



City Council Staff Report

Subject: Reduction of Park Improvement, Trail, Community and Recreation Facilities, and Public Facilities Impact Fees for Affordable Housing Developments

Date: November 8, 2022

Submitted By: Elizabeth Sorg, Management Analyst

Department: City Manager's Office

Staff Recommendation:

Introduce, Waive the Full Reading and Read by Title Only an Ordinance of the City Council of the City of Rocklin Amending Chapter 3.16 of the Rocklin Municipal Code to Enact Article VIII Pertaining to a Reduction of Park Improvement, Trail, Community and Recreation Facilities, and Public Facilities Impact Fees for Affordable Housing Developments.

BACKGROUND:

On May 24, 2022, the City Council adopted Resolution No. 2022-107, approving and adopting the Development Impact Fee Study prepared by NBS, dated April 18, 2022. Development impact fees are imposed on new development projects in the City in order to mitigate the impacts of new development on the City's facilities. The City charges impact fees for several types of facilities, including such facilities as transportation infrastructure, parks and recreation facilities, police stations and fire stations.

At the June 28, 2022 City Council meeting, the City Council adopted the ordinance that established the Park Improvement, Trails, Community and Recreation Facilities, and Public Facilities fees. These fees will be phased in beginning January 1, 2023. Also at the June 28 meeting, staff presented the option to return with a fee reduction program for new affordable housing developments in order to incentivize the creation of more affordable

housing in the city, and City Council was receptive to this program.

The attached ordinance proposes a process by which applicants who are constructing affordable housing may receive a reduced rate of Park Improvement, Trail, Community and Recreation Facilities and Public Facility fees that are charged upon issuance of all building permits for development in the city. The reduction amounts will be set by resolution, which will be brought for City Council consideration at the time of the second reading of this ordinance. The intent of the resolution will be to establish a reduction in fees that results in affordable housing projects paying a total amount in fees that is similar to the current rate, and will not significantly increase after January 1, 2023.

Next Steps

If the City Council introduces this ordinance, it will be brought back for a second reading at the December 13, 2022 City Council meeting, at which time a resolution establishing the discounted rates will also be brought for City Council consideration.

ATTACHMENTS:

Description

▣ Ordinance

This Staff Report has been reviewed by the City Attorney for legal sufficiency and by the City Manager for content.

ORDINANCE NO.
ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROCKLIN AMENDING
CHAPTER 3.16 OF THE ROCKLIN MUNICIPAL CODE TO ENACT ARTICLE VIII PERTAINING TO A
REDUCTION OF PARK IMPROVEMENT, TRAIL, COMMUNITY AND RECREATION FACILITIES, AND
PUBLIC FACILITIES IMPACT FEES FOR AFFORDABLE HOUSING DEVELOPMENTS

WHEREAS, on June 28, 2022 the City Council adopted an Ordinance Amending Chapter 3.16, Articles VI and VII of the Rocklin Municipal Code Regarding Parks and Recreation and Public Facilities Development Impact Fees Applicable to New Development, which established the impact fees for Park Improvement, Trails, Community and Recreation Facilities, and Public Facilities; and

WHEREAS, development impact fees are administered to collect fees at rates established by resolution, to finance the design, construction, installation and acquisition of public infrastructure or to recover the costs of adding capacity in existing infrastructure; and

WHEREAS, the payment of development impact fees may constitute a barrier for the construction of affordable housing units; and

WHEREAS, the purpose of this Ordinance is to enact a process for the reduction of the impact fees for Park Improvement, Trails, Community and Recreation Facilities and Public Facilities, for new affordable housing developments in the City of Rocklin, with the amount of the reduction in fees established and adjusted from time to time by resolution; and

WHEREAS, reducing certain impact fees for affordable housing developments would not significantly alter the City's ability to finance the design, construction, installation and acquisition of public infrastructure or significantly impact existing finance plans, and any shortfall that may result from the fee reduction shall not be made up from revenue from fees paid by others within any of the relevant fee programs.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ROCKLIN DOES ORDAIN AS FOLLOWS:

Section 1. Recitals Incorporated. The foregoing recitals are incorporated herein by reference as if set forth in full herein.

Section 2. Purpose. The purpose of this ordinance is to update Chapter 3.16 of the Rocklin Municipal Code to enact Article VIII pertaining to the reduction of Park Improvement, Trail, Community and Recreation Facilities, and Public Facilities impact fees for affordable housing developments.

Section 3. Authority. This ordinance is enacted under the authority granted to cities by Article XI, Section 7 of the California Constitution and Government Code section 37100.

Section 4. Enact. The Rocklin Municipal Code, Chapter 3.16, Article VIII is enacted as follows:

Article VIII – Reduction of Park Improvement, Trail, Community and Recreation Facilities, and Public Facilities Impact Fees for Affordable Housing Developments

3.16.600 Purpose

The city council desires to encourage the construction of residential projects which will provide units with affordable rents or affordable housing costs for low, very low and extremely low income households in the city of Rocklin. The city council finds that the payment of certain impact fees for residential development may create a barrier to affordable housing development and desires, by the adoption of this chapter, to ease such barrier by reducing the impact fees for affordable housing developments as set forth in this chapter. The city council finds that this reduction program is consistent with the policies and goals of the housing element of the General Plan of the city of Rocklin and necessary for the health and welfare of the city's residents.

3.16.610 Definitions

“Affordable” means rented at an affordable rent or sold at an affordable housing price.

“Affordable housing development” means a development where all dwellings are sold at an affordable housing price or are rented at an affordable rent calculated as affordable for households earning 80% or less of the Area Median Income (AMI) for Placer County as determined by the California Department of Housing and Community Development.

“Affordable housing purchase price” means a sales price at which low income, very low income and extremely low income households can qualify for the purchase of for-sale affordable units. Qualification shall be based on no more than thirty-five (35) percent of income at eighty (80) percent, fifty (50) percent of the median income, or thirty (30) percent of area median income applicable to the city of Rocklin respectively for low income, very low-income, and extremely low households, being applied to housing expenses, which shall include mortgage principal and

interest, taxes, insurance, assessments, and homeowner fees, as applicable.

“Affordable housing unit” or “affordable unit”: means (a) rental dwelling unit to be occupied by low, very low, and extremely low income households as defined in Health and Safety Code section 50079.5, and offered as at an affordable rent as defined in this document for a period of at least fifty-five [55] years; or (b) a dwelling unit sold at an affordable housing price as defined in this document, and to be occupied by low or very low income households as defined by Health and Safety Code section 50079.5

“Affordable rent” means: (1) for a unit whose occupancy is restricted to low income households, a monthly rent consisting of a maximum of one-twelfth of thirty (30) percent of eighty (80) percent of the median income applicable to the city; (2) for a unit whose occupancy is restricted to a very low income household, a monthly rent consisting of a maximum of one-twelfth of thirty (30) percent of fifty (50) percent of the median income applicable to the city; (3) for a unit whose occupancy is restricted to an extremely low income household, a monthly rent consisting of a maximum of one-twelfth of thirty (30) percent of thirty (30) percent of the median income applicable to the city. In all cases the median income applicable to city is as determined annually by the United States Department of Housing and Urban Development. Maximum rent is adjusted for household size appropriate to the unit, less a reasonable allowance for utilities, as published by the Roseville Housing Authority, or its successor agency.

“Applicant” means the owner or owners of record of the real property for which a fee reduction is sought pursuant to this Chapter.

“City” means the City of Rocklin.

“Development Impact Fees” means only the city fees imposed pursuant to the Rocklin Municipal Code Chapter 3.16, Articles VI and VII, to include the Park Improvement, Trail, Community and Recreation Facilities and Public Facilities Impact Fees.

“Development project” means any development project in the city that includes at least one dwelling unit. Projects at one location developed by the same owner or developer undertaken in phases, stages or otherwise developed in distinct sections shall be considered a single development project for purposes of this section.

“Director” refers to the Director of Community Development or their designee.

“Extremely low income households” refers to an income limit of thirty (30) percent of area median income, adjusted for family size and revised annually as published and periodically updated by the State Department of Housing and Community Development pursuant to Section 50106 of the California Health and Safety Code.

“Fee reduction agreement” refers to the agreement by and between the applicant and the city of Rocklin that is required for approval of any fee reduction under this chapter and which is in

accordance with section 3.16.630 of this chapter.

“Interest” means interest equal to the annual rate of interest earned by the city on the investment of pooled funds computed from the date the impact fees as applicable, would have been due and payable in the absence of a reduction pursuant to this chapter.

“Low income households” refers to an income limit of eighty (80) percent of area median income, adjusted for family size and revised annually as published and periodically updated by the State Department of Housing and Community Development pursuant to Sections 50079.5 of the California Health and Safety Code.

“Maximum fee reduction period” means twenty-four (24) months from the date of issuance of a building permit for a very low income, low income or extremely low income unit within the qualified residential project for which a fee reduction was approved.

“Penalties” means an amount equal to one hundred dollars per unit per month computed from the date the units are required to be constructed.

“Qualified residential project” means a residential development project which has received all required discretionary development approvals and entitlements and which has been certified by the Director of Community Development in writing, as including 100 percent of the units with affordable rents or affordable housing costs for low, very low and/or extremely low income households as applicable.

“Security instruments” means a promissory note secured by a deed of trust encumbering each parcel of record owned by the applicant that is included in the qualified residential project and which has been approved for a fee reduction.

“Very low income households” refers to an income limit of fifty (50) percent of area median income, adjusted for family size and revised annually as published and periodically updated by the State Department of Housing and Community Development pursuant to Section 50105 of the California Health and Safety Code.

3.16.620 Development Impact Fee Reduction Program.

- A. An applicant with a qualified residential project may file an application with the Planning Department to request a reduction of certain development impact fees included in the qualified residential project. The application shall be in a form approved by the Director and shall include the following:
 - a. Copies of all approvals and entitlements for the development of the project;
 - b. A preliminary title report;
 - c. A copy of the tentative or final subdivision or parcel map identifying all units for which a reduction is sought as applicable;

- d. Any other data and information which may be deemed necessary by the Director.
- B. The Director shall approve or deny applications for development impact fee reduction, subject to the following:
 - a. The applicant demonstrating, to the satisfaction of the Director, that the residential development project is an affordable housing development, as defined in this chapter.
 - b. Only development impact fees imposed by the city may be approved for reduction, and include the following: Park Improvement, Trail, Community and Recreation Facilities and Public Facilities Impact Fees. All other impact fees imposed by the City, and other entities or agencies shall be paid in accordance with applicable statutes, resolutions, ordinances and regulations.
 - c. Approval of any development impact fee reduction is subject to the availability of fee reduction funds.
 - d. By resolution, Council shall establish a schedule of the reduction of the development impact fees.
- C. Approval of applications for development impact fee reduction shall be conditional and subject to the recordation, prior to the issuance of any building permits for the qualified residential project or within 60 days of approval, whichever is earlier, of the following documents:
 - 1. Any required security instruments.
 - 2. The agreement required pursuant to section 3.16.630 of this chapter; and
 - 3. The affordability covenants pursuant to section 3.16.640 of this chapter.
- D. A fee reduction shall be valid for the maximum fee reduction period. If the low, very low, or extremely low income units of a qualified residential project are not constructed and certificates of occupancy issued within the maximum fee reduction period, the full amount of all fees shall be immediately due and payable and interest and penalties shall apply pursuant to section 3.16.660 of this chapter.

3.16.630 Reduction Agreement.

The applicant shall enter into a fee reduction agreement with the city in a form satisfactory to and approved by the city attorney. Such agreement shall, at a minimum be:

- 1. Site and project specific;
- 2. Provide for the enforcement of the provisions of this chapter;
- 3. Bind applicant’s successors in interest; and
- 4. Be recorded with the Placer County Office of the Recorder.

A separate agreement shall be entered into for each qualified residential project whether or not the applicant is the same for multiple projects.

3.16.640 Affordability Covenants.

The applicant shall execute and record an affordability covenant for each property for

which development impact fees were reduced, in a form satisfactory to and approved by the city attorney. Such agreement shall, at a minimum provide:

- A. Rental affordable housing units shall remain affordable for a period of no less than fifty-five (55) years from the recordation of the notice of completion for the rental units.
- B. For-sale affordable units shall remain affordable for a period of not less than thirty (30) years for the first sale of an individual property and from the date of any resale to an income-eligible buyer made at a time the affordable unit is subject to affordability restrictions under this chapter.

3.16.650 Fee Reduction Cap.

The amount of development impact fee reductions approved pursuant to this chapter shall not exceed the amount of fee reduction funds reserved and available for use within any given fiscal year. The date an application for a fee reduction is deemed complete by the Director shall establish application priority for fee reduction funds in any given fiscal year. Applicant's failure to record the fee reduction agreement and affordability covenants prior to issuance of any building permits for the project or within 60 days of approval of a fee reduction, whichever is earlier, shall result in the automatic termination of the fee reduction and the loss of application priority. Any subsequent request by applicant for a fee reduction for the same project shall require the resubmittal of an application for the project. Such resubmitted application shall not be given priority over new applications and shall be subject to the cap on fee reduction funds in the same manner as any other new application in a given fiscal year.

3.16.660 Interest and Penalties.

Failure of applicant to construct and obtain a certificate of occupancy within the maximum fee reduction period for low, very low, or extremely low income unit for which a fee reduction was approved shall subject applicant to interest and penalties with such interest and penalties being assessed until such unit is constructed; a certificate of occupancy is obtained; and applicable interest and penalties are paid in full.

3.16.670 Fee Increases.

Fees which qualify for a fee reduction shall not be subject to fee increases which may occur from the date of the recordation of the agreement required pursuant to section 3.16.630 of this Chapter to the end of the maximum reduction period. However, subsequent applications for the same qualified residential project shall be subject to the fee rates in effect at the time of submittal of the subsequent application.

3.16.680 Fee Reduction Application and Administrative Processing Fees.

A non-refundable fee reduction application fee is hereby established and shall be paid at the time of application for a fee reduction pursuant to this chapter. A non-refundable administrative

processing fee is hereby established for payment at the time of each individual building permit issuance for the purpose of funding the costs of administering the fee reduction program established by this chapter. The fees shall be set and amended by resolution of the city council.

3.16.690 Reduction Non-Transferrable.

The approval of a fee reduction pursuant to this chapter for a qualified residential project shall not be transferrable to another project regardless of whether the applicant is the same for both projects or whether the other project is also a qualified residential project.

Section 5. Effective Date. This ordinance shall take effect 30 days after the date of its adoption.

Section 6. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions to be declared invalid or unconstitutional.

Section 7. Publication. Within 15 days of passage of this ordinance, the City Clerk shall cause the full text of the ordinance, with the names of those City Councilmembers voting for and against the ordinance, to be published in a newspaper of general circulation. In lieu of publishing the full text of the ordinance, the City Clerk, if so directed by the City Attorney, shall cause a summary of the ordinance with the names of the City Councilmembers voting for and against the ordinance, to be published in a newspaper of general circulation, and posted in the office of the City Clerk. Alternatively, if a fair and adequate summary is not feasible, the City Clerk, if so directed by the City Attorney, shall publish an advertisement of at least one-quarter page, describing the general nature of, and information about the ordinance, in a newspaper of general circulation, and posted in the Office of the City Clerk. Publication of the ordinance is authorized only where the requirements of Government Code section 36933 are met.

INTRODUCED at a regular meeting of the City Council of the City of Rocklin held on October 25, 2022, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

Bill Halldin, Mayor

ATTEST:

Hope Ithurburn, City Clerk

First Reading: XXX XX, 2022
Second Reading: XXX XX, 2022
Effective Date: XXX XX, 2022