



# Essex's Request to Amend the Affordable Housing Agreement for 7 S. Linden

December 10, 2025  
City Council Meeting

# 7 S. Linden Project Background



- **March 2023** Planning Commission approved the 543-unit multi-family rental project
  - Conditions of Approval require execution of an Affordable Housing Agreement (AHA) in compliance with SSFMC 20.380, Inclusionary Housing Regulations, prior to building permit issuance
- **March 2025** AHA executed
- **March 2025** grading permit issued
- **May 2025** building permit issued
- **Sept 2025** Essex requested an amendment to the AHA

# Area Median Income & Income Categories

## California State Income Limits for SMC

Effective 4/23/2025 - Area median Income **\$186,600** (based on household of 4)

<u>Income Category</u>	<u>Income Limits by Family Size (\$)</u>							
	1	2	3	4	5	6	7	8
Extremely Low (30% AMI) *	41,150	47,000	52,900	<b>58,750</b>	63,450	68,150	72,850	77,550
Very Low (50% AMI) *	68,550	78,350	88,150	<b>97,900</b>	105,750	113,600	121,400	129,250
Low (80% AMI) *	109,700	125,350	141,000	<b>156,650</b>	169,200	181,750	194,250	206,800
Median (100% AMI)	130,600	149,300	167,950	<b>186,600</b>	201,550	216,450	231,400	246,300
Moderate (120% AMI)	156,750	179,100	201,500	<b>223,900</b>	241,800	259,700	277,650	295,550

# AHA Requirements & Proposed Amendment

## AHA (15% affordable)

- 27 very low-income units, rents at 50% AMI
  - Eligibility up to 50% AMI
- 54 low-income units, rents at 60% AMI
  - Eligibility up to 80% AMI

## Option 1 (15% affordable)

- 27 very low-income units, rents at 50% AMI
  - Eligibility up to 50% AMI
- 27 low-income units, rents at 70% AMI
  - Eligibility up to 80% AMI
- 27 moderate-income units, rents at 110% AMI
  - Eligibility up to 120% AMI

## Option 2 (10% affordable)

- 54 very low-income units, rents at 50% AMI
  - Eligibility up to 50% AMI

# Rent Calculations

Unit Type	Developer's Rent Assumptions	AHA (15% Affordable)	Option 1 (15% Affordable)	Option 2 (10% Affordable)
50% AREA MEDIAN INCOME		27 units	27 units	54 units
Studio	\$1,501	\$1,501	\$1,501	\$1,501
1 BDRM	\$1,600	\$1,600	\$1,600	\$1,600
2 BDRM	\$1,902	\$1,902	\$1,902	\$1,902
60% AREA MEDIAN INCOME		54 units		
Studio		\$1,844		
1 BDRM		\$2,115		
2 BDRM		\$2,343		
70% AREA MEDIAN INCOME		27 units		
Studio			\$2,186	
1 BDRM			\$2,506	
2 BDRM			\$2,783	
80% AREA MEDIAN INCOME		54 units		
Studio	\$2,530			
1 BDRM	\$2,898			
2 BDRM	\$3,223			
110% AREA MEDIAN INCOME		27 units		
Studio			\$2,992	
1 BDRM			\$3,456	
2 BDRM			\$4,380	

# Financial Analysis

- City engaged Economic & Planning Systems to evaluate the request
- The loss in annual revenue associated with the AHA-required rents compared to what the developer originally assumed is about \$525,000
- Option 1 presents a better financial position than the developer's assumed rents, generating \$650,000 more in annual revenue than the AHA requires
- Option 2 represents a small reduction in annual revenue from the developer's assumed rents, about \$160,000 less in annual revenue
- Providing the units as required by the AHA represents a 2.2% reduction in the value of the project

# Regional Housing Needs Allocation Progress

		ACTUALS		ESTIMATES						Total by Income	Total Remaining
	RHNA	2023	2024	2025	2026	2027	2028	2029	2030		
Very Low	871	12	14	71	65	104	36	<i>too distant - not estimated</i>		302	569
Low	502	13	14	107	14	53	27			228	274
Moderate	720	15	18	33						66	654
Market Rate	1,863	14	16	1,118		643				1,791	72
Total by Year	3,956	54	62	1,329	79	800	63			2,387	1,569

## NOTABLE PROJECTS

	Baden Station (A)	7 S Linden (M)	500 Linden (A)	1051 Mission (A)	522 Linden (A)
		410 Noor (M)		L37 PUC Site (M)	
		Alexa Iconn (M)			
		721 Airport (A)			

(M) Market Rate w/ Inclusionary  
(A) 100% Affordable

# Council Action for Consideration

- This is a discretionary Council action outlined in the City's Inclusionary Housing Regulations, SSFMC 20.380.0144(B)
- Council may consider adopting either of the two resolutions or take no action, which would leave the AHA as executed providing 27 very low-income units and 54 low-income units calculated at 60% AMI
- Item 20a. implements Option 1, resulting in 27 very low-income units, 27 low-income units calculated at 70% AMI, and 27 moderate-income units
- Item 20b. implements Option 2, resulting in 54 very low-income units