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ORDINANCE NO. 1892 N.C.(2d)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALLEJO ADDING CHAPTER 16.216 TO THE VALLEJO MUNICIPAL CODE RELATING TO AFFORDABLE HOUSING REQUIREMENTS

* *

WHEREAS, the City of Vallejo's 2023-2031 Housing Element includes Program B 2.1.1, which directs the City to seek housing developer input, conduct the necessary economic analysis, and consider an Inclusionary Housing Ordinance addressing project thresholds, affordability levels, compliance options, incentives, construction timing, and administration; and

WHEREAS, to implement Housing Element Program B 2.1.1, the City retained Economic & Planning Systems, Inc. (EPS) to conduct developer outreach and prepare an economic feasibility analysis of potential inclusionary housing requirements and in-lieu fees; and

WHEREAS, on July 7, 2025, the City Council and Planning Commission held a joint study session to receive and discuss EPS's preliminary market and feasibility findings and potential approaches to an inclusionary housing program; and

WHEREAS, on November 24, 2025, the City Council and Planning Commission reconvened for a continuation of the joint study session, after which staff received direction to proceed with developing a modest Inclusionary Housing Ordinance that reflected Vallejo's current market conditions and provided flexibility in how covered projects could comply; and

WHEREAS, the City published a draft Inclusionary Housing Ordinance for a 20-day public review and comment period beginning May 7, 2026 and ending May 27, 2026, and received ten substantive written submissions expressing a range of views regarding the proposed requirements; and

WHEREAS, EPS completed a Feasibility Analysis of Inclusionary Housing Requirements that evaluated representative residential development prototypes, alternative affordability requirements, and economically equivalent in-lieu fees under then-current market conditions; and

WHEREAS, the proposed Ordinance would add Chapter 16.216 to the Vallejo Municipal Code (VMC), apply to residential projects containing 20 or more units, establish affordable housing requirements, and provide alternative means of compliance including payment of an in-lieu fee and off-site construction; and

WHEREAS, Government Code Section 65850(g) authorizes cities to require, as a condition of residential rental development, that a percentage of units be affordable to specified income groups and requires the ordinance to provide alternative means of compliance; and

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WHEREAS, in accordance with VMC Chapter 16.611, any proposed amendments to the Zoning Code must first be reviewed and recommended by the Planning Commission at a duly noticed public hearing prior to being considered by the City Council; and

WHEREAS, on September 9, 2026, after giving all public notices required by State law and the VMC, the Planning Commission conducted a duly noticed public hearing regarding the proposed Inclusionary Housing Ordinance, at which all interested persons were given an opportunity to be heard, and voted 7-0 to adopt Resolution No. PC26-17 recommending that the City Council add Chapter 16.216, Affordable Housing Requirements, to the VMC and consider and adopt revisions to the proposed ordinance, directing annual reporting to the Commission, and recommending that Council direct a feasibility analysis approximately two years after enactment; and

WHEREAS, notice of the City Council's public hearing on the proposed Inclusionary Housing Ordinance and the related CEQA determination was mailed to all persons requesting notice pursuant to Section 16.602.08 of the VMC, emailed to the members of the City Council, and published in a 1/8th page advertisement in the Times-Herald, a newspaper of general circulation, on October 6, 2026; and

WHEREAS, after giving all public notices required by State law and the VMC, the City Council conducted a duly noticed public hearing on October 27, 2026, to consider and receive public testimony on the proposed Ordinance and CEQA determination.

NOW, THEREFORE, THE CITY COUNCIL DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

The foregoing recitals are true and correct, and the same are incorporated herein by reference.

SECTION 2. Record.

The Record of Proceedings ("Record") upon which the City Council bases its decision includes but is not limited to: (1) the staff reports, City files and records, the EPS Feasibility Analysis of Inclusionary Housing Requirements, Planning Commission Resolution PC26-17 and its exhibits, written public comments, and other documents prepared for this Ordinance and the implementing in-lieu fee resolution; (2) the evidence, facts, findings, and other determinations set forth in this Ordinance; (3) the Vallejo General Plan 2040 and its Final Environmental Impact Report; (4) the Addendum to the General Plan 2040 Final Environmental Impact Report adopted for the 2023-2031 Housing Element; (5) the VMC and its related environmental documents; (6) all documentary and oral evidence received at public meetings and hearings, or otherwise submitted to the City, relating to this Ordinance; and (7) all other matters of common knowledge to the City Council including, but not limited to, City, State, and federal laws, policies, rules, regulations, reports, records, and projections related to development within the City of Vallejo and its surrounding areas.

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The location and custodian of the records is the Office of the City Clerk, 555 Santa Clara Street, Vallejo, California 94590.

SECTION 3. California Environmental Quality Act.

Based on the Record described above, and all matters deemed material and relevant before adoption of this Ordinance, the City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15061(b)(3), the common-sense exemption.

This Ordinance establishes affordability requirements and alternative means of compliance for residential development otherwise authorized under the City's General Plan, specific plans, and Zoning Code. It does not change any land-use designation or zoning district, increase allowable residential density or development intensity, modify the physical development envelope, authorize construction, or approve any particular development project. The requirements affect the affordability and occupancy of units within future residential development but do not alter the amount, location, or physical form of development otherwise permitted by applicable land-use regulations. Future residential developments remain subject to CEQA, as applicable.

SECTION 4. Findings.

The City Council hereby makes the following findings as required by VMC Sections 16.611.03.A.1 and A.2 (Required Findings, Zoning Code Text Amendments):

A.1. The ordinance amendment is consistent in principle with the general plan and any applicable specific plan;

Facts in support: *The proposed ordinance is consistent in principle with the General Plan because it directly implements Housing Element Program B 2.1.1, which directs the City to evaluate and consider adoption of an inclusionary housing ordinance to increase the production of housing to lower- and moderate-income households. The proposed ordinance is also intended to contribute to the Housing Element's quantified objective of producing 150 lower- and moderate-income units, including at least 50 units in mixed-income developments, during the Housing Element planning period. Because future development activity and the compliance options selected by developers cannot be predicted, the ordinance's contribution toward that objective cannot be quantified at this time.*

The proposed ordinance is consistent in principle with General Plan policies that support expanding housing opportunities and increasing access to affordable housing. Policy A.1 calls for the City to provide opportunities for new housing sufficient to meet its share of regional housing demand at all income levels. Policy A.4 supports a variety of housing types, including rental and ownership opportunities for moderate- and above-moderate-income households. Policy B.1 calls for continued efforts to expand housing opportunities for all residents, including households unable to afford market-rate housing, and Policy B.2 supports the provision of financial or other assistance for the

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development of affordable housing units. Policy F.1 calls for equal access to housing opportunities and housing options for households across a range of income levels, densities, and housing types to meet the diverse needs and preferences of the community. And Policy H.4 supports promoting a healthy balance of housing within neighborhoods by encouraging a mix of affordable and market-rate housing. The proposed ordinance advances these policies by establishing affordable housing requirements for covered residential development, while providing alternative means of compliance. The ordinance does not amend any General Plan land use or density designation, or otherwise modify the location, intensity, or physical development standards applicable to residential development. Rather, it establishes affordable housing requirements and alternative means of compliance for residential development otherwise permitted under the General Plan. No conflict with any applicable specific plan has been identified.

A.2. The zoning text amendments are consistent with the purpose of the Zoning Code to promote the growth of the city in an orderly manner and to promote and protect the public health, safety, and general welfare.

Facts in support: *The proposed Inclusionary Housing Ordinance is consistent with the purpose of the Zoning Code because it establishes uniform and predictable requirements governing the affordable housing contribution of covered residential development. The 10-unit threshold, modest affordability percentages, alternative compliance options, pipeline exemption, and waiver or adjustment process are intended to balance the City's affordable housing objectives with current development feasibility. The ordinance promotes orderly growth by integrating affordable housing into planned residential development without changing the amount or location of development allowed by the General Plan, specific plans, or Zoning Code. It promotes and protects the public health and general welfare by expanding access to stable housing, supporting mixed-income development, and establishing clear standards for affordability, construction timing, equal access to amenities, and long-term monitoring. The ordinance preserves all applicable building, fire, health, and safety requirements governing future residential development.*

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SECTION 5. Chapter 16.216 Added to VMC Title 16, Zoning.

There is hereby added a new Chapter 16.216 to VMC Title 16, Zoning, which is adopted to read as follows:

Chapter 16.216
AFFORDABLE HOUSING REQUIREMENTS

Section 16.216.01 Purpose.

A. *Purpose.* The purpose of this chapter is to promote the public welfare and ensure that new residential development contributes to the achievement of the city's housing goals by increasing the production of units affordable to households of moderate-, low-, and very low-income; and generating funds for the development of moderate-, low-, and very-low income housing.

B. *Findings.* The City Council finds that the citizens of the city are experiencing a housing shortage for moderate-, low-, and very-low income households. A goal of the city is to achieve a balanced community with housing available for households over a range of income levels. Increasingly, persons with moderate-, low-, and very-low incomes who work and/or live within the city are unable to locate housing at prices they can afford and are increasingly excluded from living in the city. Federal and state housing subsidy programs are not sufficient by themselves to satisfy the housing needs of moderate-, low-, and very-low income households. The city finds that the high cost of newly constructed housing does not, to any appreciable extent, provide housing affordable by moderate-, low-, and very-low income households while at the same time generates increased demand for lower wage service jobs to maintain public and/or common infrastructure, and that continued new development which does not include lower cost housing will serve to further aggravate the current housing shortage by reducing the supply of developable land. The city further finds that the housing shortage for persons of moderate-, low-, and very-low incomes is detrimental to the public health, safety and welfare, and further, that it is a public policy of the state of California as mandated by the requirements for a housing element of the General Plan, to make available an adequate supply of housing for persons of all economic segments of the community.

Section 16.216.02 Definitions.

For purposes of this chapter, the following terms shall have the meanings set forth below. Where a defined term is also defined by state statute, the state statutory definition shall control in the event of any conflict, and this chapter shall be interpreted consistently with the most current income limits published by the California Department of Housing and Community Development ("HCD").

A. **"Affordable Housing Agreement"** means the agreement described in Section 16.216.09.

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B. **"Affordable Unit"** means a dwelling unit within a residential project, or an off-site unit approved pursuant to Section 16.216.06(A)(1), that is reserved for occupancy by, and priced or rented to be affordable to, a Very Low Income, Low Income, or Moderate Income household, as applicable, pursuant to this chapter.

C. **"Area Median Income" or "AMI"** means the median family income for Solano County, adjusted for household size, as published annually by HCD pursuant to Health and Safety Code Section 50093(c).

D. **"Moderate Income" or "Moderate Income Household"** means a household whose gross income does not exceed the moderate-income limits established for Solano County, adjusted for household size, as defined in Health and Safety Code Section 50093 and as published annually by HCD.

E. **"Low Income" or "Low Income Household"** means a household whose gross income exceeds the qualifying limit for Very Low Income but does not exceed the qualifying limit for lower income households, adjusted for household size, as defined in Health and Safety Code Section 50079.5 and as published annually by HCD.

F. **"Very Low Income" or "Very Low Income Household"** means a household whose gross income does not exceed the qualifying limits for very low income households, adjusted for household size, as defined in Health and Safety Code Section 50105 and as published annually by HCD.

G. **"HCD Income Limits"** means the state income limits published annually by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093(c), as may be revised from time to time. The most recently published HCD income limits for Solano County in effect at the time of application for an affordable unit shall govern eligibility and pricing determinations under this chapter.

Section 16.216.03 Affordable Units or Fee Required.

A. *Requirement.* All residential projects of ten (10) or more residential units shall be designed and constructed to include the number of affordable units required by Section 16.216.04, subject to the alternative means of compliance authorized by Sections 16.216.05 and 16.216.06. No application for a general plan amendment, specific plan amendment, rezoning, tentative map, use permit, variance, design review, development review, or building permit for a residential project shall be approved without compliance with this chapter.

B. *Exemptions.* This chapter shall not apply to:

1. The reconstruction of any dwelling units that were destroyed by fire, flood, earthquake or other act of nature.

2. Accessory Dwelling Units and Junior Accessory Dwelling Units.

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3. Residential care facilities where otherwise regulated by this title.

4. A land use/development application that has been accepted as complete prior to the effective date of this chapter.

Section 16.216.04 Number of Affordable Units.

A. The number of affordable units required in a residential project are as follows:

1. *Rental Projects of 10 or More Units.* A rental project consisting of ten (10) or more dwelling units shall include two (2) percent of the total number of dwelling units for rent to households earning not more than Very Low Income; and two (2) percent of the total number of dwelling units for rent to households earning not more than Low Income. Monthly rents shall not exceed one-twelfth (1/12) of thirty percent (30%) of the applicable maximum annual household income, less a monthly utility allowance, as determined by the City.

2. *Ownership Projects of 10-100 Units.* An ownership project consisting of ten (10) to one hundred (100) dwelling units shall include affordable units for sale to households earning not more than Low Income in an amount equal to four (4) percent of the total number of dwelling units, and affordable units for sale to households earning not more than Moderate Income in an amount equal to three (3) percent of the total number of dwelling units.

3. *Ownership Projects of Over 100 Units.* An ownership project consisting of more than one hundred (100) dwelling units shall include affordable units for sale to households earning not more than Low Income in an amount equal to six (6) percent of the total number of dwelling units, and affordable units for sale to households earning not more than Moderate Income in an amount equal to four (4) percent of the total number of dwelling units.

B. *Fractional Units.* The required number of affordable units shall be calculated separately for each income category specified in this section. When application of the percentages set forth above results in a fractional affordable unit, a fraction of one-half (0.50) or greater shall be rounded up to the next whole affordable unit. For a fraction of less than one-half (0.50), the developer may either (1) round up to the next whole affordable unit and provide the additional affordable unit, or (2) pay an in-lieu fee for the fractional unit. The fractional-unit fee shall be calculated by multiplying the fractional unit by the applicable in-lieu fee established by resolution pursuant to Section 16.216.05(B).

C. *Replacement Units.* If a residential project subject to the affordable housing requirements of Section 16.216.03(A) would result in the elimination of existing deed-restricted affordable dwelling units, such units must be replaced on a one-for-one basis with equally affordable or more affordable deed-restricted units.

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Section 16.216.05 In-Lieu Fees.

A. A developer proposing to construct a residential project may pay a fee in lieu of providing some or all of the affordable units required by Section 16.216.04. The option to pay in-lieu fees shall be made in writing at the time the developer submits the application for the residential project.

B. In-lieu fees shall be paid prior to issuance of building permits and shall be deposited into a separate City fund designated for the development of affordable housing. Fees may also be used for administration of City affordable housing programs. The City Council shall establish the amount of such fees by resolution.

Section 16.216.06 Alternatives.

A. The developer may request an alternative means of compliance with this chapter as part of a development application in accordance with the following provisions:

1. *Off-Site Construction.* Affordable units may be constructed on a site or sites not contiguous to the residential project, provided that such site or sites are located within the same census tract as the residential project, at the discretion of the body with review authority over the residential project upon a finding that off-site construction equally or better serves city interests because of factors involving the residential project including, but not limited to, overall project size, density, character and location, accessibility to public transportation, and proximity to retail and service establishments. The approval of off-site construction of affordable units shall be subject to Section 16.216.07(D), and such terms and conditions as may be imposed by the body with review authority.

2. *On-Site Rental Units.* When on-site inclusionary for-sale units are required by this chapter, a developer may instead construct on-site inclusionary rental units. If a developer chooses to construct on-site inclusionary rental units in lieu of on-site inclusionary for-sale units, the requirements for such on-site rental inclusionary units shall be the same as if the residential development were a rental residential development project.

Section 16.216.07 Affordable Unit Standards.

A. *Mix, Size, and Number of Bedrooms.*

1. Affordable units in an ownership project shall be proportional in unit mix including but not limited to the number of bedrooms and unit size as the market rate units. The affordable ownership units need not exceed 1,400 square feet and three bedrooms when included in a development of market rate units for ownership that exceed 1,400 square feet and three bedrooms.

2. Affordable units in rental projects shall be proportional in unit mix including but not limited to the number of bedrooms and unit size as the market rate units. The affordable rental units need not exceed 1,000 square feet and three bedrooms when included in a

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development of market rate rental units that exceed 1,000 square feet and three bedrooms.

B. *Location and Design.* Affordable units shall be dispersed throughout a residential project to the extent feasible and be comparable in construction quality and exterior design to the market rate units. However, interior materials and appliances may differ in quality.

C. *Equal Access.* The affordable units shall have equal access to all on-site amenities available to market rate units.

D. *Timing of Construction.* All affordable units must be constructed and occupied prior to or concurrently with the construction and occupancy of market rate units unless an alternative construction timing schedule has been approved by the body with review authority. Off-site affordable units shall be constructed and occupied in accordance with the timing schedule approved pursuant to Section 16.216.06(A)(1).

E. *Duration of Affordability Requirement.* Affordable units shall be legally restricted to occupancy by households of the income levels for which the units were designated, for a minimum period of 55 years from the date of first occupancy for rental units, and 55 years from the date of first sale for owner-occupied units, unless the requirements of a California law require a shorter period of duration.

Section 16.216.08 Eligibility for Occupancy of Affordable Units.

A. *General Eligibility.* No household may occupy an affordable unit unless the city or its designee has approved the household's eligibility or has failed to make a determination of eligibility in accordance with the applicable affordable ownership and resale restrictions. If the city or its designee maintains a list or identifies eligible households, initial and subsequent occupants shall be selected first from the list of identified households, in compliance with any rules approved by the city.

B. *Occupancy as Principal Residence.* A household who occupies a rental affordable unit or who purchases an affordable unit in an ownership project shall at all times occupy the unit as the household’s principal residence.

Section 16.216.09 Affordable Housing Agreement Requirement.

A. *Affordable Housing Agreement.* Each developer of a residential project providing affordable units pursuant to this chapter, as a condition of approval, shall execute an Affordable Housing Agreement in the form provided by the city. Each Affordable Housing Agreement shall include the following:

1. A description of the residential project, including whether the affordable units will be rented or owner-occupied;

2. The number, size and location of the affordable units;

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3. Provisions and/or documents for resale restrictions, deeds of trust, right of first refusal or rental restrictions;

4. Provisions for monitoring the ongoing affordability of the affordable units, and the process for qualifying prospective resident households for income eligibility;

5. Any additional obligations relevant to the compliance with this chapter; and

6. Provision for the city to recoup costs for implementation and monitoring of the Agreement.

B. *Recording of Agreement.* Each Affordable Housing Agreement shall be recorded against owner-occupied affordable units and the residential projects containing rental affordable units. Additional rental or resale restrictions, deeds of trust, rights of first refusal and/or other documents acceptable to the city shall also be recorded against owner-occupied affordable units. In cases where the requirements of this chapter are satisfied through the development of off-site affordable units, the Affordable Housing Agreement shall simultaneously be recorded against the property where the off-site units are to be developed.

C. *Time of Recordation.* For residential projects for which a parcel or tentative map has been approved, the Affordable Housing Agreement shall be recorded concurrently with the recording of the final map for the residential project. For residential projects not subject to parcel or tentative maps, the Affordable Housing Agreement shall be recorded prior to the issuance of a building permit.

D. *Purchasers of Affordable Units.* Each purchaser of an affordable unit in an ownership project, whether that purchaser bought the affordable unit from the developer or from a previous owner of the affordable unit, shall be required to execute an agreement in the form provided by the city which contains resale restrictions including, but not limited to, restrictions on who may purchase the affordable unit and restrictions on the maximum sales price permitted on resale. The resale restrictions may also allow the city a right of first refusal to purchase the affordable unit. This agreement shall be recorded against the affordable unit as part of the closing documents for the sales transaction.

Section 16.216.10 Affordable Housing Plan Application.

A. *Applications.* Applications for residential projects subject to this chapter shall include an Affordable Housing Plan. The Affordable Housing Plan shall identify the method or combination of methods proposed to satisfy the affordable housing requirements of Section 16.216.04, including the provision of on-site affordable units, payment of in-lieu fees pursuant to Section 16.216.05, off-site construction pursuant to Section 16.216.06(A)(1), or another alternative means of compliance authorized by this chapter. The Affordable Housing Plan shall include the following information, as applicable, in addition to information otherwise required under this title.

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B. *Required Affordable Housing Plan Information.*

1. The location, structure, proposed occupancy (rental or ownership) and size of the proposed market rate and affordable units, if affordable units are proposed to be provided;

2. The calculations used to determine the number of required affordable units, including the calculations for each applicable income category;

3. A floor plan or site plan depicting the location of the affordable units, if affordable units are proposed to be provided on-site;

4. The income level targets for each affordable unit, if affordable units are proposed to be provided;

5. For phased developments, a phasing plan identifying the timing and method of compliance with the affordable housing requirements;

6. A marketing plan stating how qualified households will be reviewed and selected to either purchase or rent the affordable units, if affordable units are proposed to be provided;

7. If the developer proposes to satisfy any portion of the affordable housing requirements through payment of an in-lieu fee, documentation identifying the number of affordable units for which the fee will be paid and the applicable fee calculation pursuant to Section 16.216.05; and

8. Any other information requested by the Planning and Development Services Director that is reasonably necessary to assist in the evaluation of the Affordable Housing Plan for compliance with the standards of this chapter.

Section 16.216.11 Waiver or Adjustment.

Notwithstanding any other provision in this chapter, the requirements of this chapter shall be waived or adjusted if the developer demonstrates that there is no reasonable relationship between the impact of a proposed residential project and the requirements of this chapter, or that applying the requirements of this chapter would take property in violation of the United States or California Constitutions. To receive a waiver or an adjustment, the developer must include all relevant information in support of the waiver or adjustment at the time the developer submits its application for the residential project. The developer shall also present all arguments in support of the waiver or adjustment before the city body with review authority over the residential project.

SECTION 6. Effective Date.

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This Ordinance shall take effect and be in full force and effect from and after ninety (90) days after its final passage.

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I HEREBY CERTIFY that the foregoing ordinance was first read at a regular meeting of the City Council of the City of Vallejo held on October 27, 2026, and finally passed and adopted at a regular meeting of the City Council held the 10th day of November 2026, by the following vote:

AYES:	Mayor Sorce, Vice Mayor Matulac, Councilmembers Bregenzer, Gordon, Lediju, Matias and Palmares
NOES:	None
ABSENT:	None
ABSTAIN:	None

Signed by:
Andrea Sorce
5AA96B193FE74A8...
ANDREA SORCE, MAYOR

ATTEST:

DocuSigned by:
Dawn G. Abrahamson
1489DDA6695D425...
DAWN G. ABRAHAMSON, CITY CLERK