

MONTEREY COUNTY INCLUSIONARY HOUSING PROGRAM FACT SHEET



What is the Inclusionary Program?

The Monterey County Inclusionary Housing Program began in 1980. The Program requires that residential development contribute to the production of affordable housing, either by the construction of affordable housing units or by payment of a fee in-lieu of constructing units.

What are Inclusionary Homes?

Inclusionary homes are created when developers build residences in the unincorporated areas of the County. At least 20 percent of the homes are required to be price restricted. The homes can be sold to qualified buyers as owner-occupied units or rented to qualified tenants. Generally, for every five homes a developer builds, one must be an inclusionary home. The inclusionary homes are located throughout the unincorporated areas of Monterey County (areas which are not within cities). The inclusionary homes are price restricted so that they are always sold or rented below the market rate, and they must always be sold or rented to a household who qualifies for the Program. This means that if you decide to sell your inclusionary home in the future, **the price will be determined by the County and will probably be less than the sales price of similar homes in the neighborhood.**

Who Qualifies for the Inclusionary Program?

In order to qualify for the Inclusionary Program, the gross income of the applicant's household cannot exceed 120 percent of the median income of Monterey County (adjusted annually), and the applicant may only possess a limited amount of assets. Some inclusionary homes require lower incomes. The applicant must also have lived in Monterey County for at least one year, or have worked in the County for at least six months.

How do I Apply to Become an Inclusionary Homeowner?

Households interested in becoming inclusionary homeowners complete an application (provided by the County), which provides information about the household:

- the household size and income
- where the household currently resides and the length of time they have lived in the County;
- where the members of the household are employed and the length of time of employment

If a household is selected to purchase an inclusionary home, additional information will be requested to verify program eligibility.

How are Inclusionary Homeowners Selected from the Applicants?

Once every two years, the County submits the names of all of the qualified applicants to a random selection lottery process, and a list of prioritized households is compiled. The names of households from the list are given to residential housing developers in priority order when an inclusionary unit will be available for sale. The developers or inclusionary owners contact the households when homes are ready to be sold.

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Is the Inclusionary Home Purchase Process Similar to Purchasing a Market Rate Home?

If a selected household decides to buy the inclusionary home they are offered, the buyer must initiate the same purchase process that the buyer of a market-rate home initiates: The buyer must secure financing to purchase the house. The buyer may also want to contact a real estate agent for assistance, because the buyer will be required to purchase property insurance and to complete all of the inspections required by their lender.

Once the buyer has initiated the purchase process and the sale of the house is in escrow, the buyer will be required to sign an **Inclusionary Agreement** with the County. This Agreement states that the inclusionary home is restricted for “perpetuity” (which means forever), and it is recorded against the property. The Agreement also states that the buyer is required to abide by the requirements of the Inclusionary Program.

Some of the requirements stated in the Agreement include, but are not limited to:

- Inclusionary homeowners must purchase and maintain property insurance for the inclusionary home.
- The homeowner must always keep the inclusionary home maintained in good condition.
- Inclusionary residences must be the owners’ primary place of residence and cannot be rented or leased to anyone else.
- Inclusionary homeowners must respond to the County’s annual monitoring request for information about the occupants of the home.
- Children and stepchildren can inherit inclusionary homes from their parents, if children meet the income restrictions recorded against the property, and if the children live in the house as their primary place of residence. If the children do not meet the Inclusionary Program criteria, the home must be sold within one year of the inheritance. The County will determine the sales price and refer eligible buyers.
- Once an inclusionary home has been purchased, only a husband or wife can be added to or removed from the title of the house.
- To make sure that the inclusionary homes remain affordable to people like you, the County will determine the sales price or the refinance price.
- Once you have become an inclusionary homeowner, your income can increase.

If you would like to apply to become an inclusionary homeowner, please fill out the attached application form and mail it back to the County. The address to send the completed form to is:

Monterey County Housing and Redevelopment
168 W. Alisal St.
Salinas, CA 93901

If you have further questions you can call (831) 755-5390.