy.

Inclusionary Housing Plan

An Inclusionary Housing Plan is submitted along with the Applicant's first application for a Discretionary Approval for a Residential Development. No Discretionary Approval – shall be granted without submission of the Inclusionary Housing Plan.

Content

The Inclusionary Housing Plan shall contain the following information:

- A brief description of the Residential Development including the number of Market Rate Units and Inclusionary Units proposed, and the basis for the calculation of the number of Inclusionary Units.
- The unit-mix, location, structure type, and size of the Market Rate and Inclusionary Units, and whether the Residential Development is an ownership or rental project.
- A floor plan depicting the location of the Inclusionary Units shall be provided.
- The income level of the Inclusionary Units; In the event the Developer proposes a phased project, a phasing plan that provides for the timely development of the Inclusionary Units as the Residential Development is built out. The phasing plan shall provide for development of the Inclusionary Units concurrently with the Market Rate Units.
- If the Developer intends to satisfy the Inclusionary Unit requirement by payment of an in-lieu fee, a statement to that effect, and a calculation of the total in-lieu fee payment required.
- If a conveyance of land or an off-site Inclusionary Units alternative is proposed, information necessary to establish compliance with these Guidelines.

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Enforcement

Approval of the Inclusionary Housing Plan and implementation of a Balanced Communities Affordable Housing Agreement shall be a condition of approval of any Discretionary Approval or building permit for the Residential Development.

Balanced Communities Affordable Housing Agreement

Except for those cases where the requirements are satisfied by payment of an in-lieu fee or the conveyance of land to the City, all Developers whose projects are subject to the Policy shall enter into a Balanced Communities Affordable Housing Agreement with the City. The City's standard form(s) of the Agreement may be obtained from the Housing Division of the Development Services Department.

Content

The form of the Balanced Communities Affordable Housing Agreement may vary, depending on the manner in which the provisions are satisfied for a particular Residential Development.

All Inclusionary Housing Agreements shall include, at a minimum, the following information:

- The number of total units within the residential development and the Inclusionary Units proposed, with specific calculations detailing the application of any credit adjustment;
- The proposed location of the Inclusionary Units; and
- Schedule for production of dwelling units.

If no map is being processed, the Agreement required is a project specific agreement to include the following:

- Indicate whether the Residential Development is an ownership or rental project;
- The number and size of Very Low, Low or Moderate Income Units, location of units, square-footage of units;
- Amenities and services provided, such as daycare, after school programs, transportation, job training/employment services and recreation;
- The incentives (if any), including the nature and amount of local public funding;
- Provisions for resale or rental restrictions, monitoring affordability of the units; and
- The determination of Income-Eligible households.

Where applicable, requirements for other documents to be approved by City, such as marketing, leasing and management plans; financial assistance/loan documents; resale agreements; and monitoring and compliance plans.

Guidelines to the Balanced Communities Policy

Enforcement

No building permit shall be issued for all or any portion of the Residential Development unless the Balanced Communities Affordable Housing Agreement has been recorded.

For those residential projects processing a map, the Balanced Communities Affordable Housing Agreement is executed prior to final map approval and shall be recorded upon final map recordation. Where a map is not being processed, the Agreement is executed prior to the issuance of building permits for any units within the project.

Recordation

The Agreement is recorded as a covenant against the real property of the Residential Development and will run with the land.

This Agreement should generally be recorded in the first position and not subordinated to other liens and encumbrances.

In the case where satisfaction of the inclusionary housing requirements are being met through the development of off-site Inclusionary Units, the Agreement will be simultaneously recorded on both the title to the property where the off-site Inclusionary Units are to be developed and the Residential Development. Upon the completion of the Inclusionary Units and their occupancy by Income-Eligible households, the Agreement shall be released from record title of the market rate Residential Development site.

Determining Affordability

To remain consistent with Federal and State programs related to affordable housing, the City of Chula Vista uses the definitions and data provided by the U.S. Department of Housing and Urban Development and the State of California to define income levels and affordability of housing.

Income Levels

The U.S. Department of Housing and Urban Development (HUD) provides income charts that identify the annual and monthly maximum incomes for lower income households for the San Diego County area and updates this information each year. The City of Chula Vista uses the Area Median Income (AMI) for San Diego County, since HUD does not provide median income data for specific cities. These income charts are shown in Exhibit 2, and are available at the office of the Chula Vista Development Services Department - Housing Division and on its website at www.chulavistaca.gov/cvhdhousing.

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The City uses this income data as a basis for calculating the maximum rents and sales prices permitted under the City’s Affordable Housing Programs. The City’s affordability requirements refer to the following income categories, which are based on various percentages of the AMI:

Income Category	Percentage of Area Median Income
Very Low	50% or less
Low	50% - 80%
Moderate	80% - 120%

Income Adjusted for Household Size

The Area Median Income as published by HUD corresponds to the area median income for a household of four. The AMI is then adjusted for household size. HUD sets the median incomes for other household sizes by applying a multiplier to the median income of a household of four.

The City uses these income limits for setting the eligibility of renters and buyers under its affordable housing programs. Households are considered eligible if their income does not exceed the income for their household size at the upper end of the targeted income level.

EXAMPLE: Determining Income Level
1. Targeted Income Level = Low Income
2. Smith family's (household size of 3 persons) annual income = \$45,000.
3. Maximum annual income for a Low Income household of 3 persons at 80% AMI = \$57,850
4. Smith family is qualified as Low Income.

Affordability = 30% of Income

The term “affordable” may have a wide range of meanings to the general public, but in the City’s usage it has as specific meaning. The City, as well as most state and federal housing programs define affordable as housing costs that do not generally exceed 30% of the gross annual household income of any given income group (reference California

Guidelines to the Balanced Communities Policy

Health and Safety Code Section 50053 (b) for rental housing and 50052.5 (b) for ownership housing).

EXAMPLE: Affordable Housing Costs

Annual income of five person household is \$66,100. Maximum income for a five person low-income household at 80% AMI = \$69,400

Maximum monthly affordable housing cost =

$$\begin{aligned} & \text{Annual income} \div 12 \times .30 \\ & = \$66,100 \div 12 \times .30 = \$5,508 \times .30 \\ & = \underline{\$1,652 \text{ maximum monthly housing cost}} \end{aligned}$$

OR

Annual income of five person household is \$95,000. Maximum annual income of five person moderate-income household at 120% AMI = \$98,400

Maximum monthly affordable housing cost =

$$\begin{aligned} & \text{Annual income} \div 12 \times .30 \\ & = \$95,000 \div 12 \times .30 = \$7,916 \times .30 \\ & = \underline{\$2,374 \text{ maximum monthly housing cost}} \end{aligned}$$

EXAMPLE: Affordable Housing Costs

Annual income of five person household is \$66,100. Maximum income for a five person low-income household at 80% AMI = \$69,400

Maximum monthly affordable housing cost =

$$\begin{aligned} & \text{Annual income} \div 12 \times .30 \\ & = \$66,100 \div 12 \times .30 = \$5,508 \times .30 \\ & = \underline{\$1,652 \text{ maximum monthly housing cost}} \end{aligned}$$

OR

Annual income of five person household is \$95,000. Maximum annual income of five person moderate-income household at 120% AMI = \$98,400

Maximum monthly affordable housing cost =

$$\begin{aligned} & \text{Annual income} \div 12 \times .30 \\ & = \$95,000 \div 12 \times .30 = \$7,916 \times .30 \\ & = \underline{\$2,374 \text{ maximum monthly housing cost}} \end{aligned}$$

Guidelines to the Balanced Communities Policy

The monthly housing cost limits and purchase price estimations given here are based on the following assumptions:

- Appropriate household size is defined as the number of bedrooms in a unit plus one, i.e. a one-bedroom unit is based on a 2-person household, a two-bedroom unit is based on a 3-person household, and so on.

Calculating Affordable Rents

For a rental unit, total housing costs include the monthly rent payment as well as consideration for a utility allowance (reference 25 California Code of Regulations Section 6918). Information on utility allowances can be obtained from the City and is based upon the schedule adopted by the Housing Authority of the County of San Diego and approved by HUD, reference Exhibit 3. The utility schedule varies by number of bedrooms in a unit and by the various utility combinations.

Affordable rental rates are based upon a targeted income level. It is impractical to set individual maximums rents on the actual income of each household to reside within the affordable unit.

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Estimated rental rates are provided only as rough guides, as there are several variable factors that go into calculating rental rates. The state and federal government housing programs may make various adjustments for bedroom size and target income percentages. The examples provided in these Guidelines summarizes the most commonly used by the City for affordable rental projects, reference Exhibit 4.

EXAMPLE: Affordable Rental Housing Costs

1. 3 Bedroom apartment affordable to a low income household
Affordable rent calculated at 60% AMI
Maximum monthly affordable rent = \$1,138– utility allowance

OR

1. 3 Bedroom apartment affordable to a moderate income household
Affordable rent calculated at 110% AMI
Maximum monthly affordable rent = \$2,087– utility allowance

Calculating Affordable Homeownership Costs

For for-sale units, total housing costs include the mortgage payment (principal and interest), homeowners association dues, taxes, utilities, mortgage insurance and any other related assessments (reference 25 California Code of Regulations Section 6920). Estimated purchase prices are provided only as rough guides, as there are several variable factors that go into calculating sales prices, reference Exhibit 5.

Ongoing Compliance

Developers shall be responsible to have on file and provide at City request documentation showing compliance with state and local laws pertaining to affordable housing practices. These shall include but are not limited to the following items below.

Affirmative Marketing

Developer shall perform those affirmative marketing responsibilities set forth in 24 C.F.R. 92.351. The affirmative marketing strategy must be designed to attract buyers and renters of all majority and minority groups, regardless of sex, handicap and familial status to assisted rental units and sales dwelling which are being marketed. The Developer shall have available at City request an Affirmative Marketing Plan that includes the following components:

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- Targeting: Identifying the segments of the eligible population which are least likely to apply for housing without special outreach efforts;
- Outreach: An outline of an outreach program which includes special measures designed to attract those groups identified as least likely to apply and other efforts designed to attract persons from the total population;
- Indicators: Statement of the indicators to be used to measure the success of the marketing program; and
- Staff Training: Demonstration of the capacity to provide training and information on fair housing laws and objectives to sales or rental staff. Developer must make a good faith effort to conduct outreach. This requires recorded activities and documented outreach to those individuals identified as least likely to apply, such as print and electronic advertising and Marketing housing to specific community, religious or other organizations frequented by those least likely to apply.

Waiting List

The developer shall have written procedures for selection of residents and any priority system in place. At the City's request the procedures and copy of the active waiting list shall be furnished to the City.

Reporting

The Developer shall retain records and reports onsite and shall make such available to the City on request. This list of records and reports relating to the Project are in addition to any documents required by other funding sources. The records and reports include, but are not limited to the following:

- Eligible Tenant information, including yearly income verifications;
- Housing payments charged to resident tenants, to the extent applicable;
- On-site inspection results;
- Affirmative marketing records;
- Insurance policies and notices;
- Equal Employment Opportunity and Fair Housing records;
- Labor costs and records;
- An audited income and expense statement and balance sheets for Developer;
- An audited income and expense statement and balance sheets for the Project;
- A Management Plan for the calendar year in which the report is prepared showing anticipated rental income, other income, expenses, anticipated repairs and replacements to the Project, timing of such repairs and replacements, insurance maintained on behalf of the Project, and such other matters as City shall require, in its sole discretion;

- Federal and State income tax returns for the calendar year, ending on the preceding December 31st;
- Annual analysis of reserves for repair and replacement;
- Annual certification and representation regarding status of all loans, encumbrances and taxes;
- Annual statement regarding condition of the Property and disclosing any known defects;
- An OMB A-133 financial audit;
- A report or reports, certifying compliance with the terms and provisions of the Section 3 requirements, as set forth in this Agreement and certifying compliance with the provisions of federal law as it relates to Section 3, whether or not specifically set forth herein; and,
- Such other and further information and records as City and/or HUD shall request in writing from Borrower.



Appendix



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Exhibit 1 – Area of Low/Moderate Income Concentration

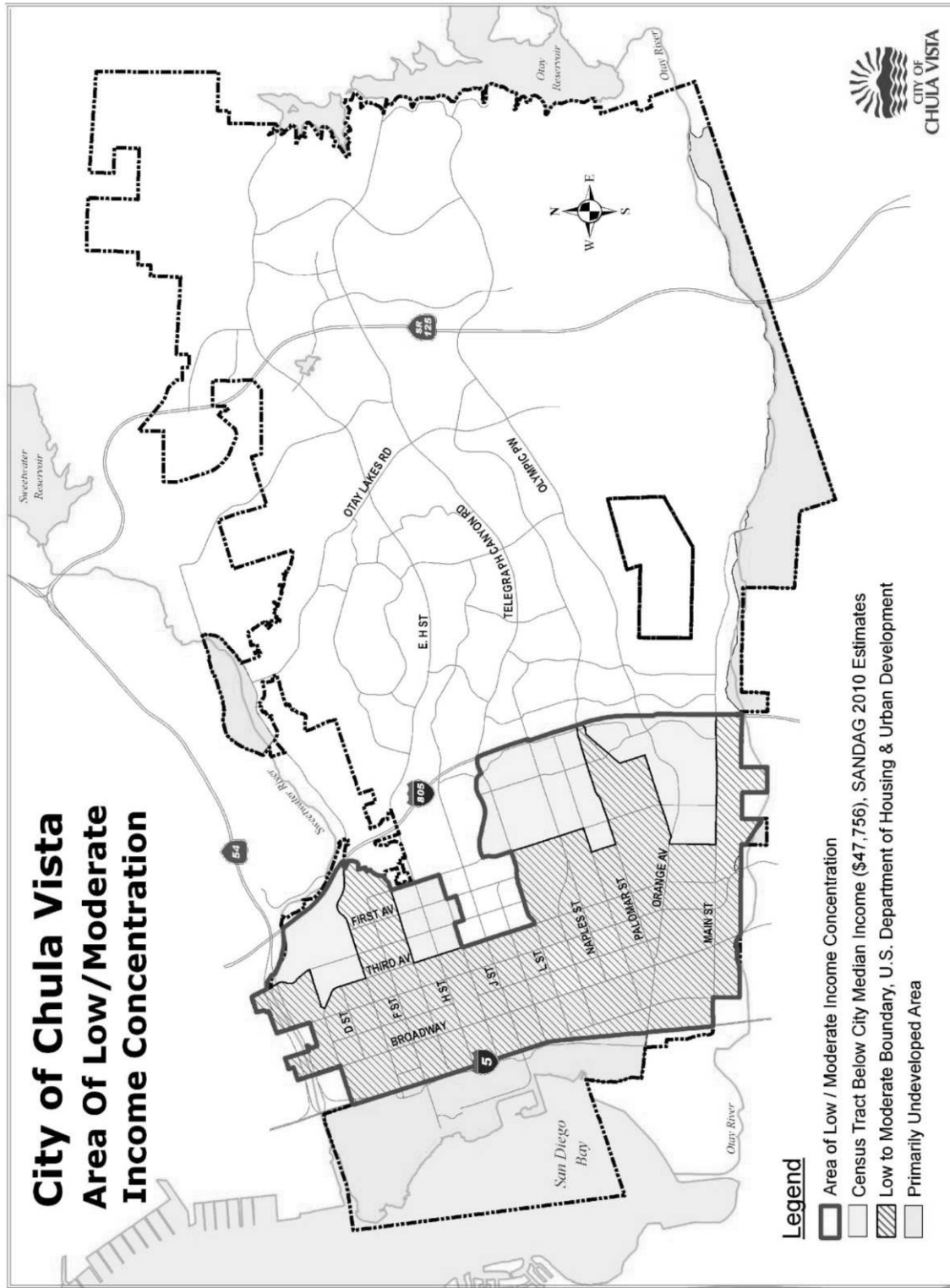




Exhibit 2 – City of Chula Vista Income Guidelines

San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area (MSA)
Household Income Limits

2012

HUD Method

Note: The following household income limits are adjusted for a high cost area as per the Federal Housing Act of 1937 and calculated using HCD methodology to comply with Health and Safety Code Sections 50052.5 and 50093.

San Diego-Carlsbad-San Marcos, CA MSA
U.S. Department of Housing and Urban Development
December 1, 2011 Effective Date

\$ 75,900

Hshold Size	Extremely Low Income 30%			35%			40%			Very Low Income 50%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$16,900	\$1,408	\$422	\$19,700	\$1,642	\$492	\$22,500	\$1,875	\$563	\$28,150	\$2,346	\$704
TWO	\$19,300	\$1,608	\$482	\$22,500	\$1,875	\$562	\$25,700	\$2,142	\$643	\$32,150	\$2,679	\$804
THREE	\$21,700	\$1,808	\$542	\$25,300	\$2,108	\$632	\$28,900	\$2,408	\$723	\$36,150	\$3,013	\$904
FOUR	\$24,100	\$2,008	\$602	\$28,100	\$2,342	\$702	\$32,100	\$2,675	\$803	\$40,150	\$3,346	\$1,004
FIVE	\$26,050	\$2,171	\$651	\$30,350	\$2,529	\$758	\$34,700	\$2,892	\$868	\$43,400	\$3,617	\$1,085
SIX	\$28,000	\$2,333	\$700	\$32,600	\$2,717	\$815	\$37,250	\$3,104	\$931	\$46,600	\$3,883	\$1,165
SEVEN	\$29,900	\$2,492	\$747	\$34,850	\$2,904	\$871	\$39,850	\$3,321	\$996	\$49,800	\$4,150	\$1,245
EIGHT	\$31,850	\$2,654	\$796	\$37,100	\$3,092	\$927	\$42,400	\$3,533	\$1,060	\$53,000	\$4,417	\$1,325

Hshold Size	60%			65%			70%			Low Income 80%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$33,750	\$2,813	\$843	\$36,550	\$3,046	\$913	\$39,350	\$3,279	\$983	\$45,000	\$3,750	\$1,125
TWO	\$38,600	\$3,217	\$965	\$41,800	\$3,483	\$1,045	\$45,000	\$3,750	\$1,125	\$51,400	\$4,283	\$1,285
THREE	\$43,400	\$3,617	\$1,085	\$47,000	\$3,917	\$1,175	\$50,600	\$4,217	\$1,265	\$57,850	\$4,821	\$1,446
FOUR	\$48,200	\$4,017	\$1,205	\$52,200	\$4,350	\$1,305	\$56,200	\$4,683	\$1,405	\$64,250	\$5,354	\$1,606
FIVE	\$52,100	\$4,342	\$1,302	\$56,400	\$4,700	\$1,410	\$60,700	\$5,058	\$1,517	\$69,400	\$5,783	\$1,735
SIX	\$55,950	\$4,663	\$1,398	\$60,600	\$5,050	\$1,515	\$65,200	\$5,433	\$1,630	\$74,550	\$6,213	\$1,863
SEVEN	\$59,800	\$4,983	\$1,495	\$64,750	\$5,396	\$1,618	\$69,700	\$5,808	\$1,742	\$79,700	\$6,642	\$1,992
EIGHT	\$63,650	\$5,304	\$1,591	\$68,950	\$5,746	\$1,723	\$74,200	\$6,183	\$1,855	\$84,850	\$7,071	\$2,121

Hshold Size	100%			110%			Moderate Income 120%			140%		
	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly	Annual Income	Monthly Income	30.00% Monthly
ONE	\$53,150	\$4,429	\$1,328	\$58,450	\$4,871	\$1,461	\$63,800	\$5,317	\$1,595	\$74,400	\$6,200	\$1,860
TWO	\$60,750	\$5,063	\$1,518	\$66,800	\$5,567	\$1,670	\$72,900	\$6,075	\$1,822	\$85,000	\$7,083	\$2,125
THREE	\$68,350	\$5,696	\$1,708	\$75,150	\$6,263	\$1,878	\$82,000	\$6,833	\$2,050	\$95,650	\$7,971	\$2,391
FOUR	\$75,900	\$6,325	\$1,897	\$83,500	\$6,958	\$2,087	\$91,100	\$7,592	\$2,277	\$106,250	\$8,854	\$2,656
FIVE	\$82,000	\$6,833	\$2,050	\$90,200	\$7,517	\$2,255	\$98,400	\$8,200	\$2,460	\$114,750	\$9,563	\$2,868
SIX	\$88,050	\$7,338	\$2,201	\$96,900	\$8,075	\$2,422	\$105,700	\$8,808	\$2,642	\$123,250	\$10,271	\$3,081
SEVEN	\$94,150	\$7,846	\$2,353	\$103,550	\$8,629	\$2,588	\$113,000	\$9,417	\$2,825	\$131,750	\$10,979	\$3,293
EIGHT	\$100,200	\$8,350	\$2,505	\$110,250	\$9,188	\$2,756	\$120,300	\$10,025	\$3,007	\$140,250	\$11,688	\$3,506

Note: Income levels 80% and below are adjusted by a HUD high cost area allowance.

This general income information is calculated from the U.S. Department of Housing and Urban Development (HUD) income figures. Specific program requirements may vary.



Exhibit 3 – San Diego County Housing Authority Utility Allowance Schedule

**Allowances for
Tenant-Furnished Utilities
and Other Services**

**U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing**

**OMB Approval No. 2577-0169
(exp. 9/30/2012)
HUD-52667 (12/97)
ref. Handbook 7420.8**

Department of Housing and Community Development 3989 Ruffin Rd., San Diego CA 92123-1890 Serving as the Housing Authority of the County of San Diego		Unit Type		Date (mm/dd/yyyy)				
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Payment Standards (10/01/2011) for new contracts, recerts effective 11/2012		886	1014	1241	1764	2179	2506	2833
Payment Standard for (10/01/10) Use for Recert/Interim until 11/2012 recerts		904	1035	1266	1800	2223	2557	2890
Payment Standards (03/01/2010) for new contracts, effective 3/20/10- 9/30/2010		851	974	1192	1695	2094	2407	2721
Fair Market Rent (10/1/2011)		984	1126	1378	1960	2421	2784	3147
Utility Or Service (7/1/2011)		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Heating	a. Gas/Other	3	4	5	6	8	9	10
	b. Oil /Electric	5	7	8	10	13	15	17
Cooking	a. Gas/Other	2	2	3	3	4	5	6
	b. Oil/Electric	3	4	5	6	8	9	10
Basic Electricity		15	21	27	32	41	47	54
Air Conditioning		1	1	1	1	2	2	2
Water Heating	a. Gas/Other	6	8	10	12	16	18	20
	b. Oil / Electric	10	14	17	21	27	31	35
Water		36	50	65	79	101	115	131
Sewer		18	25	32	40	50	57	65
Trash Collection		21	21	21	21	21	21	21
Range/Microwave		3	3	3	3	3	3	3
Refrigerator		6	6	6	6	6	6	6
Flat Rate Water (any flat rate parks, apartments)		19	19	19	19	19	19	19
Flat Rate Sewer (any flat rate parks, apartments)		19	19	19	19	19	19	19
Flat Rate Trash (any flat rate parks, apartments)		16	16	16	16	16	16	16

Mobilehome Owner: PS = \$716 (11/1/11); FMR = \$795 (11/1/11)

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.		Utility or Service	Per month cost
Name of Family		Heating	
Address of Unit		Cooking	
		Other Electric	
		Water Heating	
		Water	
		Sewer	
		Trash Collection	
		Range/Microwave	
		Refrigerator	
Number of Bedrooms		Air Conditioning	
		Other	
		Total	\$

Instructions: Circle actual bedroom size. Circle the appropriate payment standard (the lower of: size of unit, or number of bedrooms on Housing Choice Voucher). Circle appropriate allowances for all tenant paid/provided utilities, services and appliances (use allowances for actual unit size, rather than the utility allowances for the HCV bedroom size). Complete and total utility costs in the right hand bottom section. Mobilehomes/flat rate apartments have different utility allowances for water, sewer and trash.

Fair Market Rents effective: 11/01/2011	Payment Standards Effective: 11/01/2011	Utilities Effective: 07/01/2012
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Note: The FMRs for unit sizes larger than 4BRS are calculated by adding 15% to the 4BR FMR for each extra bedroom. For example: the FMR for a 5BR unit is 1.15 times the size of the 4BR FMR, and the FMR for a 6BR unit is 1.30 times the 4BR FMR. Imputed Interest Rate: 2% effective 08/2004.

Guidelines to the Balanced Communities Policy

Exhibit 4 – Example Affordable Rental Rates

COUNTY (fill-in):		SAN DIEGO		2012		(fill-in: Cal Yr)	
Affordable Housing Costs/Rents:		AREA MEDIAN INCOME:		\$75,900		(fill-in: median income, 4-person)	
		RENTER	OWNER	(use "State Income Limits" at below link)			
Health & Safety Codes:		§§ 50053	§§ 50052.5	http://www.hcd.ca.gov/hpd/rep/state/incNote.html			
Extremely Low		30%	30%	Formula			
Very Low		50%	50%	(These columns show how the maximum monthly rent and maximum housing cost were calculated.)			
Low		60%	70%	Above			
Moderate		110%	110%	County's			
Note: amounts do not reflect required allowances to deduct							
Unit		Max Monthly	Max. Monthly	Max	Median %	* Family	
Size		Rent Cost	House Cost	Cost	Upper Limit	Income	Adj. Months
Income Group	Bedroom(s)	(Renters)	(Owners)	%	Upper Limit	Income	Adj. Months
Extremely Low Income HH	0 (Studio)	\$398.48	same	[30% x	30% x	\$75,900 x	0.7) / 12]
	1 bedroom	\$455.40	same	[30% x	30% x	\$75,900 x	0.8) / 12]
	2 bedrooms	\$512.33	same	[30% x	30% x	\$75,900 x	0.9) / 12]
	3 bedrooms	\$569.25	same	[30% x	30% x	\$75,900 x	1.0) / 12]
Very Low Income HH	0 (Studio)	\$664.13	same	[30% x	50% x	\$75,900 x	0.7) / 12]
	1 bedroom	\$759.00	same	[30% x	50% x	\$75,900 x	0.8) / 12]
	2 bedrooms	\$853.88	same	[30% x	50% x	\$75,900 x	0.9) / 12]
	3 bedrooms	\$948.75	same	[30% x	50% x	\$75,900 x	1.0) / 12]
Low Income HH	0 (Studio)	\$796.95	60% does not apply to owners (70% below does)	[30% x	60% x	\$75,900 x	0.7) / 12]
	1 bedroom	\$910.80		[30% x	60% x	\$75,900 x	0.8) / 12]
	2 bedrooms	\$1,024.65		[30% x	60% x	\$75,900 x	0.9) / 12]
	3 bedrooms	\$1,138.50		[30% x	60% x	\$75,900 x	1.0) / 12]
	4 bedrooms	\$1,229.58	[30% x	60% x	\$75,900 x	1.08) / 12]	
	0 (Studio)		\$929.78	[30% x	70% x	\$75,900 x	0.7) / 12]
	1 bedroom	70% does not apply to renters (60% above does)	\$1,062.60	[30% x	70% x	\$75,900 x	0.8) / 12]
	2 bedrooms		\$1,195.43	[30% x	70% x	\$75,900 x	0.9) / 12]
3 bedrooms		\$1,328.25	[30% x	70% x	\$75,900 x	1.0) / 12]	
4 bedrooms		\$1,434.51	[30% x	70% x	\$75,900 x	1.08) / 12]	
Moderate Income HH	0 (Studio)	\$1,461.08	30% does not apply to owners (35% below does)	[30% x	110% x	\$75,900 x	0.7) / 12]
	1 bedroom	\$1,669.80		[30% x	110% x	\$75,900 x	0.8) / 12]
	2 bedrooms	\$1,878.53		[30% x	110% x	\$75,900 x	0.9) / 12]
	3 bedrooms	\$2,087.25		[30% x	110% x	\$75,900 x	1.0) / 12]
	4 bedrooms	\$2,254.23	[30% x	110% x	\$75,900 x	1.08) / 12]	
	0 (Studio)		\$1,704.59	[35% x	110% x	\$75,900 x	0.7) / 12]
	1 bedroom	35% does not apply to renters (30% above does)	\$1,948.10	[35% x	110% x	\$75,900 x	0.8) / 12]
	2 bedrooms		\$2,191.61	[35% x	110% x	\$75,900 x	0.9) / 12]
3 bedrooms		\$2,435.13	[35% x	110% x	\$75,900 x	1.0) / 12]	
4 bedrooms		\$2,629.94	[35% x	110% x	\$75,900 x	1.08) / 12]	

* Family Size (1-8) Adjustment: Adjustments are made so larger families have higher income limits. The 4-person income limit serves as the base in calculating income limits for household sizes other than 4 persons. For family sizes ranging from 1 to 8 persons, the multipliers are as follows:

Number of Persons (below):							
1	2	3	4	5	6	7	8
0.7	0.8	0.9	1.0 (base)	1.08	1.16	1.24	1.32

Decimal Multipliers (above):

For households larger than eight persons (all income categories), determine income limit as follows:							
Per person (PP) adjustment above 8: (1) multiply the four-person income limit by eight percent (8%), (2) multiply result by number of persons in excess of eight, (3) add the amount to the income limit for eight persons, and (4) round the result to the nearest \$100.							
EXAMPLE	4 persons	x 8% PP Adj	added to 8 persons	=	9 persons	8 persons+8%PPAdj(x2)	=10 persons
Extremely Low	19,500	1560	25,750		27,300	25,750 3120	28,900
Very Low Income	35,650	2852	47,100		50,000	47,100 5704	52,800
Lower Income	55,750	4460	73,600		78,100	73,600 8920	82,500
Moderate Income	80,500	6440	106,250		112,700	106,250 12880	119,100



Exhibit 5 – Example Affordable Sales Prices

Affordable Sales Pricing

City of Chula Vista

2012

Note: The following household income limits are adjusted for a high cost area as per the Federal Housing Act of 1937 and calculated using HCD methodology to comply with Health and Safety Code Sections 50052.5 and 50053.

San Diego-Carlsbad-San Marcos, CA (MSA) Median Income \$ 75,900
 U.S. Department of Housing and Urban Development
 EFFECTIVE: December 1, 2011

Unit Size by No. of Bedrooms (1 Person Per Bedroom +1)	Very Low Income	Low Income	Low Income	Low Income	Low Income	Moderate Income	Moderate Income	Moderate Income	Moderate Income
	2 Bdrm	1 Bdrm	2 Bdrms	3 Bdrms	4 Bdrms	1 Bdrm	2 Bdrms	3 Bdrms	4 Bdrms
Qualifying Percent of Area Median Income (AMI) for Affordable Housing	50%	70%	70%	70%	70%	110%	110%	110%	110%
Equals Annual Household Income Based Upon Qualifying Percent of AMI (see Footnote #1a2)	\$34,155	\$42,504	\$47,817	\$ 53,130	\$ 57,380	\$66,792	\$75,141	\$ 83,490	\$ 90,169
Equals Monthly Household Income Based Upon Qualifying Percent of AMI	2,846	3,542	3,985	4,428	4,782	5,566	6,262	6,958	7,514
Times Percent of Household Income Attributable to Housing Expenses	30%	30%	30%	30%	30%	35%	35%	35%	35%
Equals Annual Dollars Allowed for Housing Expenses	10,247	12,751	14,345	15,838	17,214	23,377	26,299	29,222	31,558
Equals Monthly Dollars Allowed for Housing Expenses	854	1,063	1,195	1,328	1,435	1,948	2,192	2,435	2,630
Less Real Estate Taxes (Annual 1% of Purchase Price)	1,083	1,182	1,379	1,503	1,577	2,355	2,703	3,009	3,246
Less Insurance	200	200	200	250	300	200	200	250	300
Less Utilities	1,330	1,330	1,330	1,585	1,930	1,585	1,585	1,585	1,585
Less Home Owners Fee	1,800	1,800	1,800	2,100	2,400	1,800	1,800	2,100	2,400
Equals Annual Dollars Available for Debt Service	5,839	8,888	10,141	11,047	11,598	17,317	19,874	22,124	23,864
Divided by Annual Loan Constant (see Footnote #3)	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556
Equals Maximum Loan Amount that Can Be Used for Home Purchase	105,018	114,822	133,783	145,746	163,003	228,460	262,196	291,888	314,833
Plus Down Payment - 3%	3,248	3,546	4,138	4,508	4,732	7,066	8,109	9,027	9,737
Equals Maximum Allowable Purchase Price (see Footnote #4)	\$108,266	\$118,167	\$137,921	\$150,253	\$157,735	\$235,525	\$270,305	\$300,894	\$324,570
Buyer's Monthly Mortgage Payment - Debt Service/12 months	\$487	\$724	\$845	\$921	\$966	\$1,443	\$1,656	\$1,844	\$1,989

Footnotes:

1. The household income limits are adjusted for a high cost area as per the Federal Housing Act of 1937 and calculated using HCD methodology to comply with Health and Safety Code Section 500052.5 and Title 25 Code of Regulations Sections 6020 and 6032.
2. Rounded to the nearest \$50.
3. Annual Loan Constant is based on a 3.75%, 30 year fixed rate mortgage.
4. Purchase Price to be adjusted according to total home owner's fees as established by the Real Estate Commissioner, final interest rate of the loan, other market conditions, and applicable program requirements.