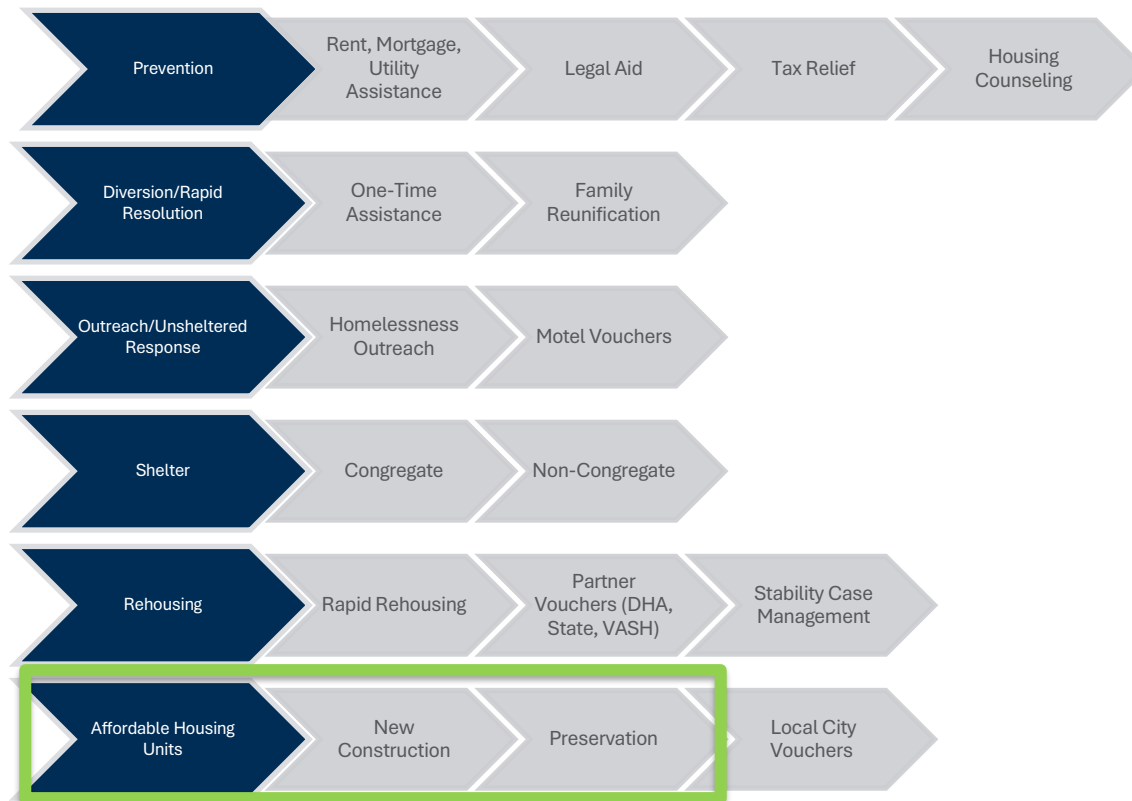




# Affordable Housing Covenants

Community Planning and Housing Committee  
Sept. 9, 2025

# HOST's Spectrum of Work



# Rental and Occupancy Covenant

- Restricts the income of tenants and rents charged for all City and/or Federally-funded affordable units in the property.
- Rents shall not exceed the lesser of fair market value for comparable units in the area, or 30% of the household income for the designated AMI of the unit.
- Tenant's household income shall be at or below the designated AMI of the unit.
- Incomes and rents are published each year by HUD.

# Rental and Occupancy Covenant

- Designation of Units table included in each covenant:

<b>BEDROOMS</b>	<b>30% Units</b>	<b>60% Units</b>	<b>70% Units</b>
2 Bedroom	20	44	60
3 Bedroom	4	12	14
4 Bedroom	3	6	7
<b>TOTAL</b>	<b>27</b>	<b>62</b>	<b>81</b>

# Rental and Occupancy Covenant

## Additional Covenant Requirements

- Reporting/Inspections
- Record Retention
- Lease Requirements/Prohibited Terms
- Affirmative Marketing/Tenant Selection Plan
- Property Standards
- Term/Transfers/Enforcement

# Rental and Occupancy Covenant

- Preservation Ordinance (Sec. 27, Article III) requires all developments receiving City subsidy for the creation or preservation of affordable housing restricts rent and incomes for a minimum of 60 years (Sec. 27-50). For units subject to the Expanding Housing Affordability Ordinance (EHA), this minimum term is 99-years (Sec 27-224)
- Covenants are recorded with City Clerk and Recorder against the title to the property
- City covenants may be layered with covenants from other funders/programs.

# Homeownership Covenants

Recently, often in the form of a Community Land Trust's Land Lease

- City Rider giving enforcement rights
- Restricts buyer income, initial sales price, subsequent sales prices/buyers and shared equity.
- 99-year term with renewals
- Other Land Lease terms: primary residence, lease fee, taxes and insurance, improvements and maintenance, refinancing/2<sup>nd</sup> mortgage

Land Trusts can purchase and sell affordable condos where a City-Approved Affordability Covenant would be recorded in lieu of a Land Lease.

Large development areas (Central Park, Green Valley Ranch, etc.)



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# Questions?