



Think Inside the Triangle®

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

Date/Time: **Tuesday, March 17, 2026, 6:00 p.m.**
(or as soon thereafter as possible)

Location: **A quorum of the City Council will be in attendance at:**
Tracy City Hall, Council Chambers
333 Civic Center Plaza, Tracy, CA 95376
and
Mayor Arriola will attend remotely at the following location:
Marriott Marquis Washington, DC, 901 Massachusetts Avenue
NW, Washington, District of Columbia (DC), USA, 20001

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

This meeting will be open to the public for in-person and remote participation.

Pursuant to Government Code Section 54954.3(a), public comment is limited to only those items listed on this agenda.

If you wish to make a public comment:

- 1. Comments via Email** – Submit written comments via email to publiccomment@cityoftracy.org, using “public comment” as the subject line. Your comment will be provided to the City Council and appropriate staff member(s) and will become a permanent part of the official meeting record. Please submit your comments as far in advance as possible. Emailed comments must be received **before 12:00 p.m. (i.e., 11:59 a.m. or earlier) on March 17, 2026**, in order to be included in the record. See the “Public Comment Guidelines” section for more instructions about submissions, letters, notes, complaints, and/or comments.
- 2. In-Person Comments** – Complete a Speaker Card (available outside the entrance to the meeting room) and give it to the City Clerk before the Item is considered by the City Council. A Speaker Card is requested but not required for in-person public comment.

- 3. Comments via Webex** – Dial +1-408-418-9388, enter 25524009529#8722922#, and press *3 to raise the Hand icon to speak on an item; or visit <https://cityoftracyevents.webex.com>, and **enter Event Number 2552 400 9529 and Event Password: TracyCC. If you would like to participate in public comment anonymously**, you may submit your comment via phone or in Webex by typing “Anonymous” when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.

Protocols for commenting via Webex:

- If you wish to comment under the “Public Comment” portion of the agenda:
 - Listen for “Public Comment” to be opened, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.
 - If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.
- Comments for “Public Comment” will be accepted until the public comment period is closed.

Public Comment Guidelines – The City’s “Items from the Audience/Public Comment” policy is outlined in Section 5.8, as revised by Resolution No. 2026-053, of the Council Meeting Protocols and Rules of Procedure. Pursuant to the City’s policy, any public comment speaker on any item/segment (be it general public comment on an item not on the agenda; on a discussion/regular item; presentation; a public hearing; an appeal; an informational item; Consent Calendar; and/or an item pulled from the Consent Calendar), shall be limited to:

- Less than 5 requests (1-4 requests): Each speaker gets 4 minutes.
- 5-15 requests: Each speaker gets 3 minutes.
- 16 to 25 requests: Each speaker gets 2 minutes.
- More than 26 requests: Each speaker gets 90 seconds.
- For all requests submitted/hands raised after the first speaker is called (regardless of the number of speakers), the speakers shall receive 90 seconds.

Any submissions, letters, notes, complaints, and/or comments that an individual and/or entity wishes to be submitted and included in the official record for a City Council meeting shall be due **before 12:00 p.m. on the day of the meeting** (i.e., 11:59 a.m. or earlier). Any submissions, letters, notes, complaints, and/or comments received timely as prescribed by this section will be transmitted to the City Council and appropriate staff member(s), posted on the City’s website, provided for inspection at the relevant City Council Meeting, and included in the official meeting record. Any submissions, letters, notes, complaints, and/or comments that arrive 12:00 p.m. or later on the day of a City Council meeting, while not part of the official meeting record, will be transmitted to the City Council and appropriate staff member(s).

AGENDA

1. Call to Order
2. Disclosure of Participation by Teleconference Pursuant to Government Code Section 54953.8.3, If Applicable
3. Roll Call and Declaration of Conflicts
4. Public Comment on Item 5 Only
5. Workshop Items
 - 5.A. Staff recommends that City Council receive an informational presentation on the topic of affordable housing.
[5.A - Staff Report - Affordable Housing.pdf](#)
[5.A - Presentation - Affordable Housing.pdf](#)
6. Adjournment

Posting Date: March 13, 2026

Americans With Disabilities Act – The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for persons with disabilities to participate in Council meetings. Persons requiring assistance or auxiliary aids should submit a request to the City Clerk’s Office by emailing cityclerk@cityoftracy.org or calling (209) 831-6105 at least 24 hours prior to the meeting.

Requests for Language Interpretation and Translation – Requests for language interpretation and translation may be arranged by submitting a request to the City Clerk’s Office by emailing cityclerk@cityoftracy.org or calling (209) 831-6105 at least 24 hours prior to the meeting.

Agenda Item 5.A

RECOMMENDATION

Staff recommends that City Council receive an informational presentation on the topic of affordable housing.

EXECUTIVE SUMMARY

This is an information presentation addressing affordable housing.

BACKGROUND AND LEGISLATIVE HISTORY

Affordable housing is a significant and ongoing policy issue for cities throughout California. While the City of Tracy is not required to directly construct affordable housing, State law requires that cities accommodate housing development, including housing affordable to lower- and moderate-income households.

The City of Tracy's adopted Housing Element commits the City to creating opportunities for housing at all income levels. This includes facilitating the development of affordable housing through appropriate land use policies, zoning, and regulatory frameworks. As a result, Tracy must proactively evaluate tools and policies that support housing affordability while balancing local conditions and community priorities.

Presently, Tracy does not have an adopted or practiced affordable housing program, though the City has approved and accommodated multiple affordable housing projects in the past.

Definition of Affordable Housing

Under California law, affordable housing is generally defined as housing that is deed restricted and made available to qualifying households at an affordable cost or rent for a long-term period, typically 55 years. California Public Resources Code § 21080.27 describes affordable housing developments as those dedicated to lower-income households at restricted rents or prices, often in connection with state or local housing programs.

Affordability is measured using Area Median Income (AMI), which varies by household size and is updated annually. For a family of four in the Tracy area, AMI is approximately \$104,600. Affordable housing programs generally recognize five income categories:

- Acutely Low Income: Approximately 15% of AMI
- Extremely Low Income: Up to 30% of AMI
- Very Low Income: Up to 50% of AMI
- Low Income: Up to 80% of AMI
- Moderate Income: Between 80% and 120% of AMI

Housing affordability is typically calculated using a standard that limits housing costs to approximately 30% of a household’s gross income. This standard is used to establish maximum rents or maximum affordable purchase prices. For ownership units, the maximum home price is derived from the affordable monthly payment, interest rates, taxes, insurance, and other assumptions. Affordable units may also be supported through down payment assistance programs.

Area Median Income (AMI) in San Joaquin County (2025)							
		Acutely Low	Extremely Low	Very Low Income	Low Income	Median Income	Moderate Income
(up to) % of AMI		15%	30%	50%	80%	100%	120%
Family Size	1	\$ 11,000	\$ 22,000	\$ 36,650	\$ 58,600	\$ 73,200	\$ 87,850
	2	\$ 12,550	\$ 25,150	\$ 41,850	\$ 67,000	\$ 83,700	\$ 100,400
	3	\$ 14,150	\$ 28,300	\$ 47,100	\$ 75,350	\$ 94,150	\$ 112,950
	4	\$ 15,700	\$ 32,150	\$ 52,300	\$ 83,700	\$ 104,600	\$ 125,500
	5	\$ 16,950	\$ 37,650	\$ 56,500	\$ 90,400	\$ 112,950	\$ 135,550
	6	\$ 18,200	\$ 43,150	\$ 60,700	\$ 97,100	\$ 121,350	\$ 145,600
	7	\$ 19,450	\$ 48,650	\$ 64,900	\$ 103,800	\$ 129,700	\$ 155,600
	8	\$ 20,700	\$ 54,150	\$ 69,050	\$ 110,500	\$ 138,050	\$ 165,650

Deed restrictions ensure that affordable units remain available to income-qualified households over time. If a unit is sold before the end of the affordability period, resale prices are limited and, in some cases, a portion of the equity gain is shared with the program to preserve affordability for future households.

Inclusionary Housing

Many cities implement affordable housing requirements through an inclusionary housing ordinance, which applies affordability requirements to new residential development. These programs often use a “menu” approach, allowing developers flexibility in how requirements are met. For example, a project might satisfy its obligation by providing a higher percentage of moderate-income units, a lower percentage of very low-income units, or a combination of affordability levels.

The following represent different approaches to satisfying inclusionary housing obligations:

1. On-site options: A certain percentage of units must meet established affordable housing requirements.
2. Off-site options: The affordable units are built at another location.
3. Dedication of land: In some instances, the dedication of land for the development of affordable housing by others is more effective.

4. Credits and transfers: A developer may purchase or transfer credits to existing residential development.
5. Acquisition and rehabilitation of units: Existing market-rate housing is acquired and rehabilitated, then converted to affordable housing.
6. HUD restricted units: In some cases, the developer may reach an agreement with the US Dept. of Housing and Urban Development.
7. Option to Purchase: This approach allows developers to purchase property and dedicate the entitled property to the City for the purpose of future affordable housing.
8. Payment of in-lieu fee: Please see below.
9. A combination of the above approaches.

In general, inclusionary housing programs only apply to new development. Existing or previously entitled projects (such as Tracy Hills or Ellis) would not be subject to new requirements. While affordability requirements are applied to non-residential development in some jurisdictions, those programs are more complex and require additional legal and economic analysis.

In-Lieu Fee

Some programs allow developers to pay an in-lieu fee instead of constructing on-site affordable units. In-lieu fees are typically calculated on a per-square-foot or per-unit basis and are intended to reflect the value of the deed restriction that would otherwise apply. Collected fees can be used to support affordable housing elsewhere in the city, serve as matching funds for grants, or assist nonprofit housing developers.

Some cities limit the amount of the obligation that may be met by payment of an in-lieu fee. For example, a developer may be required to construct at least 50% of the required units but may pay an in-lieu fee for the remainder of the obligation. In-lieu fees are also convenient for smaller infill projects where the management of a very small number of on-site affordable units is burdensome.

Density Bonus

An existing tool available for the promotion of affordable housing is the State Density Bonus Law (Gov. Code § 65915), which is reflected in the Tracy Municipal Code. The Density Bonus Law allows developers to request an increase in density, incentives, or parking reductions for qualifying affordable housing projects. Cities are generally compelled to provide incentives, such as reduced setbacks or modified zoning requirements, to help lower the cost and improve the feasibility of a project. The program was initially tied to increased residential density, reduced setbacks and other physical constraints. Now, however, a broader range of incentives and concessions are routinely considered with the Density Bonus Law. Density Bonus Law requires that all parties enter into an affordable housing agreement to specify the details of the affordability restrictions.

In the City of Tracy, the residential market has not traditionally sought greater density and, as a result, the Density Bonus has not been a significant tool to develop affordable

housing. It remains available and was recently updated in support of the adopted Housing Element.

Follow Up

City staff is available to return with additional information on any of the subjects discussed above or of interest to Council. Should Council ultimately direct the exploration of a Tracy-specific affordable housing policy, a public outreach plan would be presented to ensure that all affected parties can contribute to the discussion.

Other Resources:

1. Walnut Creek, CA Inclusionary Housing Ordinance
<https://www.walnutcreekca.gov/government/departments/housing-programs/housing-policies/inclusionary-housing-ordinance>
2. Fremont, CA Affordable Housing Ordinance
<https://www.fremont.gov/government/departments/housing/affordable-housing-developers/affordable-housing-ordinance>

CEQA DETERMINATION

The proposed action is not a project within the meaning of section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change in the environment, either directly or ultimately.

FISCAL IMPACT

As an informational item, there is no fiscal impact.

STRATEGIC PRIORITY

This action supports Council Goal – Quality of Life, 1. Advance the City of Tracy’s Housing Element. An affordable housing program may be a significant tool to achieve the City’s housing goals.

ACTION REQUESTED OF COUNCIL

Staff recommends that City Council receive an informational presentation on affordable housing.

Prepared By: Forrest Ebbs, Director of Community and Economic Development

Reviewed by: Sara Castro, Director of Finance
L. David Nefouse, City Attorney
Arturo M. Sanchez, Assistant City Manager

Approved by: Midori Lichtwardt, City Manager



Affordable Housing City Council Presentation

March 17, 2026



Background

- Affordable housing is a statewide policy issue.
- Cities must accommodate housing at all income levels.
- Tracy Housing Element commits to expanding housing opportunities.
- Tracy currently has no formal affordable housing program.



Definition of Affordable Housing

- Deed-restricted housing for income-qualified households.
- Typically restricted for 55 years.
- Affordability measured using Area Median Income (AMI).
- Housing costs generally limited to 30% of income.



California Public Resources Code § 21080.27

Income Categories (AMI)



- Acutely Low Income (~15% AMI)
- Extremely Low Income ($\leq 30\%$ AMI)
- Very Low Income ($\leq 50\%$ AMI)
- Low Income ($\leq 80\%$ AMI)
- Moderate Income (80–120% AMI)

Income Categories (AMI)

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	5	\$ 16,950	\$ 37,650	\$ 56,500	\$ 90,400	\$ 112,950	\$ 135,550
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Inclusionary Housing Programs



- Require affordable units in new residential development.
- Flexible compliance options available.
- Applies to new development projects.
- May include mixed affordability levels.

Inclusionary Compliance Options

- On-site affordable units.
- Off-site construction.
- Land dedication.
- In-Lieu fee
- Credits or transfers.
- Acquisition and rehabilitation.
- HUD partnerships.
- Option to purchase property.
- Combination of approaches.

“Menu Approach”



Inclusionary Housing Programs

Pros

- Increases supply of deed-restricted affordable housing
- Helps the city meet its Regional Housing Needs Allocation (RHNA)
- Works synergistically with the State Density Bonus Law
- Provides opportunities for more people to share in the economic growth as market-rate development occurs
- Allows lower-wage workforce to live in/near the communities in which they work, decreasing commute times and, thereby, reducing emissions



Inclusionary Housing Programs

Cons

- May increase costs & reduces revenue for builder
- Require periodic maintenance and updating – *living program*
- Requires staff resources to administer the program
- Deed restrictions limit value appreciation for lower-income, ownership units
- Moderate unit price restrictions are often released at first sale and no longer guarantee affordability



Cities with Inclusionary Ordinance

- San Francisco Bay Area
 - Livermore
 - Brentwood
 - Pleasanton
 - Dublin
 - Walnut Creek
 - San Ramon
 - *Nearly all cities*
- San Joaquin Valley
 - Ripon
 - Patterson
 - Escalon
 - McFarland
- Sacramento Area
 - Sacramento
 - Elk Grove
 - West Sacramento
 - Davis
 - Folsom
 - Roseville
 - Citrus Heights



In-Lieu Fees

- Developers may pay in-lieu fees instead of building units.
- Fees support affordable housing programs and grants.
- Fee is ~ the \$ value of the affordable restriction.



Example Project - Inclusionary

100 new houses proposed

Developer picks from:

1. Restrict 15% for Moderate-income households (15 units)
or
2. Restrict 10% for Low-income households (10 units)
or
3. Pay In-Lieu fee



Density Bonus (Gov. Code § 65915)

- State Density Bonus Law provides incentives and concessions in exchange for affordable housing.
 - Increase in density
 - Parking reductions
 - Other incentives
- **Elective program**
- Affordable Housing Agreement
- Works with Inclusionary Ordinance or Separately



Administration

- Affordable Housing Programs required monitoring and reporting
- Income verification
- **Elective program**
- Affordable Housing Agreement





Think Inside the Triangle™

Questions?