

RESOLUTION NO. 2013-55

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE APPROVING THE AFFORDABLE HOUSING NEXUS STUDY AND ESTABLISHING THE AMOUNT OF FEES RELATIVE TO THE AFFORDABLE HOUSING FEE FOR NEW NONRESIDENTIAL DEVELOPMENT

WHEREAS, in 2000, the City of Elk Grove (hereinafter also referred to as "City") City Council adopted Ordinance No. 2000-1 (the VLIHTF Ordinance), adopting Chapter 16.89 of the Elk Grove Municipal Code establishing the Very Low Income Housing Trust Fund Fee (hereinafter also referred to as "Fee") for all nonresidential development in the City, with certain exemptions; and

WHEREAS, the VLIHTF Ordinance: 1) created the authority for imposing the Fee to provide funding for housing affordable to very low-income households, and 2) set forth the amount of the fee for certain land use categories; and

WHEREAS, in 2012, the City commissioned a consultant to provide an updated Affordable Housing Nexus Study ("Study"); and

WHEREAS, the Study established that a nexus exists between new nonresidential development and the need for affordable housing, and finds that nonresidential development has a deleterious public impact, in that by increasing employment, it also increases the demand for housing for the added employees, and that market-rate housing development will not provide housing affordable for the additional lower-earning employees; and

WHEREAS, the Study identified the cost of creating affordable housing units attributable to new nonresidential development; and

WHEREAS, the Study presented the need and costs of mitigating the housing impacts of new development in the City, and represents a reasonable basis to establish the Fee by identifying the relationship between new nonresidential development, the needed affordable housing to serve that new development, the estimated costs of providing that affordable housing, and the amount of the maximum affordable housing fee for nonresidential development in certain land use categories; and

WHEREAS, in order to protect the health, safety, and welfare of the community and ensure that adequate housing for very low-income households and low-income households is provided in the City, establishment of a citywide Affordable Housing Fee, with certain exemptions, is necessary; and

WHEREAS, on March 27, 2013, the City Council introduced an Ordinance the "Nonresidential AHF Ordinance"), repealing the existing Chapter 16.89 of the City of Elk Grove Municipal Code in its entirety and reenacting it with a new Chapter 16.89

establishing the Affordable Housing Fee (AHF) to fund affordable housing for low- and very low-income households; and

WHEREAS, the Nonresidential AHF Ordinance permits imposition of the administration fee, and the amount of this fee does not exceed the estimated reasonable costs of the collection, deposit, investment, accounting, remittance and reporting of the AHF; and

WHEREAS, in accordance with the Mitigation Fee Act (Government Code Section 66000 et seq.) at least one open and public hearing was held on the adoption of the AHF, at which written and oral presentations were made as part of a regularly scheduled City Council meeting. The date, time and place of the public hearing(s) was duly noticed in accordance with Government Code Sections 66018 and 6062a, and notice was mailed to any interested party who requested notice of adoption of new fees. A draft Affordable Housing Nexus Study was made available for public inspection for a period of at least ten (10) days prior to said public hearing. Background data and materials referenced therein were made available to interested parties upon request to the City Clerk's Office at least ten (10) days prior to the date of said hearing. Following receipt of written and/or oral comments from interested persons on the AHF, the City Council closed the public hearing on the AHF, and provided direction to City staff concerning the AHF; and

WHEREAS, the creation of the Affordable Housing Fee is not a "project" subject to the California Environmental Quality Act because it is a funding mechanism having no physical effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby approves as follows:

1. **Incorporation of the Study:** This Resolution adopts the Affordable Housing Nexus Study, dated February 27, 2013, presented with the accompanying staff report. The staff report, along with the studies and reports it may reference or be based upon in whole or in part, together with any amendments thereto and any supplemental or implementation actions pursuant thereto made after its initial adoption, establish the need, costs and financing of affordable housing needed due to new nonresidential development throughout the City, and present a reasonable basis on which to establish the AHF under this Resolution. The Study establishes the reasonable relationship between the need for affordable housing and the impacts of new nonresidential development by land use category, for which the corresponding AHF is to be charged.

2. **Affordable Housing Fee (AHF):** The amounts of the AHF established and imposed pursuant to the Nonresidential AHF Ordinance are hereby established at no greater than the levels set forth in the Study. The applicable AHF rates by nonresidential land use category, which the City Council of the City of Elk Grove hereby adopts, are attached as Exhibit "A" and incorporated herein by this reference. The land

use category by zoning designations, which the City Council of the City of Elk Grove hereby adopts, are attached as Exhibit "B" and incorporated herein by this reference.

3. AHF Administrative Fee: The amount of the AHF administrative fee established and imposed pursuant to the Nonresidential AHF Ordinance is hereby established at the level to off-set the actual reasonable costs for the collection, deposit, investment, accounting, and reporting of the AHF. The AHF administrative fee, which the City Council hereby adopts, is included in Exhibit "A," which is attached and incorporated herein by this reference.

4. Adjustments: The AHF development impact fees shall be adjusted each calendar year beginning on January 1, 2014. The adjustment shall be based on a factor equal to the percentage increase or decrease, if any, of the following:

- a. The year-over-year change in the median home sales prices for the City of Elk Grove as published by DataQuick (or equivalent source) monthly during the twelve-month period ending the preceding October 31st. This factor shall comprise sixty percent (60%) of the adjustment.
- b. The average change of the 20-City Construction Cost Index as published by Engineering News Record/McGraw-Hill Construction weekly during the twelve (12) month period ending the preceding October 31st. This factor shall comprise ten percent (10%) of the adjustment.
- c. The average change of the San Francisco Construction Cost Index as published by Engineering News Record/McGraw-Hill Construction weekly during the twelve (12) month period ending the preceding October 31st. This factor shall comprise ten percent (10%) of the adjustment.
- d. The average change of the Consumer Price Index for All Urban Consumers (CPI-U) rent of primary residence for the Western Region as published by the US Bureau of Labor Statistics monthly during the twelve (12) month period ending the preceding October 31st. This factor shall comprise twenty percent (20%) of the adjustment.

5. Construction of Resolution: The provisions of this Resolution are subject and subordinate to the provisions of the Nonresidential AHF Ordinance and shall at all times be constructed and applied consistent therewith as the same presently exists or may from time to time hereafter be amended.


6. Effective Date: This Resolution shall be effective 60 days after its adoption.

7. Severability: If any section, phrase, sentence, or other portion of this Resolution for any reason is held or found to be invalid, void, unenforceable, or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions of this Resolution. If any fee established by this Resolution for any reason is held or found to be invalid, void, unenforceable, or unconstitutional by a court of competent jurisdiction, such fee shall be deemed a separate, distinct and independent

fee, and such holding shall not affect the validity of the remaining fees established by this Resolution. If any fee established by this Resolution is held or found to be invalid, void, unenforceable or unconstitutional by a court of competent jurisdiction based upon an insufficient nexus to a specific affordable housing project for which the revenue generated from such fee may be expended pursuant to this Resolution, said fee as it relates to such specific affordable housing project shall be deemed a separate, distinct and independent fee, and such holding shall not affect the validity of the fee as it relates to other affordable housing projects or programs.

8. Annual Report and Review of Fees: No later than one hundred eighty (180) days following the end of the fiscal year that includes June 30, 2013, the City Manager, or his or her designee, shall prepare a report for the City Council in compliance with Government Code Section 66006.

PASSED AND ADOPTED by the City Council of the City of Elk Grove on this 27th day of March 2013.



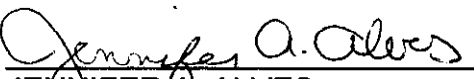
GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JENNIFER A. ALVES,
ASSISTANT CITY ATTORNEY

EXHIBIT "A"
Nonresidential Affordable Housing Fee
(per square foot)

Commercial/retail	\$0.46	\$0.014	\$0.474
Hotel	\$1.36	\$0.041	\$1.401
Manufacturing	\$0.52	\$0.016	\$0.536
Office	\$0.00	\$0.00	\$0.00
Warehouse	\$0.56	\$0.012	\$0.572

EXHIBIT "B"
Land Use Categories by Zoning Designations

Zoning Designation	Fee Land Use Category
Residential Uses	
Adult Day Care Home	Commercial
Caretaker Housing	Exempt
Child Care Center	Commercial
Dwelling, Multi-Family	Exempt
Dwelling, Second Unit	Exempt
Dwelling, Single-Family	Exempt
Dwelling, Two-Family	Exempt
Emergency Shelter	Exempt
Employee Housing, Large	Exempt
Employee Housing, Small	Exempt
Group Residential	Exempt
Guest House	Exempt
Home Occupations	Exempt
Live-Work Facility	Manufacturing or Commercial (activity-based)
Manufactured Home	Exempt
Mobile Home	Exempt
Mobile Home Park	Exempt
Residential Care Facility	Commercial
Residential Care Home	Commercial
Single Room Occupancy (SRO) Facilities	Exempt
Supportive Housing	Exempt
Transitional Housing	Exempt
Agriculture, Resource, and Open Space Uses	
Animal Husbandry	Warehouse
Animal Keeping – Exotic	Exempt - Agricultural
Animal Keeping – Fowl	Exempt - Agricultural
Animal Keeping – Household Pets	Exempt - Agricultural
Animal Keeping - Livestock	Exempt - Agricultural
Crop Production	Exempt - Agricultural
Equestrian Facility, Commercial	Warehouse
Equestrian Facility, Hobby	Exempt - Agricultural
Feedlot	Warehouse
Hog Farm, Commercial	Warehouse
Kennels, Commercial	Warehouse

Zoning Designation	Fee Land Use Category
Kennels, Hobby	Exempt
Slaughterhouse	Manufacturing
Veterinary Facility	Commercial
Recreation, Education, and Public Assembly Uses	
Assembly Uses	Commercial
Cemeteries, Mausoleums	Exempt
Community Garden	Exempt
Crematories	Commercial
Golf Courses/Clubhouse	Commercial
Indoor Amusement/Entertainment Facility	Commercial
Indoor Fitness and Sports Facilities	Commercial
Libraries and Museums	Exempt (non-profit)
Mortuaries and Funeral Homes	Commercial
Outdoor Commercial Recreation	Commercial
Parks and Public Plazas	Exempt
Recreational Vehicle Parks	Commercial
Resource Protection and Restoration	Exempt
Resource-Related Recreation	Exempt
Schools – Academic - Private	Commercial
Schools - Academic - Charter	Commercial (private)
Schools – Academic - Public	Exempt
Schools – Colleges and Universities - Private	Commercial
Schools – Colleges and Universities - Public	Exempt
Schools – Equipment/Machine/Vehicle Training	Commercial (private)
Schools – Specialized Education and Training/Studios	Commercial (private)
Theaters and Auditoriums	Commercial
Utility, Transportation, and Communication Use Listings	
Airport	Commercial
Broadcasting and Recording Studios	Office
Bus and Transit Shelters	Exempt
Fuel Storage and Distribution	Warehouse
Heliports	Commercial
Park and Ride Facility	Exempt
Parking Facility	Exempt if no employees
Public Safety Facility	Exempt
Telecommunication Facility	Exempt
Transit Facilities	Commercial
Transit Stations and Terminals	Commercial

Zoning Designation	Fee Land Use Category
Utility Facility and Infrastructure	Exempt
Retail, Service, and Office Uses	
Adult Day Care Facility	Commercial
Adult Oriented Business	Commercial
Agricultural Tourism	Commercial
Alcoholic Beverage Sales	Commercial
Ambulance Service	Commercial
Animal Sales and Grooming	Commercial
Art, Antique, Collectable	Commercial
Artisan Shops	Commercial
Banks and Financial Services	Commercial
Bars and Nightclubs	Commercial
Bed and Breakfast Inns	Hotel
Building Materials Stores and Yards	Commercial
Business Support Services	Commercial
Call Centers	Office
Card Rooms	Commercial
Convenience Stores	Commercial
Drive-in and Drive-through Sales and Service	Commercial
Equipment Sales and Rental	Commercial
Garden Center/Plant Nursery	Commercial
Grocery Store/Supermarket	Commercial
Hotels and Motels	Hotel
Liquor Stores	Commercial
Maintenance and Repair Service	Manufacturing
Medical Services, Extended Care	Commercial
Medical Services, General (Clinics, Offices, and Labs)	Commercial
Medical Services, Hospitals	Commercial
Neighborhood Market	Commercial
Offices, Accessory	Office
Offices, Business and Professional	Office
Pawn Shop	Commercial
Personal Services	Commercial
Personal Services, Restricted	Commercial
Restaurants	Commercial
Retail, Accessory	Commercial
Retail, Superstore	Commercial
Retail, Superstore - Large Format	Commercial

Zoning Designation	Fee Land Use Category
Retail, Warehouse/Club	Commercial
Retail, General	Commercial
Smoke Shops	Commercial
Thrift Store	Commercial
Automobile and Vehicle Uses	
Auto and Vehicle Rental	Commercial
Auto and Vehicle Sales	Commercial
Auto and Vehicle Sales, Wholesale	Commercial
Auto and Vehicle Storage	Commercial
Auto Parts Sales	Commercial
Auto Vehicle Dismantling	Manufacturing
Car Washing and Detailing	Commercial
Service Station	Commercial
Vehicle Services – Major	Commercial
Vehicle Services – Minor	Commercial
Industrial, Manufacturing, and Processing Uses	
Agricultural Products Processing	Manufacturing
Freight Yard/Truck Terminal	Warehouse
Laundry and Dry Cleaning Plant	Manufacturing
Manufacturing, Major	Manufacturing
Manufacturing, Minor	Manufacturing
Manufacturing, Small Scale	Manufacturing
Printing and Publishing	Manufacturing
Recycling Facility – Collection, Small	Exempt
Recycling Facility – Collection, Large	Manufacturing
Recycling Facility – Processing	Manufacturing
Recycling Facility – Scrap and Dismantling	Manufacturing
Research and Development	Commercial
Storage, Personal Storage Facility	Warehouse
Storage, Warehouse	Warehouse
Storage, Yards	Warehouse
Wholesaling and Distribution	Warehouse
Wineries and Distilleries	Manufacturing

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2013-55

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) **ss**
CITY OF ELK GROVE)

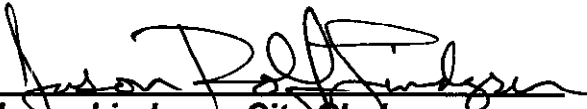
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on March 27, 2013 by the following vote:

AYES : COUNCILMEMBERS: *Davis, Detrick, Cooper, Hume, Trigg*

NOES: COUNCILMEMBERS: *None*

ABSTAIN : COUNCILMEMBERS: *None*

ABSENT: COUNCILMEMBERS: *None*


Jason Lindgren, City Clerk
City of Elk Grove, California