Town of
MORAGA
California

INCLUSIONARY ZONING

Frequently Asked Questions

On December 14, 2022, the Town of Moraga adopted an Affordable Housing Ordinance. The Ordinance applies a concept known as "inclusionary zoning" in order to help the Town create affordable housing in the future. This flyer provides information about the program and new requirements.

What is Inclusionary Zoning?

Inclusionary Zoning ("IZ" for short) requires developers of new residential projects to reserve a certain percentage of housing units for lower- and moderate-income households. The units are sold or rented at "below market" prices to households meeting certain income criteria.

What percentage of units need to be "affordable"?

In new rental projects, 10 percent of the units must be affordable to lower-income households. In new owner-occupied (for-sale) projects, 10 percent of the units must be affordable to moderate-income households. Developers can apply smaller percentages if they make the units more deeply affordable (for example 5 percent of the units affordable to very low-income households)

How do you define "low" and "moderate" income?

These definitions are set by the State of California and are adjusted annually. They vary by the number of persons in the household. In 2022:

- a low-income household of two earned less than $87,700 a year
- a low-income household of four earned less than $109,600 a year
- a moderate-income household of two earned less than $137,100 a year
- a moderate-income household of four earned less than $171,350 a year

Thresholds have also been set for households of other sizes.

Why did Moraga adopt this requirement?

Every city and town in California is required to plan for its share of the region's housing needs. Moraga has not produced any affordable housing in the last eight years, despite growing needs. State and regional agencies have assigned the Town a target of 1,118 new housing units by 2031, including 673 units affordable to lower and moderate households. While the Town itself does not construct housing, it is responsible for adopting zoning and planning rules that support such development. Communities that fail to meet these requirements are subject to fines, penalties, lawsuits, and the loss of State funds.

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Will this apply to every future project?

No. Only new projects with six or more units are subject to the requirements.

What if 10 percent of the total number of units doesn't equal a whole number?

These projects may "round up" or pay a "fractional fee." For example, a project with 24 units would be required to provide 2.4 units (10%). Since it is not possible to provide "0.4" of a dwelling unit, the developer would provide two affordable units and a fee based on the "0.4" remainder. The developer also has the option of rounding up and building three affordable units.

What will the affordable units look like?

The affordable units must be designed to blend in with the rest of the development and be similar in design and amenities. They may be slightly smaller (20% smaller for rentals, 30% smaller for owner-occupied units)

How does this work in new single-family subdivisions?

Developers of single family neighborhoods have the option of setting aside 10% of the units as moderate income, or including accessory dwelling units (ADUs) in 25% of the homes. The ADUs are not required to be rented, and there are no income requirements for future occupants.

Are there other ways a developer can comply with these rules?

Yes. The Town has provided options for developers who cannot meet the requirement in their project. These include partnering with a non-profit organization to build an affordable housing development on another site (outside the development but within Moraga). A developer can also purchase an existing apartment building and renovate it, with the units reserved for lower-income households.

Do other communities have this requirement?

Yes, many. Of the 19 cities and towns in Contra Costa County, 14 have inclusionary zoning requirements. Moraga's percentage (10%) is less than many communities. Some nearby cities and towns have requirements of 15 or 20 percent.

Doesn't this reduce developer profits? How is the developer compensated?

Limiting the rent or sales price of a housing unit means less profit for the developer. To offset this impact, the State requires the Town to allow the developer to build more homes than are allowed by zoning, and to waive certain regulations such as height limits and setbacks. This is known as a "density bonus" and could result in buildings that are taller than what is allowed by zoning.

Where will these bigger, taller buildings be located?

Almost all new multi-family housing will be located in the Town's two commercial districts-- the Moraga Shopping Center area and the Rheem Center area. Some of this housing may be in mixed use developments, with apartments or condos over shops and restaurants. Three- and four-story construction is anticipated.

Who gets to live in these units and who makes sure they are affordable?

The Town anticipates contracting with a third party to manage the tenant selection/ buyer selection process and make sure the occupants meet the income criteria. Typically, a waiting list is compiled and occupants are selected using a lottery system. The third party also manages resale of owner-occupied units and rental of units when a tenant moves out.

IN A NUTSHELL:

Developers in Moraga will be required to set aside 10% of the units in new housing developments as "affordable." Find out "how" and "why" in this flyer.

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