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**This is the final report adopted by  
 the Commission on February 5, 2026**

# Th16b

**Date:** January 22, 2026

**To:** COMMISSIONERS AND INTERESTED PERSONS

**From:** KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT  
 KANANI LESLIE, COASTAL PROGRAM MANAGER, SAN DIEGO DISTRICT  
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**Subject:** STAFF RECOMMENDATION ON CITY OF OCEANSIDE MAJOR  
 AMENDMENT NO. LCP-6-OCN-25-0030-2 (Inclusionary Housing) for  
 Commission Meeting of February 5, 2026

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## SYNOPSIS

The subject LCP implementation plan (IP) amendment was filed as complete on October 2, 2025. A one-year time extension was granted on December 10, 2025. As such, the last date for Commission action on this item is the December 2026 meeting. This report addresses a portion of a batch submittal. The other portion of the submittal, LCP-6-OCN-25-0029-2 (Downtown Density for 6th Housing Cycle) and is scheduled to be heard in conjunction with the subject amendment.

### SUMMARY OF AMENDMENT REQUEST

The City of Oceanside proposes to update Section 14C of the City's Municipal Code, which provides for inclusionary housing provisions. While the City's Municipal Code is not a part of its certified Local Coastal Program (LCP), Section 14C was included by reference into the City's LCP through a previous Commission action (ref. LCP Amendment No. LCP-6-OCN-15-0043-5/Part B Inclusionary Housing). The subject amendment does not propose any changes to development standards.

The updates from Ordinance No. 24-OR0004-1, approved by the City on February 10, 2024 include 1) an increase to the threshold subject to inclusionary housing requirements from three units to ten or more units; 2) an increase to the requirement to reserve housing for low and moderate-income households from 10% to 15%; 3) a requirement that reserved units within a multi-family residential provide a proportionate unit mix based on bedroom count as to the market rate units, be dispersed throughout the project, and have access to the same amenities as market rate units; and 4) a clarification for the use of ADUs to satisfy inclusionary housing requirements.

The updates from LCPA22-00003, approved by the City on January 11, 2023, include revisions to existing sections such as defining the methods by which inclusionary housing may be satisfied, which kinds of developments do and do not apply to the inclusionary housing provisions, alternative options for providing inclusionary housing units, and in-lieu fees for inability to provide inclusionary units. These updates also add new sections regarding standards and incentives to reserve inclusionary units, application and review procedures, and agreements and restrictions.

## **SUMMARY OF STAFF RECOMMENDATION**

Staff recommends that, following a public hearing, the Commission reject the proposed City of Oceanside IP amendment as submitted, and then certify the amendment subject to seven suggested modifications described below.

The overall goal of the amendment is to increase the construction of affordable units for new development and promote both affordable rentals and sales of affordable units. As such, the City's proposed revisions to Section 14C, Inclusionary Housing, of the Municipal Code do not raise any Land Use Plan (LUP) consistency concerns given that the certified LUP does not contain any policies that explicitly mention inclusionary housing. However, the City incorporated the 2023 changes (LCPA22-00003) into the IP without certification from the Commission, therefore Ordinance No. 24-OR0004-1 includes revisions to the uncertified version. As a result, the City revised the subject amendment on January 8, 2026 to incorporate the 2023 changes (Ordinance No. 24-OR0004-1) so that all of the inclusionary housing updates can be certified concurrently. Because LCPA22-00003 was written in 2022 and contains outdated income ranges, **Suggested Modification Nos. 3 and 6** are necessary to update the overarching definition of low-income to include acutely low-income, which is determined annually by the U.S. Department of Housing and Urban Development (HUD) and defined in California Health and Safety Code Section 50106.

Although the certified LUP does not include any inclusionary housing policies, it does contain policies that support maximum public access to the shoreline and inclusionary housing supports access for all incomes in the coastal zone. Additionally, Coastal Act Section 30604(g) directs the Commission to encourage the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone. As proposed, Ordinance No. 24-OR0004-1 would revise the number of units that are subject to inclusionary housing requirements from three or more units to ten or more units, and projects that currently require inclusionary housing would no longer be required to do so, thus decreasing affordable housing throughout the coastal zone. To address these concerns, staff is recommending **Suggested Modification Nos. 1, 3, and 4** to revise the applicability of this provision to seven or more units. This revision is consistent with other cities' inclusionary housing provisions within San Diego County, such as the Cities of Carlsbad, Del Mar, Encinitas, and San Diego, and will ensure more opportunities for inclusionary housing to occur. For example, the threshold for the applicability of inclusionary housing provisions is seven or more units in Carlsbad; two or more units in Del Mar; seven or more units in Encinitas; and five or more units in the coastal zone of San Diego. Furthermore, **Suggested Modification No. 5** would revise the specification that ADUs may be constructed on-site for any residential development in order to satisfy inclusionary housing requirements, instead of restricting the provision to only single-family

residential developments, thus allowing any type of residential developments (i.e., multi-family) the same ability to utilize ADUs to satisfy inclusionary housing requirements.

The remaining suggested modifications to LCPA22-00003 include revisions, updates, or clarifications to the proposed provisions. **Suggested Modification No. 2** would delete Sec. 14.C.3 Reserved, specifically the Editor's Note, as the deletion was previously certified by LCP-6-OCN-20-0091-4 but omitted from the current amendment. **Suggested Modification No. 5** includes minor revisions to Sec. 14C.6.Affordable housing standards and incentives to specify that units shall remain restricted for both rental and sale for at least fifty-five (55) years, to ensure affordable housing is available for as long as possible and includes a reference to State Density Bonus Law. **Suggested Modification No. 6** would revise 14C.9 Application and review procedures to include the specification that the affordable housing agreement must be recorded against the project prior to issuance of a CDP as some projects may occur within the coastal zone. **Suggested Modification No. 7** would correctly reference Sec. 14.C.6 in relation to rental and sales restrictions and remove a sentence in reference to a rent restriction to prevent any misinterpretation as the proposed provision is inclusive of both rental and sales restrictions.

It is only through the inclusion of these suggested modifications that adequate protection of coastal resources can be assured and thus be found consistent with and adequate to implement the City's certified LUP.

The City is also proposing a separate, but related, LCP amendment (LCP-6-OCN-25-0029-2) that proposes to establish a maximum density of 86 dwelling units per acre in the Downtown District. Together, these two LCP amendments will encourage the development of more affordable housing and a more even distribution of density throughout the Downtown District.

The appropriate motions and resolutions begin on page 6. The suggested modifications begin on page 7. The findings for denial of the Implementation Plan Amendment as submitted begin on page 12. The findings for approval of the plan, if modified, begin on page 13.

## **ADDITIONAL INFORMATION**

Further information on the City of Oceanside LCP amendment No. LCP-6-OCN-25-0030-2 may be obtained from Melissa Belen-Gonzalez, Coastal Program Analyst, at (619) 767-2370 or [SanDiegoCoast@coastal.ca.gov](mailto:SanDiegoCoast@coastal.ca.gov).

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### EXHIBITS

[Exhibit 1 – Resolution No. 24-R0128-1 \(LCPA23-00002\)](#)

[Exhibit 2 – Ordinance No. 24-OR0004-1 \(LCPA23-00002\) with strikeout/underline](#)

[Exhibit 3 – Resolution No. LCPA22-00003 with strikeout/underline in pertinent part](#)

## **I. OVERVIEW**

### **A. LCP HISTORY**

The City of Oceanside first submitted its Land Use Plan (LUP) to the Commission in July 1980, and it was certified with suggested modifications on February 19, 1981. This action, however, deferred certification on a portion of the San Luis Rey River valley where an extension of State Route 76 was proposed. On January 25, 1985, the Commission approved with suggested modifications the resubmitted LUP and Implementing Ordinances. The suggested modifications for this approval were related to the guaranteed provision of recreation and visitor-serving facilities, assurance of the safety of shorefront structures, and the provision of an environmentally sensitive routing of the proposed Route 76 east of Interstate 5. The suggested modifications to the Zoning/Implementation phase resulted in ordinances and other implementation measures that were consistent with the conditionally certified LUP policies.

With one exception, the conditionally certified LUP and Implementing Ordinances were reviewed and approved by the City on May 8, 1985. The City requested that certification be deferred on one parcel adjacent to Buena Vista Lagoon designated by the City for “Commercial” use; the Commission's suggested modification designated it as “Open Space.” On July 10, 1985, the Commission certified the City's LCP as resubmitted by the City, including deferred certification on the above parcel.

The Commission originally certified Article 14C – the City’s inclusionary housing measures as a part of their LCP in 2016 through LCP Amendment No. LCP-6-OCN-15-0043-5 (Part B – Inclusionary Housing). At that time, the Commission included two modifications that addressed LCP inconsistency concerns related to impacts to public access and visual resources that allowed incentives for reduced parking and increased height, but required such incentives to be consistent with the public access and visual resource policies of the LUP. The two modifications were accepted by the City and the LCP amendment was effectively certified at the Commission’s November 2017 hearing. In 2018, the City underwent a major update to its implementation plan, which included reconfiguration and relocation of the City’s entire IP (ref. LCP Amendment No. LCP-6-OCN-18-0069-2/Base Zone Districts). This amendment was approved by the Commission in July 2019 and was effectively certified by the Commission in November 2019. However, the modifications included in the 2016 certification of the City’s Inclusionary Housing LCP amendment were inadvertently omitted from the action in 2018 and thus, the modifications were no longer a part of the City’s certified LCP. Additionally, in 2019 the City revoked Section 14C.3 – Exemptions – but failed to submit the deletion of Section 14C.3 to the Commission for certification.

In 2021 through LCP Amendment No. LCP-6-OCN-20-0091-4 (Inclusionary Housing Revisions), the City proposed to revise three sections within Article 14C as a general update to the inclusionary housing regulations. Through the 2021 LCP amendment, the Commission addressed the aforementioned inconsistencies by reinserting two modifications from LCP-6-OCN-15-0043-5 (Part B – Inclusionary Housing) and certifying the deletion of Section 14C.3 from the LCP through suggested modifications. The suggested

modifications were accepted by the City and LCP Amendment No. LCP-6-OCN-20-0091-4 was effectively certified at the Commission's June 2021 hearing.

## **B. STANDARD OF REVIEW**

Pursuant to Section 30513 of the Coastal Act, the Commission may only reject zoning ordinances or other implementing actions, as well as their amendments, on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan. The Commission shall take action by a majority vote of the Commissioners present.

## **C. PUBLIC PARTICIPATION**

The City has held Planning Commission and City Council meetings with regard to the subject amendment request. All of those local hearings were duly noticed to the public. Notice of the subject amendment has been distributed to all known interested parties.

## **II. MOTIONS AND RESOLUTIONS**

Following a public hearing, staff recommends the Commission adopt the following resolutions and findings. The appropriate motion to introduce the resolution and a staff recommendation are provided just prior to each resolution.

### **1. MOTION:**

I move that the Commission reject the City of Oceanside Implementation Program Amendment as submitted.

### **STAFF RECOMMENDATION OF REJECTION:**

Staff recommends a **YES** vote. Passage of this motion will result in rejection of Implementation Program and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

### **RESOLUTION TO DENY CERTIFICATION OF THE IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:**

The Commission hereby denies certification of the Implementation Program Amendment submitted for City of Oceanside and adopts the findings set forth below on grounds that the Implementation Program as submitted does not conform with, and is inadequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

### **2. MOTION:**

I move that the Commission certify the City of Oceanside Implementation Program Amendment for the City of Oceanside if modified pursuant to the staff recommendation.

**STAFF RECOMMENDATION TO CERTIFY WITH SUGGESTED MODIFICATIONS:**

Staff recommends a **YES** vote. Passage of this motion will result in certification of the Implementation Program Amendment with suggested modifications and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

**RESOLUTION TO CERTIFY THE IMPLEMENTATION PROGRAM AMENDMENT WITH SUGGESTED MODIFICATIONS:**

The Commission hereby certifies the Implementation Program Amendment for the City of Oceanside if modified as suggested and adopts the findings set forth below on grounds that the Implementation Program Amendment, with the suggested modifications, conforms with and is adequate to carry out the certified Land Use Plan. Certification of the Implementation Program Amendment if modified as suggested complies with the California Environmental Quality Act, because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the Implementation Program Amendment on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment

**III. SUGGESTED MODIFICATIONS**

Staff recommends the following suggested revisions to the proposed Implementation Plan be adopted.

The City's proposed new text is shown in underlined text.

The City's proposed deleted text is shown in ~~single strike-through~~.

The language that the Commission suggests be added is shown in double underline.

The language that the Commission suggests be deleted is shown in ~~double strike-through~~.

1. Revise Sec. 14C.2. Applicability, to require the application of inclusionary housing provisions to projects with seven or more units instead of the City's proposal to require applicability with ten or more units, as follows:

(a) The provisions of this chapter shall apply to all residential projects of ~~three ten~~ seven (3 ~~10~~ 7) or more units including, without limitation, mixed-use developments with residential units, condominium conversions and time extensions of development plan approval for previously approved residential projects.

(b) This Chapter shall not apply to the following:

(1) The construction of a new residential structure of ~~three ten~~ seven (3 ~~10~~ 7) or more units which replaces a residential structure that was destroyed or demolished

within two (2) years prior to the application for a building permit for the new residential structure, provided that the number of residential units is not increased from the number of residential units of the previously destroyed or demolished residential structure or expanded or enlarged by ten (10) percent ~~five hundred (500) square feet~~ or more of habitable space; [...]

2. Revise Sec. 14.C.3 Reserved, to delete the Editor's note which was previously certified by LCPA-6-OCN-20-0091-4 as follows:

~~Editor's note(5) Ord. No. 19-0R0594-1, § 1, adopted September 11, 2019, repealed § 14C.3, which pertained to inclusionary housing exemptions and derived from Ord. No. 91-49, § 2, adopted October 23, 1991; Ord. No. 00-241-1, § 1, adopted April 12, 2000; Ord. No. 13-0R0083-1, § 1(Exh. A), adopted January 30, 2013. Subsequently, Ord. No. 21-0R0741-1, § 1(Exh. 8), adopted November 17, 2021, included the deletion of 14C.3 but never submitted to the California Coastal Commission for certification.~~

3. Revise Sec 14C.4. Definitions to update the individual definitions that fall under the overarching category of "lower-income" in consistency with updated income ranges, as follows:

Lower-income household means low-income, very low-income, and extremely low-income households inclusively, and acutely low income inclusively.

*Acutely low-income household* means a person or persons living together as a household unit whose combines incomes do not exceed fifteen (15) percent of the median income for San Diego County for equivalent household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD) and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

*Extremely low-income household* means a person or persons living together as a household unit whose combined incomes exceed fifteen (15) percent but do not exceed thirty (30) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U.S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

*Low-income household*- means a ~~A~~ person or persons living together as a household unit whose combined incomes exceed fifty (50) percent but do not exceed eighty (80) percent of the median income for San Diego County for an equivalent size household-, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50079. 5 and published annually pursuant to Title 25 of the California

Code of Regulations, Section 6932 or its successor provision) by the California Department of Housing and Community Development.[...]

~~Lower income household means low income, very low income and extremely low income households, inclusively.~~

Very low-income household means a person or persons living together as a household unit whose combined incomes exceed thirty (30) percent but do not exceed fifty (50) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U.S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

Planning permit means any typically discretionary approval of a residential project, including, but not limited to, a general or specific plan adoption or amendment, rezoning, tentative map, parcel map, conditional use permit, variances, design review, or coastal development permit.

Residential project means any new construction of ~~three ten seven~~ (3 ~~10~~ 7) or more dwelling units or condominium conversion as referenced in this chapter 14C, for which a planning permit or building permit is required.

~~Very low income household means a person or persons living together as a household unit whose combined incomes do not exceed fifty (50) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50105 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.~~

4. Revise Sec. 14.C.5 Reservation requirements to require the application of inclusionary housing provisions to projects with seven or more units instead of the City's proposal to require applicability with ten or more units, as follows:

(a) No development plan for a ~~for sale~~ residential project of ~~three ten seven~~ (3 ~~10~~ 7) or more units subject to this chapter shall be approved in any area of the city unless at least ~~ten~~ (10) fifteen (15) percent of such housing units are reserved for sale to lower- and moderate-income households or reserved as rental units for low-income households, the inclusionary housing requirement, as follows, unless an alternative is approved as described in section 14C.8: [...]

(b) Calculation of reservation requirement. The calculation of the number of housing units to be reserved by this section shall be made utilizing the total number of housing units in the development residential project prior to including any increase in the allowable number of such housing units authorized by any density bonus granted pursuant to Government Code Section 65915 et seq., including as codified in section 3032 of the Oceanside Zoning Ordinance. [...]

5. Revise Sec. 14C.6. Affordable housing standards and incentives, to specify units shall remain restricted for both rental and sale for at least fifty-five (55) years, clarify that ADUs may be allowed to satisfy inclusionary housing requirements for any residential development regardless of whether it is a single-family or multi-family project, and properly reference State Density Bonus Law as follows:

(a) Affordable housing standards. Reserved units must be constructed on the site of the residential project unless the city approves an alternative as provided under section 14C.8. Reserved units must conform to the standards of this section 14C.6, to be set forth in the affordable housing agreement and where applicable, subsequent deed restrictions or regulatory agreements.

(1) Rental restrictions. Reserved units shall remain restricted and affordable to the designated income group for at least fifty-five (55) years. In addition to the income of a designated group, limitations on assets may also be used as a factor in determining eligibility for rental or ownership units. Notwithstanding anything to the contrary in this chapter, no reserved unit shall be rented for an amount which exceeds ninety (90) percent of the actual rent charged for a comparable market unit in the same development, if any.

(2) Sales restrictions. After the initial sale of the reserved ownership units at a price affordable to the target income level group, reserved ownership units shall remain affordable to subsequent income eligible buyers pursuant to a resale restriction with a term of at least fifty-five (55) years or ownership units may be sold at a market price to other than targeted households provided that the sale shall result in the recapture by the city or its designee of a financial interest in the units equal to the amount of subsidy necessary to make the unit affordable to the designated income group and a proportionate share of any appreciation. Funds recaptured by the city shall be used in assisting other eligible households with home purchases at affordable prices. To the extent possible, projects using ownership units to satisfy inclusionary housing requirements shall be designed to be compatible with conventional mortgage financing programs including secondary market requirements. [...]

(b) Accessory dwelling units (ADUs) may be constructed on-site to satisfy an inclusionary housing requirement for a ~~single-family~~ residential development. ADUs shall be rent restricted at affordable rental rates and renters shall be income-qualified in compliance with the requirements of this chapter, to be specified in the applicable affordable housing agreement. ADUs shall not be used as reserved credits available as an alternative to satisfy an inclusionary housing requirement of another applicant.[...]

6. Revise Sec. 14C.9 Application and review procedures (a)(2) Affordable housing plan to include acutely low as an income option and (b) to include the specification that the affordable housing agreement may also be recorded against the project before a CDP is issued, as follows:

(a) [...] 2 [...] d. Level of affordability for inclusionary units (acutely low, extremely low, very low, low, or moderate); [...]

(b) Affordable housing agreement. The applicant shall enter into an affordable housing agreement with the city, in a form approved by the city attorney, to be executed by the city manager, to ensure that all the requirements of this chapter are satisfied. The affordable housing agreement shall be recorded against the residential project prior to issuance of a coastal development permit, or approval of any final or parcel map, or issuance of any building permit, whichever occurs first, and the relevant terms and conditions therefrom filed and subsequently recorded as a separate deed restriction or regulatory agreement on the affordable project individual lots or units of property which are designated for the location of reserved units. This agreement shall serve as the governing document demonstrating compliance of the residential project with this chapter.

7. Revise Sec. 14.C.10 Continued affordability to reference the correct subsection of 14C.6. Affordable Housing Standards and Incentives instead of Sec. 14C.4. and delete a rent-specific sentence to ensure clarity of the provision, as follows:

(b) Sales price/rental restriction. The initial sales price or rent to be charged for a reserved housing unit shall be so limited as to be affordable within the definition of section 14C.4. A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney and director of housing and neighborhood services, limiting the resale of such units shall be recorded against the title of the property within which the reserved units are located, or limiting the rental of the reserved units at affordable prices in accordance with the affordable housing standards as described in 14C.46(a)(1) and (2). ~~The rent restriction shall be in effect for a minimum of fifty five (55) years and shall apply to all successors in interest.~~ Additionally, the property shall be so restricted as to prohibit the conversion of the restricted units for the term of the rent restriction to a condominium, stock cooperative, community apartment, or such other form of ownership which would eliminate the restricted units as rental units.[...]

8. Revise the numbering of subsection headings 14C.8 through 14C.10 to accurately depict the subsections of Periodic Review (14C.11), Administration (14C.12), and Building permit (14C.13).

## **IV. FINDINGS FOR REJECTION OF THE CITY OF OCEANSIDE IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED, AND APPROVAL IF MODIFIED**

### **A. AMENDMENT DESCRIPTION**

The City's Ordinance No. 24-OR0004-1 to update its inclusionary housing provisions of Chapter 14C of the certified Implementation Plan include 1) an increase to the threshold subject to inclusionary housing requirements from three units to ten or more units; 2) an increase to the requirement to reserve housing for low and moderate-income households from 10% to 15%; 3) a requirement that reserved units within a multi-family residential provide a proportionate unit mix based on bedroom count as to the market rate units, be dispersed throughout the project, and have access to the same amenities as market units (common open spaces, parking, storage, etc.), and 4) a clarification for the use of ADUs as

an alternative option to satisfy inclusionary housing requirements but are restricted from being used to satisfy an inclusionary requirement of another applicant. The updates also propose to revise language in Section 14C, including the replacement of the words “affordable” or “reserved” with “inclusionary” and replace the term “reserved unit” with “inclusionary housing” in some sections. The amendment does not propose any changes to development standards.

The City’s LCPA22-00003 to update its inclusionary housing provisions of Chapter 14C of the certified Implementation Plan include 1) revisions to existing sections such as defining the methods in which inclusionary housing may be satisfied, which kinds of developments do and do not apply to the provisions of the chapter, alternative options for providing inclusionary housing units, and in-lieu fees for inability to provide inclusionary units and 2) addition of a new sections regarding standards and incentives to reserve inclusionary units, application and review procedures, and agreements and restrictions.

## **B. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN**

The standard of review for LCP implementation plan amendments is their consistency with and ability to carry out the provisions of the certified LUP. The certified LUP has a number of goals and policies relevant to the proposed amendment; the most applicable LUP standards are as follows:

### I. Coastal Access

Objective: Adequate access to and along the coast shall be provided and maintained.

### VI. Visual Resources and Special Communities

1. In areas of significant natural aesthetic value, new developments shall be subordinate to the natural environment. [...]

3. All new development shall be designed in a manner which minimizes disruption of natural land forms and significant vegetation.

4. The City shall maintain existing view corridors through public rights-of-way. [...]

8. The City shall ensure that all new development is compatible in height, scale, color and form with the surrounding neighborhood

### VII. New Development and Public Works

The City shall deny any project which diminishes public access to the shoreline, degrades coastal aesthetics, or precludes adequate urban services for coastal-dependent, recreation, or visitor serving uses.

## 1. FINDINGS FOR DENIAL

At its June 10, 2021 meeting, the Coastal Commission certified, with suggested modifications, the City of Oceanside Local Coastal Program Amendment No. LCP-6-OCN-20-0091-4 to amend Section 14C of the City's Municipal Code. The City considered this amendment Phase 1 to clean up Section 14C. On January 11, 2023, City Council approved LCPA22-00003, which the City refers to as Phase 2 and includes additional substantive revisions. The City then incorporated the 2023 changes (LCPA22-00003) into the IP without certification from the Commission, thus Ordinance No. 24-OR0004-1 includes revisions to the uncertified version. Therefore, Ordinance No. 24-OR0004-1 cannot be certified without concurrent certification of LCPA22-00003.

As currently certified, the inclusionary housing provisions are required for all residential structures of three (3) or more units including mixed-use developments, condominium conversions, and time extensions of development plan approval for previously approved residential projects. This provision does not include construction of a new residential structure of three (3) or more units which replaces a residential structure that was destroyed or demolished and provided the number of residential units is not increased or the habitable space is not expanded. As proposed, the provision would revise the three (3) or more units to ten (10) or more units, which is a substantial change. In addition, the City's proposed language requires a 55-year affordability period, but in some circumstances, a project may warrant a longer affordability period (e.g., projects that implement density bonus and deviate from typical development standards). Therefore, projects that currently require inclusionary housing requirements would no longer be required to do so, or would be required to do so for a shorter period of time, thus decreasing affordable housing throughout the City.

The standard of review for LCP implementation plan submittals or amendments is their consistency with and ability to carry out the provisions of the certified LUP. The City's LUP contains a number of policies that address protection of public views, preservation of community character, and the protection of public access as stated, in part, within Section B above. Although the City's certified LUP does not contain any policies pertaining to inclusionary housing, the certified LUP does contain policies that support maximum public access to the shoreline and inclusionary housing supports access for all incomes in the coastal zone. Furthermore, Coastal Act Section 30604(g) directs the Commission to encourage the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone. Therefore, as proposed amendment cannot be found consistent with the City's certified LUP regarding maximum access.

## 2. FINDINGS FOR APPROVAL IF MODIFIED

As previously stated, the proposed amendment would revise the provision in which inclusionary housing requirements would apply to mixed-use developments with residential units that have three (3) or more units to ten (10) or more units instead, which is a substantial change and would drastically limit the applicability of the amendment. As such, projects that currently require inclusionary housing requirements would no longer be required to do so and decrease affordable housing throughout the City. Therefore, **Suggested Modification Nos. 1, 3, and 4** would revise the applicability of this provision to seven (7) or more units rather than the City's proposal of ten (10) or more units. This

revision would allow the City of Oceanside to implement the new 15% affordability requirement at the smallest common denominator; thus a 7-unit residence would be the smallest project where one affordable unit would correspond to ~15% of the unit. This would be consistent with other cities' inclusionary housing provisions within San Diego County, such as Carlsbad with a threshold of seven or more units; Del Mar with a threshold of two or more units; Encinitas with a threshold of seven or more units; and San Diego with a threshold of five or more units in the coastal zone; and allow for more affordable housing units than as proposed. The City agrees to these suggested modifications.

The other suggested modifications are simple revisions, updates, or clarifications to the proposed provisions. For example, **Suggested Modification No. 2** would delete Sec. 14.C.3 Reserved, specifically the Editor's Note, as the deletion was previously certified by LCPA-6-OCN-20-0091-4 but omitted from the current IP amendment. **Suggested Modification No. 3** would update the definitions within the overarching category of "low-income" as determined annually by the U.S. Department of Housing and Urban Development (HUD). The updates are required because LCPA-22-00003 was written in 2022, therefore a new category of *acutely low-income household* is missing and the specific ranges for types of low-income categories are dated in the current submittal.

**Suggested Modification No. 5** includes minor revisions to Sec. 14C.6.Affordable housing standards and incentives. The revision to subsection (a)(1) and (a)(2) specify that units shall remain restricted for both rental and sale for at least fifty-five (55) years, to provide flexibility to impose additional affordability beyond the required minimum and to ensure affordable housing is available for as long as possible. The revision to subsection (b) would revise the specification that ADUs may be constructed on-site for any residential development in order to satisfy inclusionary housing requirements, instead of restricting the provision to only single-family residential developments, thus allowing any type of residential developments the same ability to utilize ADUs to satisfy inclusionary housing requirements. For example, when inclusionary housing requirements are triggered, this revision would allow both single-family and multi-family residential developments to utilize ADUs to satisfy the inclusionary housing requirements. Lastly, the revision to subsection (c)(1) includes a reference to State Density Bonus Law, since the City is in the process of updating its density bonus policies in the LCP (see staff report for LCP-6-OCN-25-0029-2).

**Suggested Modification No. 6** would revise Sec. 14C.9 Application and review procedures (a)(2) Affordable housing plan to include acutely low-income households as an income category. As previously stated, LCPA-22-00003 is dated and missing the lowest income range, therefore the revision would update the income range as established by HCD (Housing and Community Development) and HUD. **Suggested Modification No. 6** would also revise (b) to include the specification that the affordable housing agreement may also be recorded against the project before a CDP, as some projects may occur within the Coastal Zone.

As proposed, Sec. 14.C.10 Continued affordability (b) references non-existent subsections of Sec. 14C.4 Definitions, therefore **Suggested Modification No. 7** includes an edit to instead correctly reference Sec. 14.C.6 in relation to rental and sales restrictions. Furthermore, **Suggested Modification No. 7** would remove a sentence in reference to a

rent restriction to prevent any misinterpretation because the proposed provision is inclusive of both rental and sales restrictions.

The City is proposing a separate but related amendment, LCP-6-OCN-25-0029-2 (Downtown Density for 6th Housing Cycle) to establish a maximum density of 86 du/ac in the Downtown District where density is currently unlimited. The separate amendment could encourage the construction of more affordable housing by incentivizing developers to take advantage of density bonus provisions (as allowed by State Density Bonus Law, Govt. Code Section 65915) to exceed the maximum base density of 86 du/acre. State Density Bonus Law was updated as of January 1, 2024 by Assembly Bill 1287 to allow a 100% density bonus to projects that reserve at least 15% of the base units for very low-income households, 24% for lower income households, or 44% for moderate income households. Based on the City's analysis, a one-acre site with the proposed base density of 86 du/acre could potentially yield a maximum density of 172 du/acre if affordable units were reserved per the requirements of State Density Bonus Law. As a result, developers would be required to reserve more units for moderate and low-income households to obtain the density bonus. Therefore, the two separate amendments in tandem would result in more affordable housing units required throughout the Coastal Zone and allow for distribution of density throughout the downtown district.

For the reasons described above, only if modified as suggested can the proposed Implementation Plan amendment be found consistent with and adequate to carry out the City's certified LUP.

## **V. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Section 21080.9 of the California Environmental Quality Act (CEQA) exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its local coastal program. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP submission.

The City evaluated the proposed action and determined it was exempt from review under CEQA as allowed by Guideline 15061(b)(3) (Cal. Code of Regs., tit. 14), often known as the "common sense" exemption. The City found adoption of an ordinance to update inclusionary housing provisions will not have significant environmental impacts.

Nevertheless, the Commission is required in an LCP submittal or, as in this case, an LCP amendment submittal, to find that the LCP, or LCP, as amended, does conform with CEQA provisions. The Commission finds that approval of the proposed ordinance amendment, as submitted, would result in significant impacts under the meaning of the California Environmental Quality Act. However, with the inclusion of the suggested modifications, implementation of the revised ordinance would not result in significant impacts to the environment within the meaning of the California Environmental Quality Act. Therefore, the Commission finds that approval of the LCP amendment, as modified, will not result in any significant adverse environmental impacts

## VI. RESPONSE TO COMMENTS

The Commission has received one letter from Christopher Pederson in opposition to the suggested modifications that would reduce the minimum threshold for inclusionary housing requirements to residential projects with at least seven units, instead of the City's proposal to apply inclusionary housing requirements to projects with at least ten units. The letter raised the following issues: (1) the Commission lacks the legal authority to mandate that local governments include inclusionary housing requirements in their LCPs; (2) the suggested modifications are not necessary to ensure compliance with the City's LUP; and (3) the staff report is missing an analysis as to whether the suggested modifications lowering the threshold for inclusionary requirements from ten or more units to seven or more units will result in an increase of affordable housing (see [Correspondence](#)).

More specifically, Mr. Pederson notes that Section 30500.1 of the Coastal Act prohibits the Commission from requiring local governments to include housing policies in their LCPs, and an amendment to Section 30213 in the 1980s removed the Commission's authority to require new residential development to set aside a percentage of units for low- and moderate-income households. Nevertheless, the Commission is mandated to encourage the protection and provision of existing and new affordable housing opportunities in the coastal zone (see Coastal Act Section 30604(g)). Further, the Commission notes that it is not requiring the City of Oceanside to increase its affordability requirement from 10% to 15%. As the author of this LCP amendment, the City is the principal proponent of increasing the opportunity for inclusionary housing in the coastal zone. Moreover, as stated in the staff report, the City's certified LUP does not contain any specific policies pertaining to inclusionary housing. The Commission instead finds that the City's proposed increased affordability requirement supports maximum public access to the shoreline for all income levels. Additionally, after coordinating with Commission staff, the City agreed to a suggested modification to revise the ten-unit minimum threshold triggering inclusionary housing requirements to a seven-unit minimum threshold. As such, to memorialize the agreed-upon proposal, the Commission continues to recommend Suggested Modification Nos. 1, 3, and 4 revising the applicability of the inclusionary housing requirements to seven (7) or more units rather than the City's original proposal of ten (10) or more units.

Mr. Pederson also asserts that, should the Commission continue to recommend the aforementioned suggested modifications, the staff report does not analyze their need, nor does it address whether inclusionary housing requirements in the nearby jurisdictions have actually resulted in the construction of small-scale multi-family housing with onsite affordable housing. In response, it is important to first explain that the suggested modifications seeking to reduce the minimum unit threshold from ten to seven units were originally recommended to more closely align with the requirements of nearby cities. For instance, Carlsbad has a threshold of seven or more units; Del Mar has a threshold of two or more units; Encinitas has a threshold of seven or more units; and San Diego has a threshold of five or more units in the coastal zone. In raising the threshold from the existing three-unit minimum to ten units, the City would exceed the range found in nearby coastal

jurisdictions, and it could potentially affect the production of affordable housing, as further explained below.

Moreover, at its core, the City's initial proposal of a ten-unit threshold raised a mathematical and legal incongruence. The City is seeking to increase the requirement for inclusionary housing units from 10% to 15% for residential units; thus, the minimum inclusionary housing requirement would go from 0.3 units (10% of 3 units) to 1.5 units (15% of 10 units). While this change would increase inclusionary housing in comparison to existing requirements, and the City's existing and proposed language allows for partial unit compliance via in-lieu fees and other alternative methods, there would be no simple way for an applicant to directly provide a fraction of an affordable unit as part of a project. However, with staff's suggested modification, the minimum inclusionary housing requirement would be approximately one whole unit (15% of 7 units). Therefore, as modified, reducing the proposed threshold for inclusionary housing requirements would be internally consistent with the City's efforts to increase affordability to fifteen percent and result in more projects with affordable units.

As to the question of whether the suggested modifications would be effective at accomplishing the goal of increasing the supply of affordable housing in Oceanside's coastal zone, the commenter states that the staff report does not include an evaluation of whether reducing the threshold from ten to seven units would affect the feasibility of constructing seven- to nine-unit developments, and thus there are concerns that this change might not translate into a real-world increase in the supply of affordable housing.

Although the Commission does not have an economic feasibility study for the City's proposed increase in inclusionary housing, there is a growing body of research that supports the notion that inclusionary housing provisions facilitate increased onsite affordable housing. While the success of producing affordable units varies widely in the U.S., one study found that more sophisticated inclusionary zoning policies that comprehensively accounted for a variety of income levels were more likely to produce affordable units.<sup>1</sup> Another study found that within the three states with the greatest use of inclusionary housing programs (including California), local jurisdictions set aside 16% of all housing units for inclusionary housing programs, and on average, 9% of all permitted housing units onsite were made affordable.<sup>2</sup> Specific to California cities, previous research has found that mandatory inclusionary housing policies resulted in more affordable units produced (as opposed to voluntary incentive zoning), but since mandatory policies also reduce project profitability and financial feasibility, these policies are more likely to result in greater increases of affordable housing, and housing supply overall, when paired with cost offset mechanisms, such as density bonuses.<sup>3</sup> Likewise, the California Department of Housing and Community Development (HCD) has also supported that inclusionary housing should work in conjunction with State Density Bonus Law (SDBL), and when

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<sup>1</sup> [Wang, R., & Fu, X. \(2022\)](#). Examining the Effects of Policy Design on Affordable Unit Production Under Inclusionary Zoning Policies. *Journal of the American Planning Association*, 88(4), 550–564.

<sup>2</sup> [Wang, R., & Balachandran, S. \(2023\)](#). Inclusionary housing in the United States: dynamics of local policy and outcomes in diverse markets. *Housing Studies*, 38(6), 1068–1087.

<sup>3</sup> [Chatman, D., et al. \(2024\)](#). Policies to Improve Transportation Sustainability, Accessibility, and Housing Affordability in the State of California. University of California Institute of Transportation Studies.

properly implemented, can and has resulted in significant production of deed-restricted affordable housing.<sup>4</sup>

The Commission therefore emphasizes that, in the case of Oceanside, the City's inclusionary housing policies to facilitate affordable units, even if successful in their own right, should not be analyzed in isolation. As referenced in the staff report for LCP-6-OCN-25-0029-2 (Downtown Density for 6th Housing Cycle), the City's goal is to harmonize its inclusionary housing policies with its density bonus provisions, in order to ensure that they are considered together and could further incentivize the construction of affordable units.<sup>5</sup> The staff report notes that when 100% density bonus is applied to the proposed maximum density of 86 dwelling units per acre (du/ac) in downtown Oceanside, a maximum density of 172 du/ac is yielded for a one-acre site. This 100% density bonus can be applied when projects reserve at least 15% of the base units for very low-income households, 24% for lower income households, or 44% for moderate income households. Thus, the minimum inclusionary housing requirements would automatically make certain projects eligible for a density bonus (including, as mentioned, up to 100% if the affordable units are restricted for very low-income households), and should the applicant seek further density bonuses, developers could go beyond the minimum inclusionary requirement and receive further incentives, concessions, and waivers of development standards to increase financial feasibility.

HCD has confirmed that the City is on target to meet their Regional Housing Needs Allocation (RHNA) goals for the 2021-2029 cycle, and it finds that inclusionary housing policies may be an important aspect of ensuring continued progress. Should HCD find the City's inclusionary housing policies to be overly onerous in the future, it may request evidence that inclusionary housing does not unduly constrain the production of housing by requesting an economic feasibility study.<sup>6</sup>

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<sup>4</sup> California Department of Housing and Community Development (HCD). [Letter of Technical Assistance to the City of West Hollywood](#), dated September 2, 2022.

<sup>5</sup> [LCP-6-OCN-25-0029-2 \(Downtown Density for 6th Housing Cycle\)](#).

<sup>6</sup> California Department of Housing and Community Development (HCD). [Memorandum for Planning Directors and Interested Parties regarding Rental Inclusionary Housing \(Assembly Bill 1505 of 2017\)](#), dated October 21, 2019.

## APPENDIX A – SUGGESTED MODIFICATIONS (IN-TEXT)

For ease of reading, the suggested modifications outlined in the staff report above have been incorporated into this Appendix A. The same suggested modifications are overlain atop the language submitted by the City per City Council Ordinance No. 24-OR0004-1 and LCPA22-00003, resulting in a more fluent format.

Normal Text= Existing unmodified language

~~Strikethrough Text~~= Proposed language to be removed by the City

Underline Text= Proposed language to be added by the City

~~Double Strikethrough Text~~= Proposed language to be removed by the Commission

Double Underline Text= Proposed language to be added by the Commission

### Sec. 14C.1. Intent.

*Housing requirements for ~~low~~lower and moderate-income households in residential projects.* It is the intent of this chapter to establish requirements for the ~~reservation~~provision of housing ~~units for low~~opportunities for lower- and moderate-income households, in residential projects requiring development plans. Such opportunities provide a public benefit of making housing available to all economic segments of the population that may not otherwise be accessible in the market. It is further the intent of this Chapter to define a variety of ways that the requirement for inclusionary housing may be satisfied, inclusive of on- or off-site alternatives, housing for sale or for rent, or a payment of an in-lieu fee so as not to unduly burden the production of housing.

~~(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013)~~ (Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

### Sec. 14C.2. Applicability.

(a) The provisions of this Chapter shall apply to all residential projects of ~~three~~ three ten seven (~~3~~ 3107) or more units including, without limitation, mixed-use developments with residential units, condominium conversions and time extensions of development plan approval for previously approved residential projects.

(b) This Chapter shall not apply to the following:

(1) The construction of a new residential structure of ~~three~~ three ten seven (~~3~~ 3107) or more units which replaces a residential structure that was destroyed or demolished within two years prior to the application for a building permit for the new residential structure, provided that the number of residential units is not increased from the number of residential units of the previously destroyed or demolished residential structure or expanded or enlarged by ten (10) percent ~~five hundred (500) square feet~~ or more of habitable space;

(2) Residential projects for which an application for a planning permit has been deemed complete no later than the effective date of this Chapter, provided that such residential projects shall comply with any predecessor ordinance, resolution, or policy in effect on the date the application for the development was deemed complete.

(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 92-05, § 1, 1-29-92; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 00-278-1, 5-10-00; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013)(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

### **Sec. 14C.3. Reserved.**

Editor's note(s) — Ord. No. 91-49, § 1, adopted Oct. 23, 1991, repealed former Ch. 14C which pertained to similar provisions and derived from Ord. No. 82-49, § 1, adopted Dec. 15, 1989; and Ord. No. 83-02, § 1, adopted Feb. 9, 1983. Subsequently, Ord. No. 00-241-1, adopted April 12, 2000, repealed Ch. 14C in its entirety and substituted therefore a new chapter 14C to read as herein set out. Editor's note(s) Ord. No. 19-OR0594-1, § 1, adopted September 11, 2019, repealed § 14C.3, which pertained to inclusionary housing exemptions and derived from Ord. No. 91-49, § 2, adopted October 23, 1991; Ord. No. 00-241-1, § 1, adopted April 12, 2000; Ord. No. 13-OR0083-1, § 1(Exh. A), adopted January 30, 2013. Subsequently, Ord. No. 21-OR0741-1, § 1(Exh. 8), adopted November 17, 2021, included the deletion of 14C.3 but never submitted to the California Coastal Commission for certification. Ord. No. 22-OR0848-1, § 1(Exh. A), adopted Dec. 21, 2022, repealed the former Ch. 14C, §§ 14C-1—14C-10, and enacted a new Ch. 14C as set out herein. The former Ch. 14C pertained to similar subject matter and derived from Ord. No. 91-49, § 2, adopted Oct. 23, 1991; Ord. No. 92-05, §§ 1, 2, adopted Jan. 29, 1992; Ord. No. 00-241-1, § 1, adopted April 12, 2000; Ord. No. 00-278-1, adopted May 10, 2000; Ord. No. 11-OR0543-1, § 1, adopted July 5, 2011; Ord. No. 13-OR0083-1, § 1(Exh. A), adopted Jan. 30, 2013; and Ord. No. 20-OR0563-1, §§ 1—4, adopted Sept. 9, 2020.

### **Sec. 14C.4. Definitions.**

Acutely low-income household means a person or persons living together as a household unit whose combined incomes do not exceed fifteen (15) percent of the median income for San Diego County for equivalent household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD) and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

*Affordable.* For the purposes of this Chapter, the term "affordable" shall refer to the affordable sales price or rent defined herein of a home within the City of Oceanside. The affordable sales price will be calculated based on the following variables:

- ~~a. The area median income for San Diego County based upon a three bedroom unit and household size of four (4).~~
- ~~b. The current annual percentage rate for a conventional residential mortgage.~~
- ~~c. A total housing cost threshold that does not exceed thirty three (33) percent of the monthly gross income of a household.~~

Affordable housing means dwelling units required by this Chapter to be reserved as affordable to and occupied by lower- or moderate-income households.

Affordable Housing Agreement means a legally binding agreement between an applicant and the city to ensure that the inclusionary housing requirements of this chapter are satisfied. The agreement establishes, among other things, the number of required reserved units, the unit sizes, location, affordability tenure, terms and conditions of affordability and unit production schedule.

Affordable housing guidelines means any requirements for implementation and administration of this Chapter adopted by the City Council in accordance with Section 14C.9 of this Chapter.

Affordable housing trust account means a fund or account designated by the City to maintain and account for all monies received pursuant to this Chapter.

Affordable rent means the maximum monthly rent, including an allowance for tenant paid utilities (HUD Allowances for Tenant-Furnished Utilities for the Housing Choice Voucher program) calculated at the specified income level in accordance with California Health and Safety Code Section 50053 and implementing regulations. Consistent with California Government Code Section 65915 (c)(1)(B), for housing developments with one hundred percent of all units in the development, including total units and density bonus units, but exclusive of a manager's unit or units, for lower income households, the rent shall be as follows:

a. The rent for at least 20 percent of the units in the development shall be set at an affordable rent, as defined in Section 50053 of the Health and Safety Code.

b. The rent for the remaining reserved units in the development shall be set at an amount consistent with the maximum rent levels for a housing development that receives an allocation of state or federal low-income housing tax credits from the California Tax Credit Allocation Committee.

Affordable sales price means the maximum purchase price that will be affordable to the specified household at the specified income level, calculated in accordance with California Health and Safety Code Section 50052.5 and implementing regulations. The affordable sales price shall include a reasonable down payment, and monthly housing payments (including interest, principal, mortgage insurance, property taxes, homeowner's insurance, homeowner's association dues, and a reasonable allowance for property maintenance, repairs, and utilities), all as determined by the City.

Area median income means the median household income of San Diego County or equivalent geographic area as annually estimated by HUD pursuant to Section 8 of the

United States Housing Act of 1937. In the event such HUD determinations of area median income are discontinued, the area median income shall be that median household income as established and published by the State of California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093.

~~*Base density.* The lowest end of the density range established for residential development within a particular zoning district. The base density is considered the appropriate density for development within each residential land use designation as established by the land use element of the City of Oceanside General Plan.~~

*Extremely low-income household* means a person or persons living together as a household unit whose combined incomes exceed fifteen (15) percent but do not exceed thirty (30) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

*Financial assistance* means assistance to include, but not be limited to, the subsidization of fees, infrastructure, land costs, or construction costs, the use of redevelopment set-aside funds, community development block grant (CDBG) funds, HOME funds, or the provision of other direct financial aid in the form of cash transfer payments or other monetary compensation, by the City of Oceanside.

*Household.* A person or persons living together in the same residence.

*HUD.* The United States Department of Housing and Urban Development.

~~*Low and moderate income household.* A person or persons living together as a household unit whose combined incomes do not exceed one hundred twenty (120) percent of the median income for San Diego County for an equivalent size household.~~

*Incentives or concessions* shall have the same meaning as defined in Section 3032 of the Oceanside Zoning Ordinance.

*Low-income household.* A person or persons living together as a household unit whose combined incomes exceed fifty (50) percent but do not exceed eighty (80) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50079. 5 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

*Lower-income household* means low-income, very low-income, ~~and~~ extremely low-income, and acutely low-income households, inclusively.

Market-rate unit means a dwelling unit where the rental rate or sales price is not restricted either by this Chapter or by requirements imposed through other local, state, or federal affordable housing programs.

Moderate-income household means a person or persons living together as a household unit whose combined income exceeds eighty (80) percent but does not exceed one hundred twenty (120) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50093 (b) and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

Net building area. The aggregate gross floor area of all of the unrestricted dwelling units within a development excluding (i) areas outside the dwelling unit's habitable space such as garages, carports, parking areas, porches, patios, and open space, and (ii) common areas such as lobbies, common hallways, stairways, elevators, and equipment spaces.

Planning permit means any typically discretionary approval of a residential project, including, but not limited to, a general or specific plan adoption or amendment, rezoning, tentative map, parcel map, conditional use permit, variances, design review, or coastal development permit.

Rental unit means a residential unit with no condominium or other subdivision map allowing units to be sold individually.

Reserved unit. A residential dwelling unit deed restricted for occupancy by a ~~low~~ and affordable to a lower- or moderate-income household pursuant to the requirement of this Chapter and collectively known as the "inclusionary housing requirement."

Residential project. Any new construction of ~~three to seven (3-7)~~ or more dwelling units or condominium conversion as referenced in this Chapter 14c, for which a planning permit or building permit is required.

Very low-income household. A person or persons living together as a household unit whose combined incomes exceed thirty (30) percent but do not exceed fifty (50) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50105 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

~~(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 11-OR0543-1, § 1, 7-5-2011; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013; Ord. No. 20-OR05634-1, § 1, 9-9-2020)~~(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

#### **Sec. 14C.5. Reservation requirements for affordable housing.**

(a) ~~Reservation of for sale units.~~ (1) No development plan for a for-sale residential project of ~~three ten seven (3107)~~ or more units subject to this Chapter shall be approved in any area of the city unless at least ~~ten~~ fifteen (150) percent of such housing units are reserved for sale to lower- and moderate-income households or reserved as rental units for low-income households, the inclusionary housing requirement, as follows, unless an alternative is approved as described in Section 14C.8:

(1) Reservation for ownership projects. At least ~~ten~~ fifteen (150) percent of such housing units are reserved for sale to lower- and moderate-income households or reserved as rental units for lower-income households.

(b2) Reservation of for rental units residential projects. ~~(1) No rental residential projects~~ At least ~~ten~~ fifteen (150) percent of such housing units are reserved for lower-income households.

(3) Reservation of combined for-sale and rental units. When a residential project includes both ownership and rental dwelling units, the provisions of this chapter that apply to the ownership residential project shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this chapter that apply to the rental residential project shall apply to that portion of the development that consists of rental dwelling units.

~~(4)~~ (b) Calculation of reservation requirement. The calculation of the number of housing units to be reserved by this Section shall be made utilizing the total number of housing units in the ~~development~~ residential project prior to including any increase in the allowable number of such housing units authorized by any density bonus granted pursuant to Government Code Section 65915 et seq., including as codified in Section 3032 of the Oceanside Zoning Ordinance.

If the calculation of the number of housing units to be reserved results in a fractional unit of one-half (½) or more, one (1) additional reserved unit shall be provided. ~~When the calculation results in a fraction of less than one-half (½), the applicant fraction of a whole number, the developer~~ may either reserve one (1) additional housing unit or pay a partial in-lieu fee equal to the remaining fraction. ~~The amount of the in-lieu fee shall be determined according to~~ section 14C.6(b)7.

~~For projects that exceed base density allowances and involved between ten (10) and nineteen (19) units at base density, fractional reserved unit requirements of less than 0.75 shall be rounded down. For projects that exceed base density allowances and involves twenty (20) or more units at base density, fractional reserved unit requirements of 0.50 and above shall be rounded up to the next whole number.~~

~~(3) Timing for construction of reserved units.~~ The reserved units shall be constructed either prior to or simultaneously with the non-reserved units within the development. ~~If the development is being constructed in phases, the percentage of reserved units to be constructed in each phase shall be equivalent to ten (10) percent of the total number of units being constructed in that phase.~~

~~(4) Sales price.~~ The initial sales price and resale sales price of reserved units shall be limited to ensure that the price is affordable within the definition contained in section 14C.4.

~~(5) Sales restriction.~~ Reserved units shall be sold or resold only to eligible low or moderate income households. The city shall determine the eligibility of such households.

~~A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney and director of housing and neighborhood services, limit the resale of such units to eligible low or moderate income households shall be recorded against the title of all reserved units at affordable prices as described in the subsection (4) immediately above. The duration of such resale restrictions shall be a minimum of fifty-five (55) years.~~

~~(6) Rental restriction.~~ The requirements indicated in section 14C.5(b)(4) shall apply if rental housing is provided as the reserved units.

~~(b) Reservation of rental units.~~

~~(1) No rental residential project subject to this chapter (including time extensions) shall be permitted unless at least ten (1) percent of such housing units are reserved for low-income households.~~

~~(2) Calculation of reservation requirements.~~ The provisions of section 14C.5(a)(2) shall apply to the calculation of the number of housing units to be reserved in any rental housing development.

~~(3) Design and construction of reserved units.~~ The design and exterior appearance of the reserved units shall be compatible with substantially the same as the non-reserved units within the development and shall contain proportionately the same or larger number of bedrooms and square footage per reserved unit as the non-reserved units.

~~(4) Rental restrictions.~~ The rent to be charged for a reserved housing unit shall be so limited as to be affordable within the definition of section 14C.4. A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney and director of housing and neighborhood services shall be recorded against the title of the property within which the reserved units are located, limiting the rental of the reserved units as described immediately above. This rent restriction shall be in effect for a minimum of fifty-five (55) years. Additionally, the property shall be so restricted as to prohibit the conversion of the restricted units for the term of the rent restriction to a condominium, stock cooperative, community apartment, or such other form of ownerships which would eliminate the restricted units as rental units.

~~(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 11-OR0543-1, § 1, 7-5-2011; Ord.No. 13-OR0083-1, § 1(Exh. A), 1-30-2013; Ord. No. 20-OR05634-1,1, § 1, 9-9-2020)~~

~~Sec. 14C.6 In lieu fee alternative.~~

~~(a) As an alternative to reserving units as required in section 14C.5, projects that conform to the base density allowance for the applicable zone may pay a fee in lieu of reservation in an amount according to the formula set forth in subsection (b), below, sufficient to subsidize the price of a median sales price home in Oceanside to the extent that it brings the sales price of such a home into the affordable range for a moderate income household.~~

~~(b) The amount of the in-lieu fee for each required inclusionary unit shall be determined by the neighborhood services director at the time of issuance of building permits for the first residential units in a development project subject to this chapter. The developer may request a deferral of this fee prior to the issuance of a certificate of occupancy for the unit, in accordance with section 32B.7(e) of the City Code. The fee amount will be adjusted annually on July 1 of each year based on the sales price data and the affordable housing cost calculations per section 14C.4 of this chapter for the preceding calendar year. The fee will be calculated based upon the following methodology:~~

~~(1) The affordability gap per inclusionary unit is equal to the difference between the median sales price and the affordable sales price.~~

~~(2) To derive the affordable gap per market rate unit, the affordability gap per inclusionary unit will be multiplied times the ten percent inclusionary housing obligation.~~

~~(3) The resulting affordability gap per market rate unit will be divided by the average square footage of residential units sold during the preceding calendar year.~~

~~(4) The result of the in-lieu fee calculation represents the fee that will be charged per square foot of the new building in the new residential development.~~

~~(c) For projects that exceed the base density allowance for the applicable zone and involve ten (10) or more units at base density, units achieved above the base density allowance shall be subject to a fee in lieu of reservation in an amount determined by the city council. Said fee shall not exceed the cost of subsidizing the price of a median sales price home in Oceanside to the extent that it brings the sales price of such a home into the affordable range for a low income household. Projects that exceed the base density allowance shall be afforded additional options for meeting the requirements of this chapter, as specified in section 14C.7(f). Projects that exceed the base density allowance within the RS, RM, R-3, RH, and R-T zoning districts and elect to meet the requirements of this chapter through the on-site or off-site reservation of units as enumerated in section 14C.7 shall be eligible for concessions to certain development standards as specified under applicable zoning provisions.~~

~~(d) All in-lieu fees collected hereunder shall be used by the city exclusively to provide housing opportunities for low or moderate income households anywhere within the city. All in-lieu fees shall be held in a separate account with interest accruing to said account. All funds in the account shall be spent in any manner authorized by law as the city council seems appropriate solely to provide housing opportunities for low or moderate-~~

~~income households. For the purposes of this subsection, the term “provide housing opportunities for low- or moderate-income households” means any expenditure authorized by law which directly or indirectly makes housing units affordable to low or moderate-income households.~~

~~(c) (e) Replacement housing. If a residential project, subject to this chapter, is required to provide replacement housing pursuant to Government Code Sections 65915 or 65590, then the number of units required to be reserved for ~~low~~lower- or moderate-income households shall be the larger of the number of units required under Government Code Sections 65915, 65590 or this chapter. The requirements for ~~inclusionary~~reserved housing under this chapter shall not be additive to the requirements for replacement housing under Government Code Sections 65915 or 65590. ~~The provisions of this chapter shall not apply to units provided pursuant to an ordinance adopted as required by Section 65915 of the Government Code.~~~~

~~(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 11-OR0543-1, § 1, 7-5-2011; Ord.No. 13-OR0083-1, § 1(Exh. A), 1-30-2013; Ord. No. 20-OR05634-1,1, § 1, 9-9-2020)(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)~~

#### **Sec. 14C.6. Affordable housing standards and incentives.**

(a) *Affordable housing standards*. Reserved units must be constructed on the site of the residential project unless the city approves an alternative as provided under section 14C.8. Reserved units must conform to the standards of this section 14C.6, to be set forth in the affordable housing agreement and where applicable, subsequent deed restrictions or regulatory agreements.

(1) *Rental restrictions*. Reserved units shall remain restricted and affordable to the designated income group for at least fifty-five (55) years. In addition to the income of a designated group, limitations on assets may also be used as a factor in determining eligibility for rental or ownership units. Notwithstanding anything to the contrary in this chapter, no reserved unit shall be rented for an amount which exceeds ninety (90) percent of the actual rent charged for a comparable market unit in the same development, if any.

(2) *Sales restrictions*. After the initial sale of the reserved ownership units at a price affordable to the target income level group, reserved ownership units shall remain affordable to subsequent income eligible buyers pursuant to a resale restriction with a term of at least fifty-five (55) years or ownership units may be sold at a market price to other than targeted households provided that the sale shall result in the recapture by the city or its designee of a financial interest in the units equal to the amount of subsidy necessary to make the unit affordable to the designated income group and a proportionate share of any appreciation. Funds recaptured by the city shall be used in assisting other eligible households with home purchases at affordable prices. To the extent possible, projects using ownership units to satisfy inclusionary housing requirements shall be designed to be compatible with conventional mortgage financing programs including secondary market requirements.

(3) Design and construction of reserved units. The design and exterior appearance of the reserved units shall be reasonably consistent or compatible with the design of the total project development in terms of exterior appearance, materials, and finished quality. Interior finishes and amenities may differ from those provided in ~~and substantially the same as the non-reserved units~~ within the development but neither the workmanship nor the products may be of substandard or inferior quality as determined by the City. The unit mix based on bedroom count provided for reserved units shall be a general mix in response to affordable housing demand priorities of the city and shall be set forth in the affordable housing agreement. When reserved units are provided on-site and interspersed with market-rate units in a multifamily residential development, reserved units shall be of a unit mix, based on bedroom count, proportional to the unit mix of market-rate units, dispersed throughout the residential project, and provided the same amenities as the market-rate units, including the same access to and enjoyment of common open space, parking, storage, and other facilities in the residential project.

(4) For sale and rental developments. When a residential project proposes both for sale and for rent units, the reserved units shall be dispersed proportionally between for sale and for rent units.

(5) Timing for construction of reserved units. The reserved units shall be constructed either prior to or simultaneously with the non-reserved units within the development or an alternative schedule for development as agreed upon. The timing and schedule for the provision of the reserved units, including any arrangements to meet the inclusionary housing requirements through other alternatives as permitted by section 14C.8, shall be set forth in the affordable housing agreement.

(b) Accessory dwelling units (ADUs) may be constructed on-site to satisfy an inclusionary housing requirement for a ~~single-family~~ residential development. ADUs shall be rent restricted at affordable rental rates and renters shall be income-qualified in compliance with the requirements of this chapter, to be specified in the applicable affordable housing agreement. ADUs shall not be used as reserved credits available as an alternative to satisfy an inclusionary housing requirement of another applicant.

(c) Affordable housing incentives or concessions. The applicant of a residential project providing reserved units may, at the applicant's sole option and concurrently with the submittal of the planning permit, submit a written request for one (1) or more of the following affordable housing development incentives or concessions:

(1) Density bonus and other regulatory incentives pursuant to Government Code Section 65915 and the provisions of article 30 section 3032 of the Oceanside Zoning Ordinance, if the residential project contains sufficient units to qualify for a density bonus. If the applicant requests a density bonus, the other incentives listed below in this subsection (b) may be provided only if

each is individually requested as a regulatory incentive under section 3032 [of the Oceanside Zoning Ordinance]. Those affordable dwelling units that qualify as a residential project for a density bonus shall also be counted toward satisfying the inclusionary housing requirements of this chapter.

(2) *Financial assistance.* The applicant may apply for financial assistance from city-administered funds for the difference in costs that results if the applicant provides more reserved units than are required by this chapter, or provides reserved units to households in income classifications that are lower than required. The city shall consider making financial assistance available to applicants when necessary to enable residential projects to provide a preferable product type or affordability in excess of the requirements of this chapter.

a. Evaluation of requests for financial assistance shall be based on the effectiveness of the assistance in achieving a preferable product type and/or affordability objectives as set forth within the city's housing element; the capability of the development team; the reasonableness of development costs and justification of subsidy needs; and the extent to which other resources are used to leverage the requested financial assistance and incentives.

(3) Incentives may be offered by the city to the extent that resources and programs for this purpose are available to the city and applicant for such use, and to the extent that the residential project, with the use of incentives, assists in achieving the city's housing goals. To the degree that the city makes available programs to provide incentives, applicants may apply for such programs.

(4) Nothing in this chapter establishes, directly or through implication, a right to receive any financial assistance or incentives from the city or any other party or agency to enable an applicant to meet the obligations established by this chapter.

(c) *Affordable housing plan.* Any assistance and/or incentives requested by the applicant and how the development will comply with the provisions of this chapter shall be included in the proposed affordable housing plan for the residential project submitted at the time of application for the first approval, consistent with section 14C.9 below.

(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 11-OR0543-1, § 1, 7-5-2011; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013; Ord. No. 20-OR05634-1, § 1, 9-9-2020) (Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

**Sec. 14C.7. In-lieu fee alternative.**

(a) As an alternative to reserving units as required in section 14C.5, residential projects may pay a fee in-lieu of reservation in accordance with the terms set forth below:

(1) The amount of the in-lieu fee for each required reserved unit shall be determined at the time of issuance of building permits for the first residential units in a development project subject to this chapter. The applicant may request a deferral of this fee prior to the issuance of a certificate of occupancy for the unit, in accordance with section 32B.7(e) of the City Code. Said fee shall be assessed against the market-rate lots/units of the residential project and will be charged per square foot of the net building area in the new residential development.

(2) The fee amount shall be established from time to time by resolution of the city council and will be administratively adjusted annually at such time all other applicable development impact fees are updated, typically July 1 of each year based on the Engineering News Record Construction Cost Index ("CCI") for the Los Angeles region, or similar construction industry index selected by the city manager if the CCI index is discontinued.

a. The fee will be based upon and not exceed the subsidy needed to make affordable to a lower- and moderate-income household a newly constructed, typical attached-housing unit with an assumed affordability tenure of at least fifty-five (55) years.

(3) No building permit shall be issued by the city for any market-rate unit in the residential project until in-lieu fees for the residential project have been paid to the city or such requirements of section 14C.5 are otherwise satisfied.

(4) All in-lieu fees shall be deposited in the affordable housing trust account described in subsection 14C.7(b) below.

(5) Projects requesting a density bonus, incentive or concession, waiver, or parking ratio under Government Code Section 65915 or section 3032 of the Oceanside Zoning Ordinance shall not be permitted to pay in-lieu fees as an alternative to satisfying the affordable inclusionary housing requirements of this chapter.

(b) ~~(d)~~ All in-lieu fees collected hereunder shall be used by the city exclusively to provide housing opportunities for lower- or moderate-income households anywhere within the city. All in-lieu fees shall be held in a separate account with interest accruing to said affordable housing trust account. All funds in the account shall be spent in a manner as the city council deems appropriate, upon recommendation of the housing commission, solely to provide housing opportunities for lower- or moderate-income households and any special needs populations in the city, consistent with the goals and policies contained in the city's housing element, and for administration and compliance monitoring of the affordable housing program consistent with the purpose of the chapter. For the purposes of this subsection, the term "provide housing opportunities for lower- or moderate-income households" means any expenditure authorized by law which

directly or indirectly makes housing units affordable to lower- or moderate-income households.

(Ord. No. 91-49, § 2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 11-OR0543-1, § 1, 7-5-2011; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013; Ord. No. 20-OR05634-1, § 1, 9-9-2020) (Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

**Sec. 14C.7 Options8. Alternative options for providing reserved units.**

~~(a) On-site reservation. The required number of reserved units may be provided on the site subject development. In this case, the design and exterior appearance of the reserved units shall be compatible with and substantially the same as the non-reserved units within the development and shall contain proportionately the same or a larger number of bedrooms and square footage per reserved unit as the non-reserved units.~~

~~(ba) Off-site provision of "for sale" reserved units. If an applicant can provide evidence to demonstrate that on-site provision of reserved units is not feasible, with such evidence being deemed reasonable, accurate, and sufficient at the sole discretion of the City Manager, then the applicant may propose to construct the reserved units may be provided as "for sale" units at another site within the city limits of Oceanside conforming with the requirements of section 14C.5.,~~

~~(c) Off-site provision of rental reserved units. If an applicant can provide evidence to demonstrate that on-site provision of reserved units is not feasible, with such evidence being deemed reasonable, accurate, and sufficient at the sole discretion of the city, then the reserved units may be provided as rental units at another site within the city limits of Oceanside, excluding low-income impacted census tracts (i.e., census tracts 181, 182 (excluding blockgroup 3), 184, 186.03) Such for reserved rental units must comply with . The City may approve the off-site construction if the proposal meets the following requirements of section 14C.5(b):~~

(1) The developer has demonstrated that the goals of this chapter and the city's housing element would be better served by allowing some or all of the reserved units required by section 14C.5 to be produced and operated at an alternative site or sites.

(2) The off-site construction project represents a more effective and feasible means of implementing this chapter and the goals of the city's housing element. Factors to be weighed in this determination include: the feasibility of the on-site option considering project size, site constraints, competition from other projects, difficulty in integrating due to significant price and product type disparity, lack of capacity of the on-site developer to produce or operate affordable housing. Also to be considered are whether the off-site option offers greater feasibility and cost effectiveness, particularly regarding potential financial assistance or other public subsidy and any adopted affordable housing guidelines, location advantages such as

proximity to jobs, schools, transportation, and services, diminished impact on other existing developments, capacity of the proposed affordable housing developer to deliver and operate the project, and satisfaction of multiple developer obligations that would be difficult to satisfy on multiple projects.

(3) Financing or a viable financing plan, which may include public funding, shall be in place for the off-site reserved units.

(4) The off-site location is suitable for the proposed affordable housing, consistent with any adopted affordable housing guidelines and the city's housing element, will not tend to cause residential segregation, and is located with appropriate infrastructure and services. The off-site alternative complies with the applicable density, intensity and objective development standards that are permitted under the zone or general plan for the site.

(5) All agreements between parties regarding off-site construction of the reserved units will be made a part of the affordable housing agreement required for the site(s) and will be subject to review and approval by the city manager or designee.

~~(d)~~ *Joint venture off-site provision of ~~rental~~ reserved units.* Provided all participating applicants can meet the "non-feasibility" test mentioned requirements of subsection (a) above, off-site ~~rental~~ projects may provide the reserved units for multiple applicants.

~~(e)~~ *Reserved unit credits.* If an applicant provides newly constructed units to meet the requirements for provision of reserved units pursuant to this chapter, and such new units exceed the number of reserved units required by this chapter, then the "excess" units may be used to meet the inclusionary housing requirements for another applicant. Any sale of "reserved unit credits" shall be an entirely civil transition with no regulation by the city (i.e., reserved unit credits may be sold for "what the market will bear"). Applicants who propose to meet their ~~reserved unit~~ inclusionary housing requirement by purchasing reserved unit credits in another project must ~~be able to meet the "non-feasibility" test requirements for off-site provision of reserved units in subsection (a) above.~~ All reserved unit credits must be deed restricted to comply with the requirements of 14C.65~~(b)~~.

~~(f)~~ *Projects that exceed the base density allowance for the applicable zone and provide reserved units without the option of payment of a fee in-lieu of reservations shall be eligible for the options for providing reserved units specified in section 14C.7(a) and through (e), without the obligation to demonstrate that on site provision of reserved units is infeasible. Projects that exceed the base density allowance for the applicable zone shall have the option of providing reserved units by the following additional means:*

~~(1)~~ (d) Purchase, Rehabilitation, and Reservation of Existing Market Rate Units. The applicant may propose to satisfy the requirements of Section 14C.5, by

the purchase, rehabilitation, and reservation of existing market rate units, with for the obligation to render targeted income group, if the conversion of these units is consistent with current Government Code Section 65583.1 and these units are compliant with building and safety standards prior to recordation of affordability covenants;

(2)(e) Preservation existing affordable units. The applicant may propose to satisfy the requirements of section 14C.5, by the preservation of existing affordable units at risk of loss, if the preservation of these units is consistent with Government Code Section 65583.1 and allows the city to substitute the preservation of these units for the obligation to identify adequate sites.

(f) In-lieu fees. The requirements of section 14C.5 may be satisfied by the payment of a fee to the city in-lieu of constructing the reserved units within the residential project in accordance with section 14C.7.

(g) Dedication of land. The applicant may propose to satisfy the requirements of section 14C.5 by the donation of land of adequate size and appropriate to accommodate the required number of reserved units to the city or to an affordable housing developer who has secured financing to construct the reserved units, with the city maintaining sole discretion to approve such donation, pursuant to a legally binding agreement;. In its consideration of appropriateness, the city shall consider if the location will not tend to cause residential segregation, has appropriate infrastructure and services, and the off-site project will comply with the applicable density, intensity and objective development standards that are permitted under the zone or general plan for the site. The property shall be dedicated prior to issuance of any building permit for the residential project.

(3) Purchase of reserved unit credits in another project, without the obligation to demonstrate non-feasibility of on-site provision, with the city maintaining sole discretion to approve such a purchase, pursuant to a legally binding agreement.

(h) Accessory dwelling units (ADUs) constructed to satisfy an inclusionary housing requirement shall be rent restricted to affordable rental rates and renters shall be income-qualified in compliance with the requirements of Section 14C.5, to be specified in the applicable affordable housing agreement. ADUs shall not be used as reserved credits available as an alternative to satisfy an inclusionary requirement of another applicant.

(i) Other alternative compliance methods. An applicant may propose an alternative compliance method to provide reserved units through other means. The city may approve or conditionally approve such an alternative only if the city manager determines, based on substantial evidence, that such alternative compliance will provide as many or more reserved units at the same or lower-income levels, will not tend to cause residential segregation, and will otherwise provide greater public benefit than would provision of the reserved units on site.

**Sec. 14C.9. Application and review procedures.**

(a) Affordable housing plan. An application for the first approval of a residential project shall include an affordable housing plan, which may be deemed consistent with the affordable housing plan and density bonus addendum required under section 3032 (H) and (I), Affordable Housing Density Bonus, of the Oceanside Zoning Ordinance, describing how the development will comply with the provisions of this chapter and subject to the following terms:

(1) The affordable housing plan shall be processed concurrently with all other permits required for the residential project. A condition shall be attached to the first approval of any residential project to require recordation of an affordable housing agreement setting forth the conditions and guidelines to be met in the implementation of this chapter prior to the approval of any final or parcel map or building permit for the residential project.

(2) An affordable housing plan shall include, but not be limited to, the following:

- a. The number of reserved units proposed;
- b. The unit square footage, and number of bedrooms for market rate and reserved units and tenure (ownership or rental);
- c. The proposed location of the reserved units (on or off-site);
- d. Level of affordability for inclusionary units (extremely low, very low, low, or moderate);
- e. Schedule for production of dwelling units;
- f. Incentives or concessions requested; and
- g. Evidence to justify any requested alternative under section 14C.8.

(b) Affordable housing agreement. The applicant shall enter into an affordable housing agreement with the city, in a form approved by the city attorney, to be executed by the city manager, to ensure that all the requirements of this chapter are satisfied. The affordable housing agreement shall be recorded against the residential project prior to issuance of a coastal development permit, or approval of any final or parcel map, or issuance of any building permit, whichever occurs first, and the relevant terms and conditions therefrom filed and subsequently recorded as a separate deed restriction or regulatory agreement on the affordable project individual lots or units of property which are designated for the location of reserved units. This agreement shall serve as the governing document demonstrating compliance of the residential project with this chapter.

(1) An affordable housing agreement, for which the inclusionary housing requirement will be satisfied through the new construction of units, either on-site or

off-site, shall specify, but not be limited to, the number, type, location, size, and phasing of all reserved units, amenities and services provided, such as daycare, after school programs, transportation, job training/employment services and recreation, and where applicable, requirements for other documents to be approved by the city, such as marketing, leasing and management plans, particularly related to the provisions for income certification and screening of potential purchasers or renters of units, resale control mechanisms, and monitoring and compliance plans, consistent with any adopted affordable housing guidelines, as determined by the city manager or designee.

(2) An affordable housing agreement will not be required for projects which will be satisfying their inclusionary housing requirement through payment to the city of an in-lieu fee.

(Ord. No. 22-OR0848-1 , § 1(Exh. A), 12-21-2022)

**Sec. 14C.10. Continued affordability.**

(a) Any affordable housing agreement or adopted affordable housing guidelines may include standard documents for execution by the city manager, in a form approved by the city attorney, to ensure the continued affordability of the reserved units approved for each residential project and standards for determining household income, affordable housing cost, provisions for continued monitoring of tenant eligibility, and other eligibility criteria. The documents, when deemed necessary by the city to ensure occupancy and affordability by the targeted income group, shall be recorded against the residential project, all reserved units, and any site, subject to the provisions of this chapter.

(b) *Sales price/rental restriction.* The initial sales price or rent to be charged for a reserved housing unit shall be so limited as to be affordable within the definition of section 14C.4. A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney and director of housing and neighborhood services, limiting the resale of such units shall be recorded against the title of the property within which the reserved units are located, or limiting the rental of the reserved units at affordable prices in accordance with the affordable housing standards as described in 14C.64(a)(1) and (2). ~~The rent restriction shall be in effect for a minimum of fifty five (55) years and shall apply to all successors in interest.~~ Additionally, the property shall be so restricted as to prohibit the conversion of the restricted units for the term of the rent restriction to a condominium, stock cooperative, community apartment, or such other form of ownership which would eliminate the restricted units as rental units.

(c) Any eligible household that occupies a reserved unit must occupy that unit as its principal residence, unless otherwise approved in writing for rental to a third-party eligible household for a limited period of time due to household hardship, as may be specified in any adopted affordable housing guidelines or in the affordable housing agreement or other agreement.

(d) Officials, employees, or consultants of the city and members of city boards and commissions shall comply with all applicable laws, regulations, and policies relating to conflicts of interest as to their eligibility to develop, construct, sell, rent, lease, occupy, or purchase a reserved unit. Any adopted affordable housing guidelines shall include conflict of interest provisions relating to the administration of this chapter and the eligibility of persons to occupy affordable units.

(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

**Sec. 14C.81011. Periodic review.**

Annually, the city council shall review the status of compliance with this chapter, and the degree to which reserved units provided and fees collected pursuant to this chapter are addressing the shortfall of affordable housing units. Not later than five (5) years after the effective date of this chapter, the city council shall consider a report by the city manager reviewing the reservation requirement and fee formula established to implement the provisions of this chapter to determine whether any adjustments in the reservation requirement or fee formula are warranted.

~~(Ord. No. 91-49, 5-2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013)~~(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

Editor's note(s)— Ord. No. 22-OR0848-1, § 1(Exh. A), adopted Dec. 21, 2022, set out provisions intended for use as § 14C.10. Inasmuch as there were already provisions so designated, said section has been codified herein as § 14C.11 at the discretion of the editor.

**Sec. 14C.91112. Administration.**

(a) The provisions of this chapter shall be administered by the director of housing and neighborhood services of the City of Oceanside under the direction of the city manager.

(b) The city council may adopt by resolution rules and regulations, servicing as affordable housing guidelines, for the implementation of this chapter.

~~(c) A developer~~An applicant and/or subsequent purchaser of a reserved unit shall be required to pay such fee as may be established by resolution of the city council, which fees may be updated periodically, to recover the cost to the city of administration of the provisions of this chapter and monitoring of the reserved units.

~~(Ord. No. 91-49, 5-2, 10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013)~~(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)

Editor's note— Ord. No. 22-OR0848-1, § 1(Exh. A), adopted Dec. 21, 2022, set out provisions intended for use as § 14C.11. Inasmuch as there were already provisions so designated, said section has been codified herein as § 14C.12 at the discretion of the editor.

**Sec. 14C.101213. Building permit.**

No building permit shall be issued for any residential project subject to this chapter unless the housing and neighborhood services director has certified that the proposed development has complied with or is otherwise exempt from the provisions of this chapter.

~~(Ord. No. 91-49, 5-2-10-23-91; Ord. No. 00-241-1, § 1, 4-12-00; Ord. No. 13-OR0083-1, § 1(Exh. A), 1-30-2013)(Ord. No. 22-OR0848-1, § 1(Exh. A), 12-21-2022)~~

**Editor's note**— Ord. No. 22-OR0848-1, § 1(Exh. A), adopted Dec. 21, 2022, set out provisions intended for use as § 14C.12. Inasmuch as there were already provisions so designated, said section has been codified herein as § 14C.13 at the discretion of the editor.