

## **RESOLUTION NO. 2013-54**

### **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 RESIDENTIAL DEVELOPMENT**

**WHEREAS**, the City of Elk Grove (hereinafter also referred to as "City") City Council in 2004 approved Resolution No. 2004-223 imposing an Affordable Housing Fee (hereinafter also referred to as "Fee") for all residential development in the City, with certain exemptions; and

**WHEREAS**, the Fee was based on a housing nexus study and housing fee impact analysis completed in 2002; and

**WHEREAS**, since 2002, the demographics, housing affordability, and housing market in the City have changed largely as a result of external economic factors; 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 residential development and the need for affordable housing, and finds that market-rate residential 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 residential 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 residential 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 residential development; 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 "Residential AHF Ordinance"), adding Chapter 16.88 to the City of Elk Grove Municipal

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

**WHEREAS**, the Residential 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, and 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 residential 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 residential development, 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 Residential AHF Ordinance are hereby established at no greater than the levels set forth in the Study. The applicable AHF rates by residential 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.

3. **AHF Administrative Fee:** The amount of the AHF administrative fee established and imposed pursuant to the Residential 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 price for the City of Elk Grove as published by DataQuick (or equivalent source) monthly during the twelve-month period ending the preceding October 31<sup>st</sup>. 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 31<sup>st</sup>. 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 31<sup>st</sup>. 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 March 31<sup>st</sup>. This factor shall comprise twenty percent (20%) of the adjustment.

5. **Repeal of Resolution No. 2004-223:** Resolution No. 2004-223 imposing affordable housing fees is hereby repealed.

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


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

8. **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.

9. **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 27<sup>th</sup> day of March 2013.

  
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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"**  
**Residential Affordable Housing Fee**  
**(per housing unit)**

Single-family development (1-2 units)	\$2,800	\$84	\$2,884
Multifamily development (3 or more units)	\$1,680	\$50	\$1,730

**CERTIFICATION  
ELK GROVE CITY COUNCIL RESOLUTION NO. 2013-54**

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

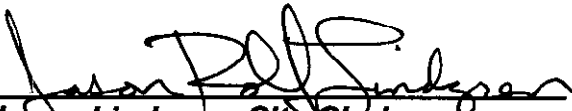
*I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on March 27, 2013 by the following vote:*

**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**