



INCLUSIONARY HOUSING ORDINANCE FREQUENTLY ASKED QUESTIONS

Below are commonly-asked questions about Inclusionary Housing Ordinances. The Inclusionary Housing Ordinance (Ordinance No. 2402) and the associated In-Lieu development fee (Resolution No. 7621) were approved by the Arcadia City Council on April 1, 2025. The City Council established an implementation date for these collective regulations of July 1, 2025.

Q: Why is an Inclusionary Housing Ordinance needed?

A: Every City in the State of California is required to have an adopted Housing Element and must create the capacity to provide affordable housing units (see link to [City of Arcadia's Housing Element](#)). To this end, each City is allocated a target number of units in an 8-year cycle, referred to as the Regional Housing Needs Allocation (RHNA). Please see the response to the following question for more information on the RHNA. Often, it is challenging to provide affordable units without a Code-mandated requirement, because the private development community does not typically produce these units without incentives or in response to a requirement. In addition, the City does not have public land to allocate toward affordable housing itself, so the only feasible method of providing these units is through the private development process. Inclusionary Housing Ordinances have become a common way of ensuring that these units are built over time.

Q: What is the timeframe for the implementation of Arcadia's Housing Element and how does the Inclusionary Housing Ordinance relate to the Regional Housing Needs Assessment (RHNA)?

A: Arcadia's 6th Cycle Housing Element was approved by the City Council on February 15, 2022, and further actions, such as citywide rezoning, were completed on February 6, 2024. Implementation actions, including the consideration of an Inclusionary Housing Ordinance, are required to be pursued during the "planning period," which ends in 2029. The City of Arcadia has been allocated a **RHNA of 3,214 total housing units** for the 6th Cycle with the following income breakdown:

- 1,102 very-low income units;
- 570 low income units;
- 605 moderate income units; and
- 937 above-moderate income units.

While it is not required that these units be built, in its Housing Element, the City must demonstrate to the State that there are no unnecessary barriers to the housing approval process in order to meet the RHNA allocation for the City. An Inclusionary Housing Ordinance supports these efforts, which are difficult to achieve without an Ordinance.

Q: What types of projects would the Inclusionary Housing Ordinance apply to?

A: The Inclusionary unit requirement would apply to projects with 10+ units. The Ordinance would apply to any new mixed-use or multi-family development project or condominium conversion project comprised of 10 or more dwelling units. It would be applicable to both ownership AND rental units. All applicable projects would be required to provide a percentage of affordable units in a development project or, for applicable projects, comply with alternatives provided in the Ordinance.

Q: Who qualifies for these affordable housing units?

A: Once units are built, prospective tenants must qualify at the specified level of affordability. The income limits for affordable housing in Los Angeles County vary based on household size. Each year, the California Department of Housing and Community Development (HCD) publishes updated Income Limits for all counties in California.

Some examples of area median income limits (AMI) for Los Angeles County in 2024 are:

- Very Low Income: \$48,550 for a 1-person household to \$69,350 for a 4-person household.
- Low Income: \$77,700 for a 1-person household to \$110,950 for a 4-person household.

These limits help determine eligibility for affordable housing programs and placement in units.

Q: Are these units considered housing for homeless individuals or tiny homes?

A: No. To qualify for placement in these units, the applying household must meet the income limits listed in the previous response. Additionally, the units would be incorporated into a larger project that included market rate units as well so these units would look exactly the same as a market rate unit.

Q: How are the maximum rents for affordable rental units determined, relative to the income limits?

A: Maximum rents for affordable units shall be no more than 30% of a household's gross monthly income in each respective income category. Maximum rents for affordable rents shall include a reasonable utility allowance as established annually by the Los Angeles County Department Authority (LACDA). The commonly used income categories are approximately as follows, as published and periodically updated by the California Department of Housing & Community Development (HCD) pursuant to Health and Safety Code Sections 50105, 50079.5, and 50093, respectively. Income categories are subject to variations for household size and other factors:

- Extremely Low Income: Less than 30% of AMI
- Very Low Income: 30% to 50% of AMI
- Low Income: 50% to 80% of AMI
- Moderate Income: 80% to 120% of AMI

Using income limits for Los Angeles County in 2024, below are some examples of the maximum affordable rents, including a reasonable utility allowance for various income categories:

- Very Low Income:
 - A 1-person household with a gross annual income of \$48,550 would have a gross monthly income of approximately \$4,046. An affordable monthly rent for a 1-person household earning a monthly income of \$4,046 would be up to 30% of the monthly income, or approximately \$1,214.
 - A 4-person household with a gross annual income of \$69,350 would have a gross monthly income of approximately \$5,779. An affordable monthly rent for a 4-person household earning a monthly income of \$5,779 would be up to 30% of the monthly income, or approximately \$1,734.
- Low Income:
 - A 1-person household with a gross annual income of \$77,700 would have a gross monthly income of approximately \$6,475. An affordable monthly rent for a 1-person household earning a monthly income of \$6,475 would be up to 30% of the monthly income, or approximately \$1,942.
 - A 4-person household with a gross annual income of \$110,950 would have a gross monthly income of approximately \$9,246. An affordable monthly rent for a 4-person household earning a monthly income of \$9,246 would be up to 30% of the monthly income, or approximately \$2,774.

For each category listed above, the maximum affordable rent would be inclusive of a reasonable utility allowance. A reasonable utility allowance in 2024, as established by LACDA, would be as shown below:

- Single-family Unit Size:
 - 1- person household: \$143
 - 4-person household: \$231
- Multi-family Unit Size:
 - 1- person household: \$195
 - 4-person household: \$278

Q: What are the affordable unit requirements for Arcadia under the Inclusionary Housing Ordinance?

A: The key question for the Ordinance is “What is the Right Unit Requirement for Arcadia?”. To answer this question, the City commissioned an economic analysis to evaluate the cost of land, cost of development, and reasonable profit margin that could be expected. The purpose for the Study was to ensure that whatever regulation is recommended is grounded in economic reality in Arcadia, and not just a number to match other cities. For each development project that is required to provide units (i.e. projects with 10+ units), the inclusionary unit requirements is as follows:

For Rental Projects, an applicant may select one of the following to comply with the Ordinance:

- 9% of units for very low-income households.
- 11% of units for a combination of very low and low-income (5% of units for very low-income and 6% for low-income households)

- 14% of units for low-income households.
- 20% of units for moderate income households.

For Ownership Projects, 5% of all required affordable units shall be sold to moderate-income households.

A sliding scale is provided for rental units due to the cost of the subsidy to provide units at various levels of affordability.

Q: Are there alternatives for a developer other than building affordable units as part of their project?

A: Yes, in some cases. In California, state law requires that alternative methods of compliance be provided in Inclusionary Housing Ordinances, although what those alternatives are, is left up to jurisdictions. Common alternatives include in-lieu fees and off-site construction, and the City's Ordinance includes these two options.

- **In-Lieu Fees:** For all ownership projects and for rental projects of between ten (10) and thirty (30) units, the Ordinance allows an applicant to submit a fee in-lieu of providing the unit. Please refer to Resolution No. 7621 at ArcadiaCA.gov/IHQ, approved by the Arcadia City Council on April 1, 2025. Any in-lieu fees collected as a result of the Ordinance would be placed in the City's Affordable Housing Trust Fund to used exclusively to develop and retain the supply of housing affordable to extremely low, very low, low, and moderate-income households. The Affordable Housing Trust fund is a new fund that was established through the ordinance.
- **Off-Site Construction:** The Ordinance also allows for a developer to provide the required number of units in a different location within the City of Arcadia. This would likely be rarely used, but it could be utilized in situations where a developer owned multiple properties within the City or an adjacent or separate site was more suitable for the units.

Q: How does Arcadia's Ordinance compare to other Ordinances in Los Angeles County?

A: There are 21 cities throughout Los Angeles County that have Inclusionary Ordinances and several cities, like Arcadia, are currently working towards adoption of an Ordinance. Arcadia's Ordinance applies to residential projects with 10 or more units and applies to both ownership and rental projects. It offers various compliance options and incentives, such as in-lieu fees and off-site construction, and establishes an Affordable Housing Trust Fund. These are fairly standard components relative to other Ordinances, although there are local differences. Across Los Angeles County, other cities with Inclusionary Housing Ordinances include Pasadena, South Pasadena, Alhambra, El Monte, Glendale, Claremont, and Pomona. These other cities typically require 15-20% affordable units for 3-10 unit developments.

Q: For projects with affordable units, who would be responsible for screening affordable applicants, and ensuring compliance with affordable housing requirements?

A: In rental projects, property managers would be responsible for screening applicants for the affordable units. In ownership projects, the screening of applicants for affordable units is primarily the responsibility of the original property owner and subsequent owners, who must comply with the deed restriction terms. The Arcadia Development Services Department will have an oversight role and monitor compliance with affordability requirements over time for these projects.

Q: How would affordable housing proposals be evaluated?

A: Affordable housing plans must be submitted with development applications, detailing the number, location, and affordability level of proposed units. Affordable units should be comparable in materials and finishes to market-rate units, with access to the same amenities. Retention periods are 45 years for for-sale units (or until sold or transferred with an equity share, whichever occurs first) and 55 years for rental units.

Q: What are some examples of pending mixed-use developments with affordable housing in Arcadia?

A: Some notable mixed-use projects that include affordable housing units include:

- Alexan Azalea on 34 E. Santa Clara St., with 26 affordable units at a very low-income level.
- Derby Mixed-Use Project on 233 & 301 E. Huntington Drive, with 9 affordable units at a very low-income level.

A full list of pending projects that include affordable housing units can be found at ArcadiaCA.gov/AffordableHousing. The City of Arcadia does not own or operate any affordable housing projects in Arcadia. All the projects listed are under private ownership.

Q: Will the Inclusionary Housing Ordinance increase density in new developments?

A: No, not in and of itself. The purpose for the Inclusionary Housing Ordinance is simply to require a development to include affordable units. Proposals for affordable housing projects in general, or requests for density bonuses, are allowed per State law and an Inclusionary Ordinance does not change that.

Q: What are the next steps in the process and how can I be involved?

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You can email questions on the Ordinance to DSD@Arcadiaca.gov, or contact the Development Services Department at (626) 574-5415.