Summary

Inclusionary Housing refers to the percentage of units in a development project required by City Code to be set aside for below market rate rent or sale. This type of housing is a critical source of affordable housing in the City of Santa Cruz. The number is small while the demand is high.

The City Municipal Code requires that local residents and workers in the City of Santa Cruz who meet income eligibility requirements are given preference (priority) for Inclusionary Housing. But is this happening?

The Grand Jury investigation determined that the City keeps no records, does no tracking, gathers no data, and has no evidence to determine if preference is being given to local residents and local workers when renting Inclusionary Housing units.

The City has conflicting and contradictory policies on whether Inclusionary Housing applies to low, very low and extremely low income earners only, or whether moderate income earners are also eligible. The City cannot state what percentage of the City’s affordable housing is occupied by income-verified UCSC students.

The Grand Jury recommends that the disparity in the City’s legal documents regarding income eligibility levels for Inclusionary Housing be resolved; that the City develop publicly available metrics to ensure Inclusionary Housing preferences are being followed and to document the percentage of Inclusionary Housing units rented to UCSC students.
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Background

Inclusionary Housing And Measure O

Since 1980, the City of Santa Cruz has required housing project developers to provide a percentage of the project units at “below market” rates. This percentage is called the Inclusionary rate. It was part of Measure O approved by voters in 1979. The resulting Inclusionary Ordinance adopted by the Santa Cruz City Council has subsequently undergone a number of updates.[1]

Housing Costs Force Long Commutes

Since the adoption of the Inclusionary Ordinance, housing costs both for sale and rent have risen dramatically in Santa Cruz and elsewhere in the Bay Area. Santa Cruz has been designated as the most expensive rental market in the US. Many workers earn too little to afford the ever-increasing rents. Much of the local workforce, whether police officers, firefighters, nurses, teachers, restaurant workers, cooks, cleaners, janitors, teachers, mechanics…the list is long…commutes long distances from other less-expensive towns to work in Santa Cruz.[2][3]

UCSC Students And Rental Housing

Students have a big impact on the City’s rental housing supply. Since the adoption of the Inclusionary Ordinance in 1980, the student population at the University of California at Santa Cruz (UCSC) has increased from six thousand students to the current nineteen thousand students. Anticipated growth through 2040 is planned for twenty eight thousand students plus additional staff and faculty. Student population growth accounts for approximately half the population growth of the City of Santa Cruz since 1980.[4][5][6]

Scope and Methodology

The Grand Jury reviewed available documents and conducted interviews to determine if there is Ordinance-related tracking by the City of Santa Cruz. In particular, the Grand Jury investigated whether Inclusionary Housing is occupied by local residents and local workers as mandated by the City’s Municipal Code 24.16.045. The Grand Jury also sought data on UCSC student occupancy of Inclusionary and 100% Affordable Housing.[7]

The report focuses on Inclusionary Housing units in projects built since 2007. That is the year that Preference (priority) for local residents and local workers was adopted in the Ordinance and the Municipal Code.[8]

The Scope of the report includes the following:

- How many Inclusionary units exist in the City
- The numbers of Inclusionary units at each income level
The methods used by the City to track and document that local resident and local worker preferences are being implemented

The percentage of Inclusionary units occupied by students and non-students.

The Methodology for the investigation included:

- Interviews with City and County agency staff and housing providers
- Statutes and Guidelines:
  - City Ordinances related to Inclusionary Housing
  - Resolutions related to Inclusionary Housing
  - Municipal Codes related to Inclusionary Housing
  - Housing and Community Development (HCD) income levels applied to Inclusionary Housing
  - Conditions of Approval for Mixed-Use Housing projects

- Process Documents:
  - Affordable Housing Agreements between developers and the City
  - Documents for applying for an Inclusionary/Measure O unit

- Tracking:
  - Annual monitoring documents required of property managers

- Other:
  - Newspaper articles
  - Public hearings for City Mixed-use Housing projects

Investigation

The Grand Jury’s investigation covered how affordable housing is managed and documented within the City of Santa Cruz.

Where Is The Data?

The Grand Jury has previously addressed this issue. The 2022-2023 Grand Jury report titled, Housing Our Workers: Essential Workers Need Affordable Housing! recommended the City adopt “clear, measurable guidelines.”[9]

Given the magnitude of the need for more affordable housing, the long commutes by low-income local workers and the growing UCSC student population, it is imperative that existing and future Inclusionary Housing be occupied by those for whom it is intended. Whether this requirement is being achieved should be based on metrics, not assumptions or hearsay.

This investigation was done to determine whether the City of Santa Cruz has verifiable documentation to ensure the following: that the City-required Inclusionary Housing units in mixed-use and in 100% Affordable Projects are being offered to and occupied by local residents and local workers at the appropriate income levels as required.
Assumptions About Inclusionary Housing And “Essential” Workers

Members of the Santa Cruz community assume that Inclusionary Housing is intended for our local essential workers. Both proponents and opponents of the 2024 ballot Measure M (which included increasing the Inclusionary rate from 20% to 25%) made such statements during the campaign. Similar statements are voiced by members of the public as well as by the City Planning Commission and City Council when speaking in support of proposed mixed-use housing projects with Inclusionary units. Speakers claim that providing such affordable housing will enable workers to live near their workplace rather than having to commute long distances to their jobs in Santa Cruz. However, essential workers, as such, are not called out in the Inclusionary Housing preference categories. The City has no data on whether any essential workers are being housed in Inclusionary or other Affordable Housing.[7][10]

Inclusionary Housing Framework

Evolution of Measure O

Since it was passed in 1979, Measure O / Inclusionary Housing Resolutions have been updated as follows:

- Eight City Council Resolutions were passed between 1985 and 2018 requiring all Inclusionary Housing to be rented or sold to extremely low, very low and low income households as defined by the State Housing and Community Development department.
- In January 2007, preferences for local residents and local workers to rent or buy Inclusionary Housing units were added to the Ordinance.
- In 2020, the rate of Inclusionary units was raised from 15% to 20%.
- The Inclusionary designation of the units is now in perpetuity and will not convert to market rate should a tenant leave.[1][11][12][13][14]

Inclusionary Housing: Preferences for Local Residents and Local Workers

Since 2007, the City has required that preferences be applied when property managers choose tenants for Inclusionary Housing. These preferences are codified in Municipal Code 24.16.045 (6) as follows:

As consistent with state and federal law, preferences for rental Inclusionary units shall be given in the following priority order:

a. Residents of the city of Santa Cruz for at least one year.

b. Those employed in the city of Santa Cruz.

c. Residents of the county of Santa Cruz for at least one year.

d. Those employed in the county of Santa Cruz.

The same order is repeated for Inclusionary sale units.[15][16]

The Grand Jury learned that UCSC students can apply for Inclusionary and Affordable Housing if they are income-verified by the Housing Authority.[17][18]
Inclusionary Housing Overview

There are currently two hundred and forty (240) built and occupied Inclusionary units of housing in the City of Santa Cruz. Ninety three (93) are ownership units while one hundred and forty seven (147) are rental units.\[^{[19]}\]

Income limits for Inclusionary Housing are set by the U. S. Department of Housing and Urban Development (HUD) and the State Housing and Community Development Department (HCD). The limits are tied to the County’s Area Median Income (AMI) and are expressed as a percentage of that figure which varies by County and by year.\[^{[20]}\]

In the course of this investigation, the City updated its website for the Housing Division with a revamped Housing Assistance Information page. This update was celebrated in Mayor Keeley’s monthly column in the Santa Cruz Sentinel on March 10, 2024.\[^{[21]}\] The new website includes the local resident and local worker preferences and information on upcoming affordable projects. Future projects, either approved or in the pipeline, are estimated to provide at least an additional six hundred Inclusionary/Affordable units.\[^{[22]}\] [^23]

**Inclusionary Housing: Income Levels And Rents**

In 2023 the AMI in Santa Cruz County for an individual wage earner was $92,950. The maximum annual income limit for the Low Income earner was $74,360. The maximum monthly rent for a one-person studio for a Low Income individual was $2,169 a month based on 80% of the AMI. For the Very Low Income category of wage earners the percentage is 50% of AMI with the maximum rent of $1,162 a month for a one-person studio.\[^{[24]}\]

The AMI in Santa Cruz is rapidly rising due to the influx of higher wage earners. This rise can be seen in the comparison between the AMI in 2020 and the AMI in 2023. The AMI in 2020 for Santa Cruz County was $77,000. Three years later in 2023 it was $92,950. For comparison, the 2023 AMI in Monterey county was $70,300.\[^{[25]}\] [^26]

The increase in AMI is significant because the maximum allowable incomes and rents for low-income, very low-income, and extremely low-income earners are calculated as a percentage of the AMI. The higher the AMI, the higher the qualifying allowable wages and rents for all income levels of Inclusionary units.

A review of the table below in Figure 1 shows the AMI for one and two persons plus maximum income and rent allowed in the city of Santa Cruz for the category of Low Income for 2023, based on the HCD guidelines. The complete tables with footnotes can be found in Appendix A. Figure 1 and 2 tables were extracted from the complete tables for easier visibility.
### 2023 MAXIMUM ALLOWABLE LOW INCOME BY HOUSEHOLD SIZE & MAXIMUM RENTS BY UNIT SIZE RENTAL OF AN INCLUSIONARY UNIT

Per Resolution No. NS-16,452

<table>
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</tr>
<tr>
<td>STEP 4: Divide Step 3 by 12 for Maximum Allowable Monthly Income</td>
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<td>$6,505</td>
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<tr>
<td>STEP 5: Multiply Step 4 by 25% for Maximum Rent (Owner Pays all Utilities)</td>
<td>$1,423</td>
<td>$1,626</td>
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</table>

#### Figure 1. Low Income Rent Formula

A review of the table below (Figure 2) shows the AMI plus maximum income and rent allowed in the city of Santa Cruz for the category of Very Low Income for 2023, based on the HCD guidelines.

### 2023 MAXIMUM ALLOWABLE VERY LOW INCOME BY HOUSEHOLD SIZE & MAXIMUM RENTS BY UNIT SIZE RENTAL OF AN INCLUSIONARY UNIT

Per Resolution No. NS-22,400

<table>
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<td>$106,250</td>
</tr>
<tr>
<td>STEP 2: Multiply Step 1 by 50% for the Maximum Income Limit Maximum Allowable Household Income</td>
<td>$46,475</td>
<td>$53,125</td>
</tr>
<tr>
<td>STEP 3: Divide Step 3 by 12 for Maximum Allowable Monthly Income</td>
<td>$3,873</td>
<td>$4,427</td>
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<td>STEP 4: Multiply Step 3 by 30% for Maximum Rent (Owner Pays all Utilities)</td>
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<td>$1,328</td>
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</tbody>
</table>

#### Figure 2. Very Low Income Rent Formula

**Conflicting Measure O Allowable Income Levels On City Website**

The City website on Housing Assistance Information and Resources / Measure O has conflicting statements regarding allowable income levels for Inclusionary Housing. One
entry states that Measure O units are restricted to Very Low and Low Income households, or those households having a Housing Choice Voucher (Section 8). Another entry states that Measure O units are available to Moderate, Low or Very Low income households.

The City’s website for the Measure O Rents and Incomes page does not include the Moderate income category and references only Low Income and Very Low income categories. However, the city’s website referencing Measure O Inclusionary Housing does include Moderate Income.[27]

As stated earlier, all eight City Council Resolutions on Inclusionary Housing from 1985 through 2018 require Inclusionary units to be rented or sold only to Low, Very Low and Extremely Low income levels.

The most recent Resolution No. NS-29, 463 Exhibit A includes:

<table>
<thead>
<tr>
<th>C. INCOME ELIGIBILITY, MAXIMUM RENTS, AND MAXIMUM SALES PRICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inclusionary Units: All affordable units shall be rented or sold to extremely-low, very-low, or low income households.[28]</td>
</tr>
</tbody>
</table>

In practice it appears the City is allowing the Moderate income level to be included for Inclusionary Housing projects. A currently proposed Inclusionary Housing project that includes the Moderate income category is the development for 831 Almar Street. Under the heading Affordable Units, it references nine (9) Very Low income and nine (9) Moderate Income units.[29]

Moderate Income level earnings and allowable rents are higher than the other three categories. The 2023 HCD annual allowable income for one person in the Moderate category is $111,550 for Santa Cruz County.[30]

Requests were made to the City for the numbers of Inclusionary units occupied at the various income levels. The Grand Jury learned that the city does not track those metrics and no data is available.[31]

**Inclusionary Housing: The Process**

The City requires a project developer to sign an Affordable Housing Development Agreement before the developer begins the process of seeking a Building Permit. Page thirty-four of the forty page Development Agreement document includes the local resident and local worker preferences section.[32]

Once a project is built and ready for occupancy, the property manager is required to alert the City when a Measure O unit is available for rent. This availability is then listed on the City’s website.[33]

The property manager retains discretion over the choice of tenants but is expected to follow the preferences. Once a property manager selects a prospective tenant for a specific unit, the property manager signs a Letter of Referral. This letter contains no information regarding residence or current workplace of the prospective tenant but it
does allow a prospective tenant to complete a Measure O Eligibility Application for submission to the Housing Authority.\[^{34}\][^35]

The Measure O Eligibility Application includes the applicant’s residence and workplace information. It also has boxes for the applicant to check off yes or no to the questions of living or working in the City of Santa Cruz. The Housing Authority does not verify the residence or workplace entries. It checks and verifies only the income eligibility based on the information supplied.\[^{36}\]

If the prospective tenant is determined to be income-qualified for the specific unit, the Housing Authority sends a Measure O Eligibility Certificate to the tenant, the property owner, and the City.\[^{37}\]

**Are Inclusionary Housing Preferences Implemented And Checked?**

The short answer is nobody knows. There are no checks, no tracking, and no records kept. The following are descriptions of documents involved in the process. None of the documents requires a submitted statement of compliance with the required City Code preferences.

**Annual Compliance Form**

The City requires property managers to submit an Annual Compliance Form regarding Inclusionary Housing units. This form checks income level compliance only. It contains no reference to and requires no data for checking if the City Code preferences for local residents and local workers are being followed. The Housing Authority verifies income for Inclusionary units on first application. There is no annual verification of income. It is not clear how the city verifies and tracks ongoing income eligibility.\[^{38}\][^39]

**Affordable Housing Development Agreement**

Although the City’s Affordable Housing Development Agreement cites that the City requires a “Maintenance of records to demonstrate compliance with this chapter” and the chapter includes the City Code preferences, the City has no evidence of such records being available or checked.\[^{40}\]

**Housing Choice Vouchers**

Forty-eight percent (48%) of the one hundred and forty-seven inclusionary rental units in the City are occupied by Housing Choice Voucher holders (formerly Section 8). Such tenants are not required to be City locals nor work in the City. There are limited resident/worker preferences under the Housing Authority, but they are County-wide preferences, not City based. Property managers receive full market rate rents for units occupied by Voucher holders with the difference subsidized by the Federal Government.\[^{41}\][^42][^43]
Other Affordable Projects

The One Hundred Percent (100%) Affordable projects in the City have their own preferences (priorities) for renting units based on the requirements of the funding sources used by developers to build the projects. For example, if there is a priority for people with disabilities, people at risk of homelessness or people with a Housing Voucher, those priorities do not necessarily include local resident or local worker preferences. There is no documentation or data available from the City showing how many of these units are occupied by local residents or local workers.[44][45][46]

Anecdotal Beliefs

The Grand Jury learned from city officials that there is an assumption that Inclusionary units are occupied by locals and local workers based on conversations and anecdotes. There is no data available to support the assumptions.[47][48]

Temporary Certificate of Occupancy Form

During the course of this investigation, the City initiated a “brand new” Temporary Certificate of Occupancy (TCO), or TCO Projects Compliance Form. This new form defines local resident and local worker preferences to remind the property manager of said preferences to follow the rules. The manager of the new Cedar Street project is the first to receive this form.[49][50].

Rental Housing And UCSC Students

The impact of UCSC students on the local rental market is an ongoing issue. The 2022-23 Grand Jury Report stated: “F2. With the planned growth of UCSC to 28,000 students, the potential demand for off campus housing for students, faculty and staff has the potential to make the affordable housing problem even worse.”[9]

First-year UCSC students live on-campus with guaranteed housing. When they move off campus into rental housing for the rest of their UCSC education, income-eligible students qualify for Inclusionary Housing as City local residents, which is the top priority or preference for Inclusionary Housing. Each year, approximately fifty percent (50%) of students seek rental housing off-campus.[51][52]

The provision of more rental housing on Campus is a key issue in legal negotiations between UCSC and the City of Santa Cruz. The Grand Jury believes it would be helpful for the City to know how much of its affordable housing supply is rented to UCSC students.[53]

The City could provide no data or documentation on the percentage of Inclusionary Housing units occupied by income-qualifying UCSC students. The Grand Jury learned that anecdotes and impressions substitute for data.[54][55]
Conclusion

The main function of the Civil Grand Jury is to improve transparency and accountability in local government.

If adopted, the four recommendations from the Civil Grand Jury will help the City clarify its Inclusionary Housing regulations. Doing so will provide the City and the community with clear data on which to base claims and conclusions about who occupies affordable housing in the City of Santa Cruz.

Findings

F1. The contradictory entries on the City’s website and in the City’s legal documents on whether Inclusionary Housing is restricted to Low, Very Low and Extremely Low income levels or whether it includes the Moderate income level is a major discrepancy with consequences about who is eligible for and who obtains Inclusionary Housing.

F2. The City has no data on whether Inclusionary Housing is occupied by income-verified local residents and local workers. Both groups are given preference for housing as required by Ordinance. Without data, neither the City nor the community can be assured that such housing is meeting its intended purpose.

F3. The City has no data on the percentage of units in Inclusionary and 100% Affordable Housing projects that are rented to UCSC students. This leaves the City and the public unable to assess the impact of UCSC on the local affordable housing supply. Such data is important for the City’s ongoing negotiations with UCSC to build more on-campus housing.

Recommendations

R1. The Grand Jury recommends that the Santa Cruz City Council state exactly which HCD Income Levels are covered by the City’s Inclusionary Housing Ordinance and Resolutions, and make that information public by December 31, 2024. (F1)

R2. The Grand Jury recommends that the Santa Cruz City Council develop an ongoing system to track, document and verify within 30 days of occupancy whether a unit is occupied by an income-verified local resident or local worker as required by the Ordinance, specifying which category the renter fulfills, and have such a system in place by January 31, 2025. (F2)

R3. The Grand Jury recommends that the Santa Cruz City Council document the percentage of the City’s Inclusionary and 100% Affordable Housing units that are rented to UCSC students, making that data public by February 28, 2025 with annual updates. (F3)
R4. The Grand Jury recommends that the Santa Cruz City Council create an Inclusionary Housing public dashboard that covers the data called for in this report by February 28, 2025. (F1, F2, F3)

**Required Responses**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Findings</th>
<th>Recommendations</th>
<th>Respond Within/Respond By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Cruz City Council</td>
<td>F1–F3</td>
<td>R1–R4</td>
<td>90 Days September 19, 2024</td>
</tr>
</tbody>
</table>

**Definitions**

- **Affordable housing**: a term in common use for housing that is affordable to lower income earners
- **AMI**: Area Median Income
- **HCD**: State Housing and Community Development Department
- **HUD**: U. S. Department of Housing and Urban Development[^20]
- **Housing Choice Voucher**: formerly known as Section 8 Housing. Federally assisted housing operated through the Housing Authority
- **Inclusionary Housing**: The percentage of housing in projects that is required by Ordinance to be rented or purchased at below market rates
- **Mixed-use housing**: retail on ground floor with housing above, including the required Inclusionary units
- **One Hundred Percent Affordable Housing**: Public or private projects in which all units are offered at below market-rate

**Sources**

**References**


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18. Confidential Grand Jury interview.


23. Confidential Grand Jury interview. 


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ment/housing-assistance-information/housing-programs/measure-o-inclusionary-housing

ment/housing-assistance-information/housing-programs/measure-o-inclusionary-housing/general-measure-o-eligibility

ment/housing-assistance-information/housing-programs/measure-o-inclusionary-housing/general-measure-o-eligibility

ment/housing-assistance-information/housing-programs/measure-o-inclusionary-housing/general-measure-o-eligibility

38. Confidential Grand Jury document.


41. Confidential Grand Jury document.
42. Confidential Grand Jury interview.


44. Confidential Grand Jury interview.

45. Confidential Grand Jury interview.

46. Confidential Grand Jury interview.

47. Confidential Grand Jury interview.

48. Confidential Grand Jury interview.

49. Confidential Grand Jury document.


54. Confidential Grand Jury interview.

55. Confidential Grand Jury interview.
### Appendix A – Low and Very Low Income Rent Formula Tables for Santa Cruz

#### 2023

**MAXIMUM ALLOWABLE LOW INCOME BY HOUSEHOLD SIZE & MAXIMUM RENTS BY UNIT SIZE**

**RENTAL OF AN INCLUSIONARY UNIT**

Per Resolution No. NS-16,452

**EFFECTIVE JULY 1, 2023**

<table>
<thead>
<tr>
<th>Household/Unit Size</th>
<th>1 Person/Studio</th>
<th>2 Person/1-bedroom</th>
<th>3 Person/2-bedroom</th>
<th>4 Person/3-bedroom</th>
<th>5 Person/4-bedroom</th>
<th>6 Person/5-bedroom</th>
<th>7 Person/6-bedroom</th>
<th>8 Person/7-bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STEP 1:</strong> Determine HUD Median Income (100% AMI) by Household Size - Note 1</td>
<td>$92,950</td>
<td>$106,250</td>
<td>$119,500</td>
<td>$132,800</td>
<td>$143,400</td>
<td>$154,050</td>
<td>$164,650</td>
<td>$175,300</td>
</tr>
<tr>
<td><strong>STEP 2:</strong> Reduce Step 1 by 8.16% - Note 2</td>
<td>$85,365</td>
<td>$97,580</td>
<td>$109,749</td>
<td>$121,964</td>
<td>$131,699</td>
<td>$141,480</td>
<td>$151,215</td>
<td>$160,996</td>
</tr>
<tr>
<td><strong>STEP 3:</strong> Multiply Step 2 by 80% for the Maximum Income Limit <strong>Note 3</strong></td>
<td>$68,292</td>
<td>$78,064</td>
<td>$87,799</td>
<td>$97,571</td>
<td>$105,359</td>
<td>$113,184</td>
<td>$120,972</td>
<td>$128,796</td>
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<tr>
<td><strong>STEP 4:</strong> Divide Step 3 by 12 for Maximum Allowable Monthly Income - Note 4</td>
<td>$5,691</td>
<td>$6,505</td>
<td>$7,317</td>
<td>$8,131</td>
<td>$8,780</td>
<td>$9,432</td>
<td>$10,081</td>
<td>$10,733</td>
</tr>
<tr>
<td><strong>STEP 5:</strong> Multiply Step 3 by 25% for Maximum Rent (Owner Pays all Utilities) - Note 5</td>
<td>$1,423</td>
<td>$1,626</td>
<td>$1,829</td>
<td>$2,033</td>
<td>$2,195</td>
<td>$2,358</td>
<td>$2,520</td>
<td>$2,683</td>
</tr>
</tbody>
</table>

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2. Percentage difference between the 1980 City and County median family incomes as determined in the 1980 census (9.16%)

3. Maximum allowable annual gross income and assets for below-average/income households (80%)²

4. Maximum allowable monthly income and assets²

5. Maximum allowance for housing cost, including utilities. Utility costs are those established by the Santa Cruz County Housing Authority in conjunction with the Section 8 Rent Subsidy Program and are available online at [https://hcasantacruz.org/wp-content/uploads/2020/01/20190728ꡔ-afm-a_4-12-21.pdf](https://hcasantacruz.org/wp-content/uploads/2020/01/20190728_sabal-afm-a_4-12-21.pdf). If the tenant pays for any utilities, the maximum allowable rent must be reduced in accordance with the current Utility Allowance schedule.

6. The maximum allowable assets for households seeking to rent inclusionary units shall be those limits established periodically by the Santa Cruz Housing Authority for the Section 6 Rental Assistance Program or its successor.

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Q:PLHRIincomes & Rents/MEASURE ® FOR RENT/2023/WORD pending update 2023/RENTAL16452.doc

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**Figure 3:** Complete Low Income Rent Formula[26]


**2023 MAXIMUM ALLOWABLE VERY-LOW INCOME BY HOUSEHOLD SIZE & MAXIMUM RENTS BY UNIT SIZE RENTAL OF AN INCLUSIONARY UNIT**

Per Resolution No. NS-22,400

**EFFECTIVE JULY 1, 2023**

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<td>$154,050</td>
<td>$164,650</td>
<td>$175,300</td>
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<tr>
<td><strong>STEP 2:</strong> Multiply Step 1 by 50% for the Maximum Income Limit Maximum Allowable Household Income - Note 2</td>
<td>$46,475</td>
<td>$53,125</td>
<td>$59,750</td>
<td>$66,400</td>
<td>$71,700</td>
<td>$77,025</td>
<td>$82,325</td>
<td>$87,650</td>
</tr>
<tr>
<td><strong>STEP 3:</strong> Divide Step 3 by 12 for Maximum Allowable Monthly Income - Note 3</td>
<td>$3,873</td>
<td>$4,427</td>
<td>$4,979</td>
<td>$5,333</td>
<td>$5,975</td>
<td>$6,419</td>
<td>$6,860</td>
<td>$7,304</td>
</tr>
<tr>
<td><strong>STEP 4:</strong> Multiply Step 3 by 30% for Maximum Rent (Owner Pays All Utilities) - Notes 4 &amp; 5</td>
<td>$1,162</td>
<td>$1,328</td>
<td>$1,494</td>
<td>$1,660</td>
<td>$1,793</td>
<td>$1,926</td>
<td>$2,058</td>
<td>$2,191</td>
</tr>
</tbody>
</table>

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2 Maximum allowable annual gross income and assets for very-low income households (50%) per Zoning Ordinance Section 24.22.527

3 Maximum allowable monthly income and assets

4 Maximum allowance for housing cost, including utilities. Utility costs are those established by the Santa Cruz County Housing Authority in conjunction with the Section 8 Rent Subsidy Program and are available online at [https://www.santacruzcounty.ca.gov/content/uploads/2022/12/2022-03-30_SCC-HA_eff-1-01-23.pdf]. If the tenant pays for any utilities, the maximum allowable rent must be reduced in accordance with the current Utility Allowance schedule.

5 The maximum allowable assets for households seeking to rent inclusionary units shall be those limits established periodically by the Santa Cruz County Housing Authority for the Section 8 Rental Assistance Program or its successor.

6 For single-room occupancy units (SRO) with shared kitchen and/or bathroom, the maximum rent shall not exceed 75% of the maximum studio/1-person rent = $871

For single-room occupancy units (SRO) with kitchen and bathrooms in each unit, the maximum rent shall not exceed 85% of the maximum studio/1-person rent = $988

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**Figure 4:** Complete Very Low Income Rent Formula[26]

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