



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** July 1, 2025  
**TO:** LaTanya Bellow, City Manager  
**FROM:** Chadrick Smalley, Community Development Director  
**SUBJECT:** Resolution Of The City Council Of The City Of Emeryville Adopting The 2025 Housing Affordability Table Pursuant To The Affordable Housing Program (Article 4 Of Chapter 5 Of The Planning Regulations)

### RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution adopting the 2025 Housing Affordability Table pursuant to the Affordable Housing Program (Article 4 of Chapter 5 of the Planning Regulations).

### BACKGROUND

The City's Affordable Housing Program (AHP) was adopted in 1990 and updated in 2014. Prior to 2014, the ordinance required that new residential and live-work developments of thirty or more units (rental or for-sale) include a set-aside of Below Market Rate (BMR) units. In the case of for-sale developments, twenty percent of the units were to be set aside at the moderate-income level. In the case of rental developments, six percent of the units were to be set aside at the very low-income level and nine percent of the units were to be set aside at the moderate-income level. In both rental and ownership projects, the AHP allowed the developer to apply to the City to provide low-income units in lieu of all or some portion of their moderate-income unit requirement. In 2014, the AHP was updated to require that new ownership residential projects of ten or more units have a set-aside of twenty percent of the units at the moderate-income level. For Fiscal Year 2025-26, the AHP requires an impact fee of 34,213 per rental unit or an in-lieu production requirement of eight percent of the units at the low-income level and four percent at the very low-income level.

Because of the AHP, the City's current BMR inventory includes 1,031 units, comprised of 799 rental units and 232 ownership units. Additionally, 518 BMR rental units have received entitlements or are under construction. The income levels of the City's existing BMR units are as follows:

Tenure	Very Low Income (50%)	Low Income (80%)	Moderate Income (120%)	Total
Rental	487	154	158	799
Ownership	34	59	139*	232
<b>Total</b>	<b>521</b>	<b>213</b>	<b>297</b>	<b>1,031</b>

*\*Includes units that were originally sold as Very Low or Low-Income, but which have a requirement to be re-sold as Moderate-Income units.*

Typically, the State of California Housing and Community Development Department (HCD) releases the income limits for each county between April and June of each year. This year, HCD released the income limits on April 23, 2025. A copy of the State's release is found in Attachment 1. After the State releases its annual income limits for Alameda County, staff updates the "Housing Affordability Table" which is used to provide the maximum sales prices and gross rent levels that are eligible under the AHP.

## DISCUSSION

### Applicable Income Limits

The Alameda County Area Median Income limits by household size, as published by HCD, are as follows:

	<b>1-person</b>	<b>2-person</b>	<b>3-person</b>	<b>4-person</b>	<b>5-person</b>
Moderate (120%)	\$134,250	\$153,400	\$172,600	\$191,750	\$207,100
<i>Area Median</i>	<i>\$111,850</i>	<i>\$127,850</i>	<i>\$143,800</i>	<i>\$159,800</i>	<i>\$172,600</i>
Low (80%)	\$87,550	\$100,050	\$112,550	\$125,050	\$135,100
Very Low (50%)	\$55,950	\$63,950	\$71,950	\$79,990	\$86,300
Extremely Low (30%)	\$33,600	\$38,400	\$43,200	\$47,950	\$51,800
Acutely Low (15%)	\$16,750	\$19,150	\$21,550	\$23,950	\$25,850

### Affordable Housing Cost

Pursuant to the AHP, maximum housing costs are calculated in compliance with Section 50052.5 of the California Health and Safety Code. The City of Emeryville utilizes the published Area Median Income (AMI) for Alameda County to calculate the affordable sales prices and affordable rents for each income level as identified below. The chart below shows the maximum amount that may be spent on total housing costs from a household's income for owner-occupied and renter-occupied housing.

- For owner-occupied housing, total housing costs include monthly mortgage principal and interest, property taxes and assessments, homeowners' insurance, homeowner association fees where applicable, an allowance for utilities, property maintenance and repairs and private mortgage insurance (PMI).
- For renter-occupied housing, total housing costs include the monthly rent, and an allowance for utilities, fees or service charges charged to all tenants.

<b><u>Income Level</u></b>	<b><u>Ownership Housing</u></b>	<b><u>Rental Housing (gross rent)</u></b>
Moderate income	35% of 110% AMI	30% of 110% AMI
Low income	30% of 70% of AMI	30% of 60% of AMI
Very low income	30% of 50% of AMI	30% of 50% of AMI
Extremely low income	N/A	30% of 30% of AMI

### Implementation of the AHP

As part of a development's entitlement process, the City places conditions of approval on

the project to direct its design and development, as required by the AHP. For ownership projects of 10 or more units, the Planning Commission imposes a condition of approval requiring the applicant to enter into an Affordability Agreement that is approved by the City Council before the project may receive its building permits. For rental projects that choose the in-lieu production requirement instead of the Affordable Housing Impact fee, or that request development bonuses and are therefore required to include affordable units in the project, the Planning Commission imposes a condition of approval requiring the applicant to enter into an Affordability Agreement that is approved by the City Council before the project may receive its building permits.

The Affordability Agreement implements the requirements of the AHP, including the duration of the affordability covenants (45 years for ownership projects and a minimum 55 years for rental projects), the developer's requirements for marketing the BMR units, the designation of the BMR units within the project, the required resale restriction documents (for ownership projects), the required compliance documents (for rental projects), and the initial sales prices or rent levels for the affordable units.

Staff determines the initial sales prices or rents on a project-by-project basis, applying the State definition of affordable housing cost, but applying the specific project's estimate for homeowner dues and/or maintenance and utility costs.

#### Annual Housing Affordability Table

While each project's sales or rent levels are set individually and contained as an exhibit within that project's Affordability Agreement, staff also produce the Housing Affordability Table in conjunction with the release of the income limits by HCD.

This table is used for reference purposes and is distributed to developers of projects subject to the AHP so that they may conduct project financial analyses. The calculations in the table are based on the State affordable housing cost definitions and the amounts are adjusted for family size. The table assumes a household size one more than the number of bedrooms. For example, the one-person household income limit is applied for

studios, the two-person household income limit is applied for one-bedroom units, the three-person household income limit is applied for two-bedroom units, and so forth.

Actual sales and rent levels of BMR units may be lower than the sales prices and rents in the table, which estimates the *maximum* sales price or rent that could be charged based on statutory requirements. As noted above, actual maximums will be based on project specific information such as condominium fees and utility and maintenance costs. Furthermore, BMR units may be priced below the maximum as the developer, or seller in the case of resales, responds to market conditions.

A moderate-income unit's sale price or rent level may be close to the market price. In this case, there may be little incentive for a household to buy or rent the unit, given the administrative burden on the household to qualify for a BMR unit. To sell or rent the unit, the developer may further discount the price. In general, market rate studio, one-, two- and three-bedroom rents are higher than the maximum moderate-income rents allowed for BMR units under the AHP. When rents increase, BMR rent restrictions will increasingly make apartments more affordable to very low-, low- and moderate-income households. The same pattern is true in ownership units; the larger the unit, the more likely it is that the market price will be higher than the maximum moderate-income price allowed for BMR units under the program. In addition, low and moderate income buyers currently have difficulty competing against all-cash offers for market rate units and are more likely to apply to purchase BMR units.

#### *Rental Housing Assumptions*

The Housing Affordability Table calculates *gross rents*. Developers are required to deduct from the gross rent any charges or fees required to be paid by the tenants, and an allowance for utilities paid by tenants in accordance with the most recent utility allowances published by the Housing Authority of the County of Alameda (HACA).

#### *Ownership Housing Assumptions*

For ownership housing, it is necessary to make assumptions about several factors that influence the affordable sales price. These assumptions are the interest rate and term, the down payment level, the homeowner association fees, and utilities and homeowners' insurance allowances.

For the interest rate assumption, staff use the 13-week average of the Freddie Mac 30-year interest rate (including points). The most recent 13-week average interest rate calculates to 6.75 percent. Staff currently estimates that the PMI on a mortgage on a condominium unit is approximately 0.65% of the first mortgage amount when PMI is charged. Homeowner association fees are based on staff's assessment of recent condominium BMR units that have sold. Utility costs are in accordance with the most recent utility allowances published by the HACA. The assumption of the cost of homeowners' insurance is based on the estimated monthly cost of HO6 Condo Insurance cost in 2017, published by the California Department of Insurance, with a 20% increase based on inflation.

When the City is communicating with an existing BMR homeowner on the affordable resale price for their individual home, staff will obtain the actual homeowner association fees for that home and calculate the maximum sales prices accordingly.

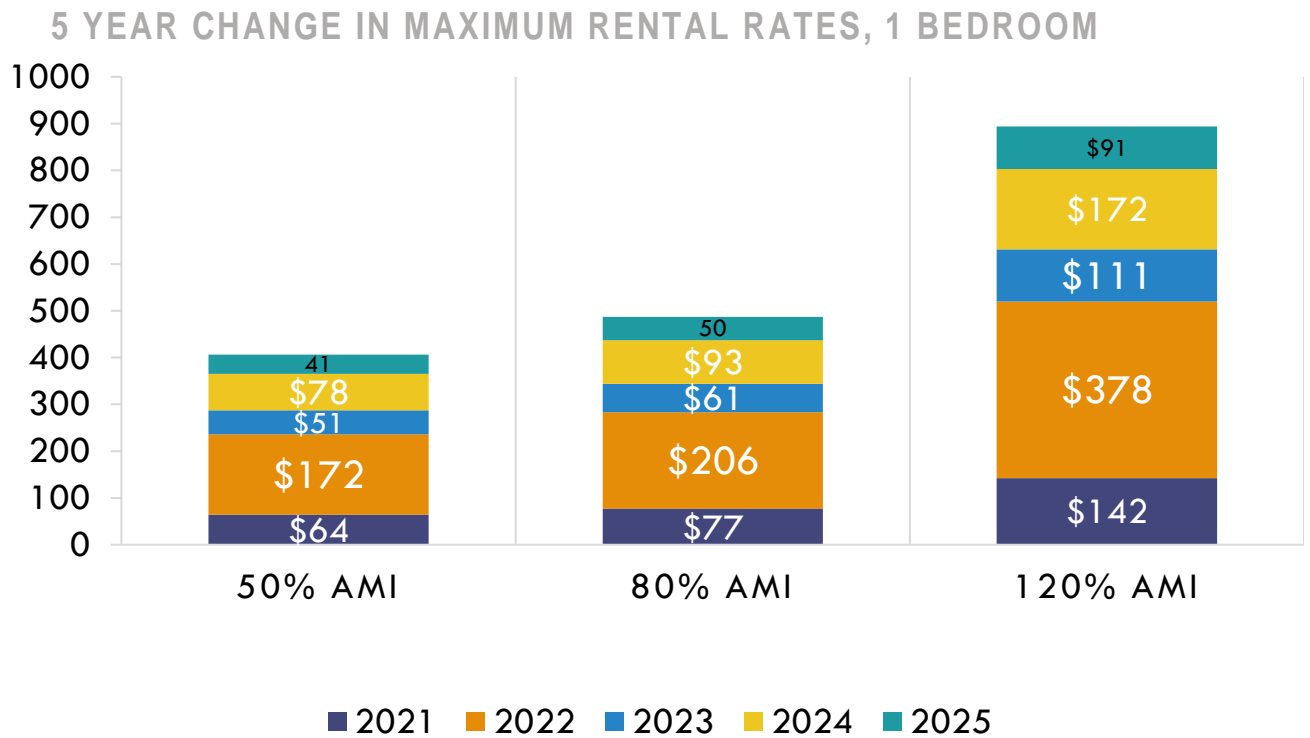
### Historical Trend of Housing Affordability Table

The table below illustrates the change in maximum income and sales price for a 2-person moderate-income household in a 1-bedroom unit between 2020 and 2025. Between 2024 and 2025, moderate household income has increased 2.7%, while moderate-income sale prices have decreased 12.6%. It should be noted that, while income has increased, affordable sale prices appear to be decreasing due to higher interest rates, increased utility costs and insurance. These factors, combined with overall market trends, have resulted in a narrowing of the difference between market rate and BMR unit pricing as shown in the table below.

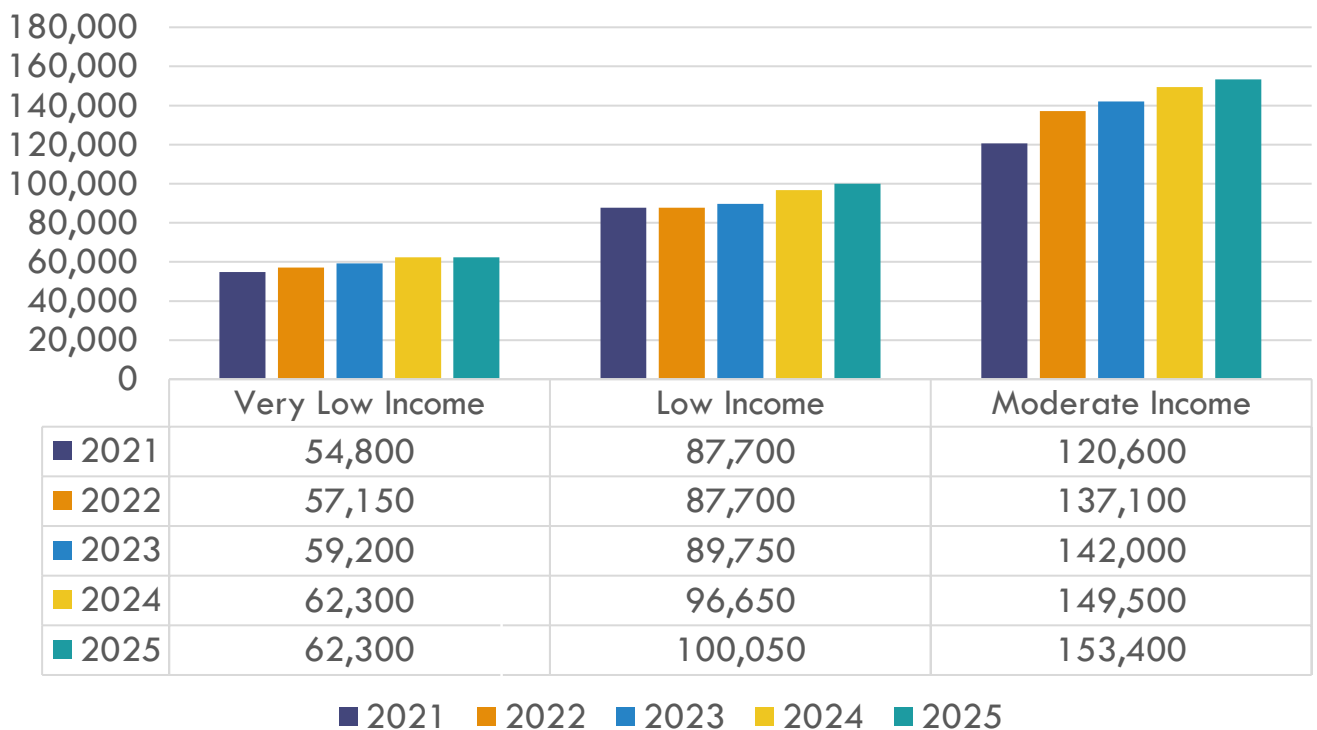
On June 4, 2025, this analysis was presented to the Housing Committee with a recommendation to incorporate an “affordability factor” in the 2025 Affordable Housing Table, the purpose of which is to maintain a BMR price discount to market rate units. After discussion, the Housing Committee recommended that the City Council adopt the table with a 15% affordability factor for studios and 1-bedroom units, with the condition that staff will reassess the need for the affordability factor six months from adoption of the affordable housing table.

One Bedroom				Two Bedroom		
	Market	Affordable	Difference	Market	Affordable	Difference
2020	\$ 477,500	\$ 335,150	30%	\$ 760,000	\$ 445,400	41%
2021	\$ 532,000	\$ 365,542	31%	\$ 750,000	\$ 495,350	34%
2022	\$ 465,000	\$ 398,900	14%	\$ 830,000	\$ 488,350	41%
2023	\$ 600,000	\$ 405,000	33%	\$ 728,500	\$ 508,333	30%
2024	\$ 466,000	\$ 244,975	47%	\$ 695,000	\$ 426,450	39%
2025	\$ 432,000	\$ 312,000	28%	\$ 705,000	\$ 495,150	30%
	<b>Average</b>		<b>31%</b>	<b>Average</b>		<b>36%</b>

The graph below illustrates the change in maximum rental rates from 2020 to 2025, for moderate, low and very low-income households residing in 1-bedroom units. Increases in an actual tenant’s rental rate could be greater than or less than the amount depicted below based on the rental rate actually charged from year to year. Between 2024 and 2025, rental rates have increased 2.7% at all income levels, which aligns with the 2.7% increase in income at all income levels.



The graph below illustrates the change in maximum income limits from 2021-2025 for a household of two. Between 2024 and 2025, maximum income limits have increased 0% for very low-income households, 3.5% for low-income households, and 2.6% for moderate-income households.



### Summary of 2025 Housing Affordability Table

The chart below provides a summary of the maximum sales prices and rent levels for 2025, by unit size and income level. Under the AHP, the sales prices are set at moderate, median and low-income levels, and the rent levels are set at the moderate, low, and very low-income levels. It should be noted that, because maximum resale prices are calculated using the actual HOA dues for a given unit rather than the value assumed in the table, it is possible that the actual sales price for a specific unit could be higher or lower than what is published in the Housing Affordability Table.

<b>2025 Maximum/Affordable Sales Prices</b>				
	<b>Studio</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>
Moderate Income	\$316,503	\$358,949	\$459,023	\$510,654
Median Income	\$225,204	\$251,904	\$310,014	\$345,038
Low Income	\$145,302	\$1162,888	\$185,833	\$207,067

<b>2025 Gross Monthly Rents</b>				
	<b>Studio</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>
Moderate Income	\$3,076	\$3,516	\$3,955	\$4,395
Low Income	\$1,678	\$1,918	\$2,157	\$2,397
Very Low Income	\$1,398	\$1,598	\$1,798	\$1,998
Extremely Low Income	\$839	\$959	\$1,079	\$1,199

### **FISCAL IMPACT**

Adoption of the 2025 Housing Affordability Table has no fiscal impact.

### **STAFF COMMUNICATION WITH THE PUBLIC**

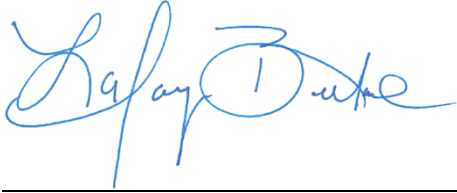
As noted above, staff presented this item for recommendation to the Housing Committee on June 4, 2025. The committee recommended the City Council approve the 2025 Housing Affordability Table.

### **CONCLUSION**

Staff recommends that the City Council approve the attached resolution adopting the 2025 Housing Affordability Table.

**PREPARED BY:** Charles Harris, Community & Economic Development Coordinator II

**APPROVED AND FORWARDED TO THE  
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



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LaTanya Bellow, City Manager

**ATTACHMENTS**

- Attachment A – State HCD Income Limits Release for 2025
- Draft Resolution, including Exhibit A, 2025 Housing Affordability Table