

**CITY OF ROHNERT PARK
DEVELOPMENT SERVICES**

REQUEST FOR PROPOSALS

FOR

INCLUSIONARY HOUSING IN-LIEU FEE



City of Rohnert Park
Development Services
130 Avram Avenue
Rohnert Park, CA 94928
(707) 588-2253

Distribution/Advertisement: October 7, 2016

Deadline for Submittal of Proposal: November 10, 2016 (prior to 5:00 P.M.)

The City of Rohnert Park invites you to the following opportunity:

PREPARATION OF AN INCLUSIONARY HOUSING IN-LIEU FEE STUDY

I. General Description of the Project

The City of Rohnert Park's Inclusionary Housing Ordinance (See Attachment C) establishes an inclusionary requirement on developers of residential development projects. The ordinance requires that at least fifteen percent of all new dwelling units in a residential development of five or more units shall be affordable, and shall be constructed and completed not later than the related market rate units. Currently the Ordinance stipulates that a residential developer may request to meet the city's inclusionary housing requirement by paying an in-lieu fee for fractions of required affordable units or for a small project on less than one acre or with ten or fewer proposed units.

While the City's Ordinance provides for the concept of in-lieu payments, and the City has established a housing linkage fee for non-residential development, the City has not formally established an in-lieu fee for residential projects. To this end, the City is soliciting Consultant proposals to analyze and develop a practical methodology for the allocation and calculation of housing in-lieu fees for residential and mixed use projects.

The City had a previous in-lieu housing fee study completed in April 2009. Documents from that study are included with this RFP (See Attachment B).

II. Schedule, Location, Contact

In order to meet our internal deadline, we have set the following schedule:

Deadline for submittal:	November 10, 2016
Interviews (if necessary):	Week of December 5, 2016
City Council Contract Award:	December 13, 2016

Submit Statement of Qualifications to: City of Rohnert Park
Development Services
130 Avram Avenue
Rohnert Park, CA 94928

Questions regarding this RFP, please direct to: Jeffrey S. Beiswenger, AICP, Planning Manager
jbeiswenger@rpcity.org
707-588-2253

III. Scope of Services

1. Consultant shall perform research and analysis and provide a written report in Microsoft Word text format detailing the recommended methodology and recommended in-lieu fees for residential and mixed use development in the City of Rohnert Park. The report shall also include recommendations for updating and or amending the fees including recommendations for adjusting fees to account for regular construction inflation. The report shall include any recommended or required modifications to the City's Municipal Code in order to implement an in-lieu fee program for residential and mixed use developments.
2. Consultant shall attend up to three (3) in-house staff meetings with Department of Development Services, the core group responsible for reviewing and providing input on Consultant recommendations regarding policy changes, recommended programs, and other items. These meetings could be in the form of a conference call at City staff's discretion.
3. Consultant shall prepare draft resolution implementing the fees and providing for future amendments as needed.
4. Consultant shall attend (1) study session (if held) and the Public Hearing before the City Council.

IV. Schedule

The City's goal is to have the project completed by the end of June 2017.

V. Minimum Proposal Requirements

Consultants interested in providing these services should submit a proposal. Five copies are being requested. Your proposal should include the following items:

- a. Cover Letter: The cover letter is to be signed by an officer of the firm authorized to execute an agreement with the City.
- b. Identification and Qualifications of Consultant: Including a brief overview of qualifications of Consultant. Please include a discussion of your background, relevant experience, and five recent relevant projects with references.
- c. Personnel: Identify your proposed team, including sub-consultants. Include resumes along with experience and qualifications;
- d. Proposed Work Plan: Your work plan should include both a description of the scope of work and schedule. Additionally, the proposed schedule should include major milestones and delivery dates.
- e. Fees: Provide a detailed fee proposal by task in a separate sealed envelope for the

services identified in the scope of services, such as hourly rate for different tasks, vehicle usage rates, equipment usage rates, etc.

VI. Review Process

Consultant selection will be based upon the proposal submitted. Evaluations will be based on the consultants:

1. Experience with researching, preparing and submitting Housing In-Lieu Fee plans.
2. Relevant qualifications of personnel.
3. Information obtained from references and firm's reputation.
4. Familiarity with applicable local, state and federal laws.
5. Knowledge of local housing issues.
6. Proposed schedule and ability to meet City deadlines.
7. Overall responsiveness to this RFP.

The City may request additional clarifying information from any or all consultants that submit a proposal. The City will evaluate the responses to this RFP, may interview the top rated consultant(s), and negotiate a contract for Consultant Services with the consultant that City determines is the most qualified.

Consultants may be requested to be available for an interview with City Staff in Rohnert Park as part of the City's final selection process. The lead members of the consultant team will be expected to attend any interviews scheduled with the City.

VII. General Terms and Conditions

1. The City reserves the right to reject any and all proposals and to award any or all sections of the work to one or multiple consultants.
2. The City will not be responsible for any costs incurred by respondents in the preparation and submittal of a response to this RFP.
3. The City reserves the right to modify the scope of the work for this project at any time.
4. Documents, exhibits, and findings (regardless of format) that are associated with this project shall be the property of the City.
5. Fee proposals included with the submitted proposals shall remain effective for 90 days beyond the submitted date.

Attachments:

- A. Sample Consultant Services Agreement
- B. 2009 Rohnert Park In-Lieu Housing Fee Study Draft Memorandums
- C. Rohnert Park Zoning Ordinance, Section 17.07.020.N (Inclusionary Housing)
- D. Rohnert Park Housing Linkage Fee documentation (applies to nonresidential projects in the City)

City of Rohnert Park
130 Avram Ave.
Rohnert Park, CA 94928

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is entered into as of the <<day>> day of <<Month>>, 20<<last two digits of year>> , by and between the CITY OF ROHNERT PARK (“City”), a California municipal corporation, and _____ << Name of Consultant>> (“Consultant”), <<insert type of entity – corporation, limited partnership (LP), limited liability company (LLC), sole proprietorship with or without a fictitious business name (dba or doing business as), et.; include the state of formation for any entity – i.e. “a California corporation”

Recitals

WHEREAS, City desires to obtain _____ << insert brief description of the task or project that is intended to be completed through this Agreement >> services in connection with _____ ; << insert project this Agreement is related to >>; and

WHEREAS, Consultant hereby warrants to the City that Consultant is skilled and able to provide such services described in Section 3 of this Agreement; and

WHEREAS, City desires to retain Consultant pursuant to this Agreement to provide the services described in Section 3 of this Agreement.

Agreement

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1. Incorporation of Recitals. The recitals set forth above, and all defined terms set forth in such recitals and in the introductory paragraph preceding the recitals, are hereby incorporated into this Agreement as if set forth herein in full.

2. Project Coordination.

A. City. The City Manager or his/her designee, shall represent City for all purposes under this Agreement. The _____ <<insert title of staff member who will serve as Project Manager>> is hereby designated as the Project Manager. The Project Manager shall supervise the progress and execution of this Agreement.

B. Consultant. The Consultant shall assign _____ << insert name of person Consultant is assigning to project >>to have overall responsibility for the progress and execution of this Agreement for Consultant.

3. Scope and Performance of Services

A. Scope of Services. Subject to such policy direction and approvals as the City through its staff may determine from time to time, Consultant shall perform the services set out in the "Scope of Work" attached hereto as Exhibit A and incorporated herein by reference.

B. Time of Performance. The services of Consultant are to commence upon receipt of a written notice to proceed from City, but in no event prior to receiving a fully executed agreement from City and obtaining and delivering the required insurance coverage, and satisfactory evidence thereof, to City. The services of Consultant are to be completed not later than _____ << *insert completion date* >> . Consultant shall perform its services in accordance with the schedule attached hereto as Exhibit A, and incorporated herein by reference. Any changes to these dates in either this Section 3 or Exhibit A must be approved in writing by the Project Manager.

C. Standard of Quality. City relies upon the professional ability of Consultant as a material inducement to entering into this Agreement. All work performed by Consultant under this Agreement shall be in accordance with all applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.

4. Compensation and Method of Payment.

A. Compensation. The compensation to be paid to Consultant, including both payment for professional services and reimbursable expenses, shall be at the rate and schedules attached hereto as Exhibit B, and incorporated herein by reference. However, in no event shall the amount City pays Consultant exceed _____ << *insert written dollar amount* >> Dollars (\$_____). Payment by City under this Agreement shall not be deemed a waiver of unsatisfactory work, even if such defects were known to the City at the time of payment.

B. Timing of Payment.

Consultant shall submit itemized monthly statements for work performed. City shall make payment, in full, within thirty (30) days after approval of the invoice by the Project Manager.

C. Changes in Compensation. Consultant will not undertake any work that will incur costs in excess of the amount set forth in Paragraph 4(A) without prior written amendment to this Agreement.

D. Taxes. Consultant shall pay all taxes, assessments and premiums under the federal Social Security Act, any applicable unemployment insurance contributions, Workers Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes or assessments now or hereafter in effect and payable by reason of or in connection with the services to be performed by Consultant.

E. No Overtime or Premium Pay. Consultant shall receive no premium or enhanced pay for work normally understood as overtime, i.e., hours that exceed forty (40) hours

per work week, or work performed during non-standard business hours, such as in the evenings or on weekends. Consultant shall not receive a premium or enhanced pay for work performed on a recognized holiday. Consultant shall not receive paid time off for days not worked, whether it be in the form of sick leave, administrative leave, or for any other form of absence.

F. Litigation Support. Consultant agrees to testify at City's request if litigation is brought against City in connection with Consultant's work product. Unless the action is brought by Consultant or is based upon Consultant's negligence, City will compensate Consultant for the preparation and the testimony at Consultant's standard hourly rates, if requested by City and not part of the litigation brought by City against Consultant.

5. Amendment to Scope of Work. City shall have the right to amend the Scope of Work within the Agreement by written notification to the Consultant. In such event, the compensation and time of performance shall be subject to renegotiation upon written demand of either party to the Agreement. Consultant shall not commence any work exceeding the Scope of Work without prior written authorization from the City. Failure of the Consultant to secure City's written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the contract price or time due, whether by way of compensation, restitution, quantum meruit, etc. for work done without the appropriate City authorization.

6. Term. This Agreement shall commence upon its execution by both parties and shall continue in full force and effect until completed, amended pursuant to Section 21, or otherwise terminated as provided herein.

7. Inspection. Consultant shall furnish City with every reasonable opportunity for City to ascertain that the services of Consultant are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials furnished, if any, shall be subject to the Project Manager's inspection and approval. The inspection of such work shall not relieve Consultant of any of its obligations to fulfill the Agreement as prescribed.

8. Ownership of Documents. Title to all plans, specifications, maps, estimates, reports, manuscripts, drawings, descriptions and other final work products compiled by the Consultant under the Agreement shall be vested in City, none of which shall be used in any manner whatsoever, by any person, firm, corporation, or agency without the expressed written consent of the City. Basic survey notes and sketches, charts, computations, and other data prepared or obtained under the Agreement shall be made available, upon request, to City without restriction or limitations on their use. Consultant may retain copies of the above-described information but agrees not to disclose or discuss any information gathered, discussed or generated in any way through this Agreement without the written permission of City during the term of this Agreement, unless required by law.

9. Employment of Other Consultants, Specialists or Experts. Consultant will not employ or otherwise incur an obligation to pay other consultants, specialists or experts for services in connection with this Agreement without the prior written approval of the City.

10. Conflict of Interest.

A. Consultant covenants and represents that neither it, nor any officer or principal of its firm, has, or shall acquire any investment, income, business entity, interest in real property, or other interest, directly or indirectly, which would conflict in any manner with the interests of City, hinder Consultant's performance of services under this Agreement, or be affected in any manner or degree by performance of Consultant's services hereunder. Consultant further covenants that in the performance of the Agreement, no person having any such interest shall be employed by it as an officer, employee, agent, or subcontractor without the express written consent of the City. Consultant agrees to at all times avoid conflicts of interest, or the appearance of any conflicts of interest, with the interests of the City in the performance of the Agreement.

B. Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

(1) will conduct research and arrive at conclusions with respect to its rendition of information, advice, recommendation, or counsel independent of the control and direction of the City or of any City official, other than normal contract monitoring; and

(2) possesses no authority with respect to any City decision beyond the rendition of information, advice, recommendation, or counsel. (2 Cal. Code Regs. § 18700(a)(2).)

11. Liability of Members and Employees of City. No member of the City and no other officer, elected official, employee or agent of the City shall be personally liable to Consultant or otherwise in the event of any default or breach of the City, or for any amount which may become due to Consultant or any successor in interest, or for any obligations directly or indirectly incurred under the terms of this Agreement.

12. Indemnity. To the fullest extent permitted by law, Consultant hereby agrees to defend (by counsel reasonably satisfactory to the City), indemnify, and hold harmless the City, its officers, elected officials, employees, agents, and volunteers from and against any and all claims, demands, damages, costs, liabilities, or obligations brought on account of or arising out of any acts, errors, or omissions of Consultant, its officers, employees, agents, and subcontractors undertaken pursuant to this Agreement excepting liabilities due to the sole negligence or willful misconduct of City. The City has no liability or responsibility for any accident, loss, or damage to any work performed under this Agreement whether prior to its completion and acceptance or otherwise. Consultant's duty to indemnify and hold harmless, as set forth herein, shall include the duty to defend as set forth in California Civil Code § 2778. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for Consultant under Worker's Compensation, disability or other employee benefit acts or the terms, applicability or limitations of any insurance held or provided by Consultant and shall continue to bind the parties after termination/completion of this agreement. This indemnification shall be regardless of and not in any way limited by the insurance requirements of this contract. This indemnification is for the full period of time allowed by law and shall survive the termination of this agreement.

13. Consultant Not an Agent of City. Consultant, its officers, employees and agents shall not have any power to bind or commit the City to any decision.

14. Independent Contractor. It is expressly agreed that Consultant, in the performance of the work and services agreed to be performed by Consultant, shall act as and be an independent contractor and not an agent or employee of City; and as an independent contractor, Consultant shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.

15. Compliance with Laws.

A. General. Consultant shall use the standard of care in its profession to comply with all applicable federal, state, and local laws, codes, ordinances, and regulations. Consultant represents and warrants to City that it has and shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, insurance and approvals which are legally required for Consultant to practice its profession. Except as otherwise allowed by City in its sole discretion, Consultant and all subconsultants shall have acquired, at their expense, a business license from City in accordance with Chapter 5.04 of the Rohnert Park Municipal Code prior to City's issuance of an authorization to proceed with the Services. Such license(s) must be kept valid throughout the term of this Agreement. The City is not responsible or liable for Consultant's failure to comply with any or all of the requirements contained in this paragraph.

B. Workers' Compensation. Consultant certifies that it is aware of the provisions of the California Labor Code which require every employee to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and Consultant certifies that it will comply with such provisions before commencing performance of the Agreement and at all times in the performance of the Agreement.

C. Prevailing Wage. Consultant and Consultant's subconsultants (if any) shall, to the extent required by the California Labor Code, pay not less than the latest prevailing wage rates to workers and professionals as determined by the Director of Industrial Relations of the State of California pursuant to California Labor Code, Part 7, Chapter 1, Article 2. Copies of the applicable wage determination are on file at the City's office of the City Clerk.

D. Injury and Illness Prevention Program. Consultant certifies that it is aware of and has complied with the provisions of California Labor Code § 6401.7, which requires every employer to adopt a written injury and illness prevention program.

E. City Not Responsible. City is not responsible or liable for Consultant's failure to comply with any and all of its requirements under this section and Agreement.

F. Waiver of Subrogation. Consultant and Consultant's insurance company agree to waive all rights of subrogation against City, its officers, elected officials, employees,

agents and volunteers for losses paid under Consultant's workers' compensation insurance policy which arise from the work performed by Consultant for the City.

16. Confidential Information. All data, documents, discussions or other information developed or received by or for Consultant in performance of this Agreement are confidential and not to be disclosed to any person except as authorized by the City, or as required by law.

17. Assignment; Subcontractors; Employees

A. Assignment. Consultant shall not assign, delegate, transfer, or convey its duties, responsibilities, or interests in this Agreement or any right, title, obligation, or interest in or to the same or any part thereof without the City's prior written consent. Any assignment without such approval shall be void and, at the City's option, shall immediately cause this Agreement to terminate.

B. Subcontractors; Employees. Consultant shall be responsible for employing or engaging all persons necessary to perform the services of Consultant hereunder. No subcontractor of Consultant shall be recognized by the City as such; rather, all subcontractors are deemed to be employees of the Consultant, and Consultant agrees to be responsible for their performance. Consultant shall give its personal attention to the fulfillment of the provisions of this Agreement by all of its employees and subcontractors, if any, and shall keep the work under its control. If any employee or subcontractor of Consultant fails or refuses to carry out the provisions of this Agreement or appears to be incompetent or to act in a disorderly or improper manner, it shall be discharged immediately from the work under this Agreement on demand of the Project Manager.

18. Insurance. Without limiting consultant's indemnification provided herein, Consultant shall comply with the requirements set forth in Exhibit C to this Agreement.

19. Termination of Agreement; Default.

A. This Agreement and all obligations hereunder may be terminated at any time, with or without cause, by the City upon 5-days' written notice to Consultant.

B. If Consultant fails to perform any of its obligations under this Agreement within the time and in the manner herein provided or otherwise violate any of the terms of this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice. In such event, Consultant shall be entitled to receive as full payment for all services satisfactorily rendered and expenses incurred hereunder, an amount which bears the same ratio to the total fees specified in the Agreement as the services satisfactorily rendered hereunder by Consultant bear to the total services otherwise required to be performed for such total fee; provided, however, that the City shall deduct from such amount the amount of damages, if any, sustained by City by virtue of the breach of the Agreement by consultant.

C. In the event this Agreement is terminated by City without cause, Consultant shall be entitled to any compensation owing to it hereunder up to the time of such

termination, it being understood that any payments are full compensation for services rendered prior to the time of payment.

D. Upon termination of this Agreement with or without cause, Consultant shall turn over to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by Consultant or its subcontractors, if any, or given to Consultant or its subcontractors, if any, in connection with this Agreement. Such materials shall become the permanent property of the City. Consultant, however, shall not be liable for the City's use of incomplete materials nor for the City's use of complete documents if used for other than the project contemplated by this Agreement.

20. Suspension. The City shall have the authority to suspend this Agreement and the services contemplated herein, wholly or in part, for such period as it deems necessary due to unfavorable conditions or to the failure on the part of the Consultant to perform any provision of this Agreement. Consultant will be paid for satisfactory Services performed through the date of temporary suspension.

21. Merger; Amendment. This Agreement constitutes the complete and exclusive statement of the agreement between the City and Consultant and shall supersede all prior negotiations, representations, or agreements, either written or oral. This document may be amended only by written instrument, signed by both the City and Consultant. All provisions of this Agreement are expressly made conditions.

22. Interpretation. This Agreement shall be interpreted as though it was a product of a joint drafting effort and no provisions shall be interpreted against a party on the ground that said party was solely or primarily responsible for drafting the language to be interpreted.

23. Litigation Costs. If either party becomes involved in litigation arising out of this Agreement or the performance thereof, the court in such litigation shall award reasonable costs and expenses, including attorneys' fees, to the prevailing party. In awarding attorneys' fees, the court will not be bound by any court fee schedule, but shall, if it is in the interest of justice to do so, award the full amount of costs, expenses, and attorneys' fees paid or incurred in good faith.

24. Time of the Essence. Time is of the essence of this Agreement.

25. Written Notification. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing and either served personally or sent by prepaid, first class mail. Any such notice, demand, etc. shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 72 hours from the time of mailing if mailed as provided in this section.

If to City:

City Manager
City of Rohnert Park - City Hall
130 Avram Avenue
Rohnert Park, CA 94928

If to Consultant:

26. Consultant's Books and Records.

A. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to the City and all documents and records which demonstrate performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.

B. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Copies of such documents shall be provided to the City for inspection when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.

C. The City may, by written request by any of the above-named officers, require that custody of the records be given to the City and that the records and documents be maintained in the City Manager's office.

27. Agreement Binding. The terms, covenants, and conditions of this Agreement shall apply to, and shall bind, the heirs, successors, executors, administrators, assigns, and subcontractors of both parties.

28. Equal Employment Opportunity. Consultant is an equal opportunity employer and agrees to comply with all applicable state and federal regulations governing equal employment opportunity. Consultant will not discriminate against any employee or applicant for employment because of race, age, sex, creed, color, sexual orientation, marital status or national origin. Consultant will take affirmative action to ensure that applicants are treated during such employment without regard to race, age, sex, creed, color, sexual orientation, marital status, or national origin. Such action shall include, but shall not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; lay-offs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Consultant further agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

29. City Not Obligated to Third Parties. The City shall not be obligated or liable for payment hereunder to any party other than the Consultant.

30. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.

31. Severability. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

32. Exhibits. The following exhibits are attached to this Agreement and incorporated herein by this reference:

- A. Exhibit A: Scope of Work and Schedule of Performance
- B. Exhibit B: Compensation
- C. Exhibit C: Insurance Requirements

33. Execution. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

34. News Releases/Interviews. All Consultant and subconsultant news releases, media interviews, testimony at hearings and public comment shall be prohibited unless expressly authorized by the City.

35. Applicable Law; Venue. This Agreement shall be construed and interpreted according to California law. In the event that suit shall be brought by either party hereunder, the parties agree that trial of such action shall be held exclusively in a state court in the County of Sonoma, California.

36. Authority. Each individual executing this Agreement on behalf of one of the parties represents that he or she is duly authorized to sign and deliver the Agreement on behalf of such party and that this Agreement is binding on such party in accordance with its terms.

37. STATEMENT OF ECONOMIC INTEREST. If City determines Consultant comes within the definition of Consultant under the Political Reform Act (Government Code §87100), Consultant shall complete and file and shall require any other person doing work under

this Agreement to complete and file a "Statement of Economic Interest" with the Clerk of the City of Rohnert Park disclosing Consultant and/or such other person's financial interests.

IN WITNESS WHEREOF, the City and Consultant have executed this Agreement as of the date first above written.

CITY OF ROHNERT PARK

CONSULTANT

By: _____

By: _____
Title: _____

City Manager {NOTE: Change if necessary}

Date: _____

Date: _____

Per Resolution No. 20__-__ adopted by the Rohnert Park City Council at its meeting of <<Date of meeting>> .

CONSULTANT

{NOTE: If this agreement did not go to Council for approval, then change this to "Per Purchasing Policy 441.1.5 adopted by Resolution 2012-22."}

By: _____

Title: _____

ATTEST:

Date: _____

By: _____

City Clerk

APPROVED AS TO FORM:

By: _____

City Attorney

EXHIBIT A

Scope of Work and Schedule of Performance

[to be inserted]

EXHIBIT B
Compensation
[to be inserted]

aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Best's rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant.

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City, its officers, elected officials, employees, agents, and volunteers using standard ISO endorsement No. CG 20 10 or an approved equivalent. If completed operations coverage is excluded, the policy must be endorsed to include such coverage. Consultant also agrees to require all contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. The worker's compensation policy is to be endorsed with a waiver of subrogation. The insurance company, in its endorsement, agrees to waive all rights of subrogation against the City, its officers, elected officials, employees, agents, and volunteers for losses paid under the terms of this policy which arise from the work performed by the named insured for the City.
4. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations limits the application of such insurance coverage.
5. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
6. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
7. All coverage types and limits required are subject to approval, modification and additional requirements by the City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
8. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and

to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City option.

9. Certificate(s) are to reflect that the insurer will provide 30 days notice to City of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.
10. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self insurance available to City.
11. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to City for review.
12. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City. At that time the City shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
13. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increased benefit to City.
14. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
15. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
16. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.

17. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
18. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its officers, elected officials, employees, agents, and volunteers.
19. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
20. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
21. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
22. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
23. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

CERTIFICATE OF CONSULTANT *{NOTE: Consultant must fill this out and sign.}*

I HEREBY CERTIFY that I am the _____, and a duly authorized representative of the firm of _____, whose address is _____, and that neither I nor the above firm I here represent has:

- a) Employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above consultant) to solicit to secure this Agreement.
- b) Agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the Agreement; or
- c) Paid, or agreed to pay, to any firm, organization or person (other than a bona fide employee working solely for me or the above consultant) any fee, contribution, donation, or consideration of any kind for, or in connection with, procuring or carrying out the Agreement;

Except as here expressly stated (if any);

I acknowledge that this certificate is subject to applicable State and Federal laws, both criminal and civil.

Date

Signature

17.07.020.N.

INCLUSIONARY HOUSING.

1.

Purpose.

The purpose of this chapter is to establish a housing trust fund and an inclusionary requirement or an in-lieu fee on developers of residential development projects to mitigate the impacts caused by these development projects on the rising land prices for a limited supply of available residential land. The fees will be used to defray the costs of providing affordable housing for very low-, low-, and moderate-income households in the city of Rohnert Park. The fees and inclusionary requirements required by this chapter do not replace other regulatory, development and processing fees or exactions, funding required pursuant to a development agreement or reimbursement agreement, assessments charged pursuant to special assessments or benefit assessment district proceedings, etc., unless so specified.

2.

Definitions.

For the purposes of this chapter, the following words, phrases, and terms shall have the meanings set forth herein. Words not defined shall be given their common and ordinary meaning.

"Affordable rent" means: (1) monthly rent that does not exceed thirty percent of eighty percent of area median income for lower income households; and (2) monthly rent that does not exceed thirty percent of fifty percent of area median income for very low-income households. In each case, the median income applicable to Sonoma County is as determined annually by the United States Department of Housing and Urban Development, adjusted for household size, less a reasonable allowance for utilities. Affordable rent shall be based on presumed occupancy levels of one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, and one additional person for each additional bedroom thereafter.

"Affordable sales price" means the maximum purchase price that will be affordable to the specified target income household. A maximum purchase price shall be considered affordable only if the owner-occupied monthly housing payment is equal to or less than one-twelfth of thirty percent of income for the specified target income household. Affordable sales price shall be based upon presumed occupancy levels of one person in a studio unit, two persons in a one-bedroom unit, three persons in a two bedroom unit, and one additional person for each additional bedroom thereafter.

"Affordable units" means those dwelling units which are required to be rented at affordable rents or purchased at an affordable sales price to specified households.

"Annual household income" means the combined gross income for all adult persons living in a dwelling unit as calculated for the purpose of the [Section 8](#) program under the United States Housing Act of 1937, as amended, or its successor.

"Building permit" means a permit issued pursuant to [Chapter 15.08](#) of [Title 15](#) of the Rohnert Park Municipal Code.

"Building official" means the chief building official of the city of Rohnert Park, or the designee of such individual.

"Concession" or "incentive" shall have the same meaning and applicability as set forth in Government Code Section 65915. Concessions and incentives may include, at the discretion of the city, any of the following: (1) a reduction in site development standards, or a modification of zoning requirements or architectural design requirements which exceed the minimum building standards approved by the State, including but not limited to minimum lot size, open space, yard, landscape maintenance, fencing, utility undergrounding, sidewalk, right-of-way dedication (not including curb-to-curb street width standards), parking and/or setback requirements; (2) approval of mixed use zoning in conjunction with the housing project if the non-residential uses will reduce the cost of the residential development and if the city determines that the non-residential uses are compatible with both the housing project and the existing or planned development in the area in which the housing project will be located; or (3) other regulatory incentives or concessions proposed by the developer which the developer shows will result in identifiable cost reductions, including but not limited to a waiver, reduction and/or reimbursement of taxes and fees which otherwise would be imposed on the project.

"Construction costs" means the estimated cost per square foot of construction, as established by the building department of the city of Rohnert Park for use in the setting of regulatory fees and building permits, multiplied by the total square footage, minus the garage floor area, to be constructed.

"Developer" means every person, firm, or corporation constructing, placing, or creating residential development directly or through the services of any employee, agent, independent contractor or otherwise.

"Dwelling unit" shall have the meaning set forth in [Chapter 17.04](#) of [Title 17](#) of the city of Rohnert Park Municipal Code.

"Housing fund" means the city of Rohnert Park affordable housing trust fund.

"Housing In-lieu fee" means the fee established for residential development projects.

"Low-income households" means those households with incomes of up to eighty percent of median income.

"Market rate units" means those dwelling units in a residential project which are not affordable units.

"Median income" means the median income, adjusted for family size, applicable to Sonoma County as published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the United States Department of Housing and Urban Development.

"Moderate income households" means those households with incomes of up to one hundred twenty percent of median income.

"Owner-occupied monthly housing payment" means the sum equal to the principal, interest, property taxes, homeowner's insurance and homeowner's association dues paid on an annual basis divided by twelve.

"Residential development project" means a project for the construction or placement of any dwelling unit in a permanent location, or the subdivision of land which is planned, designed, or used for the following land use categories:

- a. Single-family residential: This category consists of single-family detached units and duplexes.
 - b. Multi-family residential: This category consists of buildings containing three or more dwelling units and mobile home parks.
- "Very low-income households" means those households with incomes of up to fifty percent of median income.

3.

Housing trust fund.

- a. There is hereby established the city of Rohnert Park affordable housing trust fund (the "housing fund"). Separate accounts within such housing fund may be created from time to time to avoid commingling as required by law or as deemed appropriate to further the purposes of the fund.
- b. The housing fund shall be administered by the city manager, or his/her designee, who shall have the authority to govern the housing fund consistent with this chapter, and to prescribe procedures for said purpose, subject to approval by the council, and payment for all expenditures must be in accordance with city purchasing and budgetary policies.
- c. Purposes and use of funds.
 - (1) Monies deposited in the housing fund along with any interest earnings on such monies shall be used solely to increase and improve the supply of housing affordable to households of moderate-, low- and very low-income households; including, but not limited to:
 - (i) Acquisition of property and property rights;
 - (ii) Cost of construction including costs associated with planning, administration, and design, as well as actual building or installation, as well as any other costs associated with the construction or financing of affordable housing;
 - (iii) Reimbursement to the city for such costs if funds were advanced by the city from other sources; and
 - (iv) Reimbursement of developers or property owners who have been required or permitted to install facilities which are beyond that which can be attributed to a specific development.

Monies may also be used to cover reasonable administrative expenses not reimbursed through processing fees, including reasonable consultant and legal expenses related to the

establishment and/or administration of the housing fund and reasonable expenses for administering the process of calculating, collecting, and accounting for inclusionary fees and any deferred city fees authorized by this section. No portion of the housing fund may be diverted to other purposes by way of loan or otherwise.

(2)

Monies in the housing fund shall be used in accordance with the priorities identified in the Rohnert Park community development commission's five-year implementation plan, which must be consistent with the city's housing element, to construct, acquire, rehabilitate or subsidize very low-, low- and moderate-income housing and/or to assist other governmental entities, private organizations or individuals in the construction and rehabilitation of very low-, low-, and moderate-income housing. To the extent possible as determined by the council, monies shall be targeted to benefit households at or below sixty percent of median income in Rohnert Park. Monies in the housing fund may be disbursed, hypothecated, collateralized or otherwise employed for these purposes from time to time as the city council determines is appropriate to accomplish the purposes of the housing fund. These uses include, but are not limited to, assistance to housing development corporations, equity participation loans, grants, pre-home ownership co-investment, pre-development loan funds, participation leases, or other public/private partnership arrangements. The housing fund monies may be extended for the benefit of rental or owner occupied housing or housing services.

4.

Residential development project: Inclusionary/in-lieu fee requirements.

a.

Inclusionary requirement.

(1)

At least fifteen percent of all new dwelling units in a residential development of five or more units shall be affordable, and shall be constructed and completed not later than the related market rate units, as follows:

(i)

In a rental housing project the affordable units shall be affordable to very low- and low-income households.

(ii)

In a for-sale project the affordable units shall be affordable to low- and moderate-income households.

(2)

Notwithstanding the above, this section shall not apply to projects which fall into one or more of the following categories:

(i)

A residential development project to the extent it has received a vested right to proceed without payment of housing impact fees pursuant to state law.

(ii)

Building permits for residential development projects if compliance with this section for such project has already been satisfied including, but not limited to, building permits on newly created lots where the subdivider has built affordable units or otherwise satisfied this section.

(iii)

Any dwelling unit or residential development project which is damaged or destroyed by fire or natural catastrophes so long as the square footage and use of the building remains the same.

b.

For fractions of required affordable units, the developer may elect, at his or her option, to construct the next higher whole number of affordable units, perform an equivalency action alternative which has received the approval of council pursuant to subsection C hereof, or pay the in-lieu fee specified in subsection D for such fraction.

c.

Alternative equivalent action.

(1)

A developer of a residential development project may propose to meet the requirements of subsection A hereof by an alternative equivalent action, subject to the review and approval by the city council.

(2)

An alternative equivalent action may include, but is not limited to, donation of vacant land suitable for housing to a non-profit housing developer, transfer of inclusionary unit credits, construction of affordable units on another site or enforcement of required rental/sales price restrictions on existing market-rate dwelling units consistent with this section, and development of second dwelling units. All applicants proposing the use of an alternative equivalent action shall show how the alternative will further affordable housing opportunities in the city to an equal or greater extent than compliance with the express requirements of subsection A.

(i)

Land donation. An applicant may donate land to a non-profit housing developer in place of actual construction of required affordable units upon approval of the city council. The dedicated land must be appropriately zoned, buildable, free of toxic substances and contaminated soils. It must be large enough to accommodate the number of required affordable units as indicated by a conceptual development plan. The land that is donated shall include lots that are fully improved with infrastructure, adjacent utilities, and grading, and fees paid.

(ii)

Transfer of inclusionary unit credits. The requirements of this section may be satisfied by acquiring inclusionary unit credits that are transferable from one residential development project to another, upon approval of the city council and as set forth herein. The city council may approve issuance of a specified number of credit certificates for that number of affordable units provided by a particular residential development project in excess of the minimum number required for the project. Credit certificates shall be issued for specific income categories and may only be used to satisfy the requirements for affordable units within that same income category. If the holder of the credit certificates transfers any or all certificates to a developer of a residential development project, the parties shall report the transaction to the planning and community development director, who will document the transfer. When a credit certificate is applied to meet the affordable unit requirement of a particular project, it shall be recorded at the time of

project approval, and the subject certificates must be returned to the community development director.

(iii)

Second dwelling units. Not more than fifty percent of the requirements of this section may be satisfied through the development of second dwelling units at a ratio of two second dwelling units counted as one affordable housing unit. All second units counted toward meeting the affordable unit requirement shall be subject to the provisions of Section 17.07.020.N.10., Continued Affordability. Second dwelling units shall only be allowed for meeting the affordability requirements for very-low and low-income households.

C.

The city council's consideration of an alternative equivalent action shall follow the procedures outlined in subsection G.1.a. An alternative equivalent action shall be considered on a case-by-case basis by the city council and may be approved at the city council's sole discretion, if the city council determines that such alternative will further affordable housing opportunities in the city to an equal or greater extent than compliance with the express requirements of subsection A and that an over concentration of affordable housing in one area will not occur.

5.

In-lieu housing fee.

a.

For fractions of required affordable units or in the case of a residential development project that is on less than one acre or proposes ten or fewer units and is not, and has not been, part of a larger residential development project, a developer of a residential development project may propose to meet the requirements of subsection A hereof by submitting at the time of application for a discretionary or building permit, whichever comes first, a request to pay the in-lieu fee along with a report identifying:

(1)

All overriding conditions impacting the project that prevent developer from meeting the requirement to construct the affordable units;

(2)

Sufficient independent data, including appropriate financial information, that supports the developer's claim that it is not feasible to construct the required affordable units; and,

(3)

A detailed analysis of why the concessions and incentives identified in subsection G will not mitigate the identified overriding conditions that are preventing the construction of the affordable units.

b.

The city council's consideration of an in-lieu housing fee shall follow the procedures outlined in subsection G.1.a. In-lieu housing fees shall be considered on a case-by-case basis by the city council and may be approved at the city council's sole discretion, if the council determines that there are overriding conditions impacting the project that prevent developer of a residential development project from meeting the requirement to construct affordable units and that payment of the in-lieu fee will further affordable housing opportunities.

c.

Time of payment of in-lieu fee. Unless otherwise preempted by law, the housing in-lieu fee shall be paid prior to the issuance of a building permit.

d.

Calculation of housing in-lieu fee. The housing in-lieu fee shall be based upon a percentage of the projected construction costs of market rate dwelling units. The amounts and calculation of the housing in-lieu fee shall be established by resolution of the city council. Construction costs of market rate dwelling units is determined in accordance with the definition in Section 17.07.020.N.2. For attached single-family residential and rental residential development projects, construction costs shall be separately calculated for each dwelling unit and the appropriate fee paid for each unit within the residential project. The housing in-lieu fee required by this section may be satisfied either by cash payment or upon the recommendation of the city manager and approval of the city council, by an alternative equivalent action which will provide city with a value equal to or greater than the amount of the required in-lieu fee.

6.

Affordable housing concessions or incentives.

a.

For residential development projects, which meet the requirements of subsection A through the construction of affordable units, the city shall follow the procedures described below and provide concessions and/or incentives as described in subsection 17.07.020.N.2.

(1)

If requested by the applicant, within ninety days of submittal by the developer of a written preliminary conceptual development proposal describing and specifying the number, type, location and size of the housing development, and identifying any requests for density bonus, additional incentives, concessions or waivers or modification of development or zoning standards, necessary to make construction feasible for the proposed development, including the affordable units, prior to the submittal of any formal application for a discretionary approval (e.g., general plan amendment, rezoning, use permit, tentative subdivision or parcel map or other permit or entitlement), the city council shall review the preliminary development proposal at a public hearing noticed in accordance with Rohnert Park Municipal Code and indicate conceptual approval or disapproval of the proposed development and any requests for additional affordable housing incentives, concessions or waivers or modification of development or zoning standards. Such preliminary approval or disapproval shall not bind the city council but rather shall be subject to the discretion of the city council to modify its preliminary recommendations based upon a full review of all pertinent project information, including any environmental impact report, presented at the public hearing on the application. An application for such a request shall be submitted to the planning and community development director.

(2)

Complete applications for a residential development project which include all required submittal documents and which include the construction of affordable units shall be processed by all city departments before other residential land use applications regardless of the original submittal date. Complete applications which include all required submittal documents and which include affordable rental units shall be processed before applications including owner-occupied units.

- (3) Payment of all city-required fees on affordable units shall be deferred for payment, but shall be made prior to, and as a condition of, release of utilities and issuance of a certificate of occupancy.

b.

The city council may consider, on a case-by-case basis, in its sole discretion the provision of the following additional concessions or incentives identified in Government Code Section 65915 which are consistent with state law and the housing element of the city of Rohnert Park general plan for projects which meet or exceed the requirements of specified in subsection A:

(1)

An additional density bonus or other incentives of equal financial value subject to the city council's review and approval.

(2)

Waiver or modification of city standards that have a direct impact on reducing total project costs while remaining consistent with the latest edition of the California Building Code. The developer shall be responsible for documenting that the waiver or modification is necessary for the feasibility of the residential development project and is consistent with all applicable provisions of the California Building Code.

(3)

Provision of direct financial assistance in the form of a loan or grant using trust fund or other appropriate available funds subject to the recommendation of the city manager.

(4)

Deferral of payment of all city-required fees on market rate units, but payment shall be made prior to, and as a condition of, release of utilities and issuance of a certificate of occupancy.

c.

The city council may consider, on a case by case basis, at its sole discretion, the provision of additional concessions or incentives consistent with state law and the housing element of the city of Rohnert Park general plan for residential development projects which provide at least fifteen percent of the total dwelling units as affordable units.

7.

Requirements for rental affordable units.

a.

One-half of the affordable units which are required to be constructed in connection with construction of rental market rate units shall be available at affordable rents to very low-income households. The remaining one-half of the required affordable units shall be available at affordable rents to low-income households. Where the number of required affordable units is an odd number, the number of affordable units constructed for very low-income households may be one less than the number of affordable units construction for low-income households.

b.

With respect to any particular rental residential project, the city council may, upon the recommendation of the city manager, forgive all or a portion of the affordability requirement set forth in subsection 1 above upon a showing by the applicant that imposition of such requirement on the residential project will cause undue hardship

and that such residential project will contribute significantly to affordable housing opportunities in the city.

8.

Requirements for owner-occupied affordable units.

a.

One-half of the affordable units which are required to be constructed in connection with the construction of market rate units intended for owner-occupancy shall be available at affordable sales prices to moderate-income households whose annual household income does not exceed one hundred twenty percent of median income. If one-half of the affordable units required at an affordable sales price not exceeding one hundred twenty percent of median income are available at affordable sales prices to households whose annual household income does not exceed one hundred percent of median income, the developer shall be entitled to an additional density bonus of five percent for the proposed development.

b.

As an alternative to receiving an additional density bonus of five percent, a developer may submit a request for another incentive of a financial value equal to the density bonus. Such requests shall be considered on a case-by-case basis by the city council and shall be approved, at the council's sole discretion, if the council determines that such alternative incentive will further affordable housing opportunities.

c.

The remaining one-half of the required affordable units shall be available at affordable sales prices to households whose annual household income does not exceed eighty percent of median income. Where the number of required affordable units is an odd number, the number of units affordable to moderate income households may be one greater than the number affordable at or below eighty percent of median income.

9.

Basic requirements for owner-occupied and rental affordable units.

Affordable units shall be comparable in number of bedrooms, exterior appearance and overall quality of construction to market rate units in the same residential project. Subject to the approval of the planning and community development director and city manager, square footage of affordable units and interior features in affordable units may not be the same as or equivalent to those in market rate units in the same residential project, so long as they are of good quality and are consistent with contemporary standards for new housing. Affordable units shall be dispersed throughout the residential project, or, subject to the approval of the planning and community development director and city manager, may be clustered within the residential project when this furthers affordable housing opportunities.

10.

Continued affordability.

a.

Prior to the issuance of certificates of occupancy or approval of the final inspection for affordable units, regulatory agreements and, if the affordable units are owner-occupied, resale restrictions, deed restrictions, deeds of trust and/or other documents, all of which must be acceptable to the city manager and consistent with the requirements of this chapter, shall be recorded against parcels having such affordable units and shall be effective for a minimum of fifty-five years with respect

to each affordable rental unit and a minimum of forty-five years with respect to each owner-occupied unit.

b.

Notwithstanding any other provision in this section: (1) the maximum sales price permitted on resale of an affordable unit intended for owner-occupancy shall not exceed the seller's purchase price, adjusted for the percentage increase in median income since the seller's purchase, plus the value of substantial structural or permanent fixed improvements to the property, plus the cost of reasonable seller's broker fee as determined by the city manager; (2) the resale restrictions shall provide that in the event of the sale of an affordable unit intended for owner-occupancy, the city shall have the right to purchase or assign its right to purchase such affordable unit at the maximum price which could be charged to an eligible household.

c.

No household shall be permitted to occupy an affordable unit, or purchase an affordable unit for owner-occupancy, unless the city or its designee has approved the household's eligibility, or has failed to make a determination of eligibility within the time or other limits provided by a regulatory agreement or resale restrictions if the city or its designee maintains a list of eligible households, households selected to occupy affordable units shall be selected first from that list to the extent provided in the regulatory agreement or resale restrictions.

11.

Annual Monitoring and Transfer Fees.

a.

For each rental affordable unit provided hereunder, the current owner may be required to pay an annual monitoring fee for the term of required affordability. Such fee shall be specified in the regulatory agreement(s) required hereunder.

b.

For each owner-occupied affordable unit provided under this section, the current owner may be required to pay a transfer fee for any change of ownership during the term of required affordability. Such fee shall be specified in the resale restrictions required by subsection K.

12.

Discretionary Permit Requirements. Every discretionary permit for a residential development project of five or more units approved after the effective date of this chapter shall contain a condition detailing the method of compliance with this chapter. Every final and parcel map shall bear a note indicating whether compliance with the requirements of this section must be met prior to issuance of a building permit for each lot created by such map.

13.

Requirements for certificate of occupancy/final inspection.

a.

No temporary or permanent certificate of occupancy shall be issued, final inspection approved or release of utilities authorized for any new dwelling unit in a residential development project until the developer has satisfactorily completed the requirements hereunder, i.e., on-site construction of affordable units, alternative equivalent action(s) or payment of the housing in-lieu fee.

b.

No temporary or permanent certificate of occupancy shall be issued, final inspection approved or release of utilities authorized for a dwelling unit described

as exempt from the requirements of this chapter in subsection A above until the developer has made a showing acceptable to the city manager that such an exemption is appropriate.

14.

Enforcement Provisions.

a.

It is unlawful, a public nuisance and a misdemeanor for any person to sell or rent an affordable unit at a price or rent exceeding the maximum allowed under this chapter or to a household not qualified under this chapter, and such person shall be subject to a five hundred dollar fine per month from the date of original noncompliance until the affordable unit is in compliance with this section.

b.

The Rohnert Park city attorney's office or the Sonoma County district attorney, as appropriate, shall be authorized to abate violations of this chapter and to enforce the provisions of this chapter and all implementing regulatory agreements and resale controls placed on affordable units by civil action, injunctive relief, and any other proceeding or method permitted by law.

c.

The remedies provided for herein shall be cumulative and not exclusive and shall not preclude the city from any other remedy or relief to which it otherwise would be entitled under law or equity.

15.

Adjustment.

a.

A developer of any project subject to the requirements of this chapter may appeal to the city council for a reduction, adjustment, or waiver of the requirements based upon the absence of any reasonable relationship or nexus between the impact of the development and either the amount of the fee charged or the inclusionary requirement.

b.

A developer subject to the requirements of this chapter who has received an approved tentative subdivision or parcel map, use permit or similar discretionary approval and who submits a new or revised tentative subdivision or parcel map, use permit or similar discretionary approval for the same property may appeal for a reduction, adjustment or waiver of the requirements with respect to the number of lots or square footage of construction previously approved.

c.

Any such appeal shall be made in writing and filed with the city clerk not later than ten calendar days before the first public hearing on any discretionary approval or permit for the development, or if no such discretionary approval or permit is required, or if the action complained of occurs after the first public hearing on such permit or approval, the appeal shall be filed within ten calendar days after payment of the fees objected to.

d.

The appeal shall set forth in detail the factual and legal basis for the claim of waiver, reduction, or adjustment. The city council shall consider the appeal at the public hearing on the permit application or at a separate hearing within sixty calendar days after the filing of the appeal, whichever is later. The appellant shall bear the burden of presenting substantial evidence to support the appeal including comparable technical information to support appellant's position.

e.

No waiver shall be approved by the city council for a new tentative subdivision or parcel map, use permit or similar discretionary approval on property with an approved tentative subdivision or parcel map, use permit or similar discretionary permit unless the council finds that the new tentative subdivision or parcel map, use permit or similar discretionary approval is superior to the approved project both in its design and its mitigation of environmental impacts. The decision of the council shall be final. If a reduction, adjustment, or waiver is granted, any change in the project shall invalidate the waiver, adjustment, or reduction of the fee or inclusionary requirement.

DRAFT TECHNICAL MEMORANDUM

To: Ron Bendorff, City of Rohnert Park
From: Darin Smith and Eileen Tumulad
Subject: Rohnert Park In-Lieu Housing Fee Analysis, EPS #18119
Date: May 26, 2009

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) was retained by the City of Rohnert Park (City) to assist in the evaluation and formalization of the in-lieu fee adopted as part of the City's inclusionary housing program. This work effort included a survey of inclusionary and in-lieu fee programs for 21 California jurisdictions, including all of the jurisdictions in Sonoma County. The results of this survey are documented in a memorandum dated April 1, 2009. Based on the survey, EPS and City staff identified three preferred alternative methodologies to calculate the City's housing in-lieu fee. The assumptions, methodologies, and resulting fees are documented in this Technical Memorandum.

Summary of Findings

- Three methodologies were used to calculate the in-lieu fees. Similar to the City's current practice for new residential development, Methodology 1 is based on the cost to construct the required affordable units, and is applied as a percentage of the permit valuation of each unit. Methodology 2 is based on the difference between the market rate values of homes in Sonoma County and the maximum allowable price for affordable units according to Rohnert Park's inclusionary program. Lastly, Methodology 3 is based on the subsidy required to construct multifamily rental units, accounting for both the costs of development and the affordable prices that can be achieved for such development.
- The three methodologies result in varying in-lieu fees. The fees are summarized below.

*Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2515
510 841 9190 tel
510 841 9208 fax*

*Berkeley
Sacramento
Denver*

www.epsys.com

Table 1. Summary of Housing In-Lieu Fees

Item	Amount
<u>Methodology 1: Cost to Construct Affordable Units</u>	
Fee per Single Family (in sq. ft.)	\$17.59
Fee per Multifamily (in sq. ft.)	\$16.16
Fee per Single Family Market Rate Unit [1]	\$35,172
Fee per Multifamily Market Rate Unit [1]	\$19,386
<u>Methodology 2: Price Differential (Current Market Conditions)</u>	
Fee per Affordable Unit	\$53,445
Fee per Market Rate Unit	\$8,017
<u>Methodology 3: Financing Gap Analysis</u>	
Fee per Affordable Unit	\$130,485
Fee per Market Rate Unit	\$19,573

[1] For illustrative purposes, the fee per single-family market rate unit assumes an average unit size of 2,000 square feet and the fee per multifamily market rate unit assumes an average unit size of 1,200 square feet. However, unlike the other methodologies, the fee charged would be per square foot resulting in a per-unit fee that increases with the size of the unit.

Source: Economic & Planning Systems, Inc.

- Methodology 1 results in the highest in-lieu fees for a typical single-family market rate unit, although this fee structure would yield a different total fee for any given unit based on the unit's size.
- Methodology 2 results in the lowest in-lieu fees overall under current market conditions, but could be much higher under stronger market conditions.
- Methodology 3 yields a fee that does not vary based on the size of the market rate units or the conditions of the real estate market generally, but instead is based on the actual subsidy the City would likely incur to produce the desired number of affordable units.
- Methodology 2 results in fees that are within the range of in-lieu fees in Sonoma County. Methodologies 1 and 3 yield fees that are much higher than the fees in other Sonoma County jurisdictions. However, the current in-lieu fees in Sonoma County tend to be less than the fees in other jurisdictions across California. The fees resulting from Methodologies 1 and 3 fall well within the range of fees among California jurisdictions.

Methodology 1: Percentage of Construction Costs

The City's current in-lieu fee is based upon a percentage of the projected construction costs of market rate units and is determined on a case-by-case basis. A standard percentage has not been determined previously and therefore the in-lieu fees have varied from project to project.

In Methodology 1, the in-lieu fee is applied as a percentage of the estimated cost per square foot of construction as established by the building department for use in the setting of regulatory fees and building permits. Based on a survey of other jurisdictions using a similar methodology, EPS found that the percentage ranges from 1 percent in the City of San Juan Capistrano to 20 percent in the City of Half Moon Bay. Given that the current inclusionary requirement in the City is 15 percent, the analysis assumes the in-lieu fee is 15 percent of construction costs. This percentage reflects the City's policy that a development of 100 units would be required to provide 15 of those units as affordable homes, and thus 15 percent of the total project's construction costs would be attributable to the affordable units. As such, the housing in-lieu fee is \$17.59 per square foot of the market-rate units for single family projects and \$16.16 per square foot of the market-rate units for multifamily projects (see **Table 2**).

Table 2. Methodology 1: Cost to Construct Affordable Units

Item	Single Family	Multifamily
Permit Fee per Sq. Ft. [1]	\$117.24	\$107.70
In-Lieu Percentage Requirement	15%	15%
In-Lieu Fee/ Sq. Ft.	\$17.59	\$16.16
In-Lieu Fee/ Market Rate Unit [2]	\$35,172	\$19,386

[1] Estimated cost per square foot of construction as established by the Building Department for use in the setting of regulatory fees and building permits.

[2] For illustrative purposes, the fee per market rate unit assumes an average single-family unit size of 2,000 square feet and an average multifamily unit size of 1,200 square feet. However, unlike the other methodologies, the fee charged would be per square foot resulting in a per unit fee that increases with the size of the unit.

Source: City of Rohnert Park; Economic & Planning Systems, Inc.

For illustrative purposes, EPS applied the per-square-foot fee to an average unit size of 2,000 square feet for a single-family unit and 1,200 square feet for a multifamily unit to estimate the fee for a typical market rate unit. However, unlike the other methodologies, the fee charged would be per square foot resulting in a per-unit fee that increases with the size of the unit.

Methodology 2: Price Differential between Market Rate and Affordable Units

Using this methodology, in-lieu fees are based on the difference between the price of market rate units in the surrounding area and the maximum allowable price of affordable units. A number of jurisdictions calculate housing in-lieu fees in this manner, such as the Cities of Rancho Palos Verdes and Cloverdale.

Market Rate Home Prices

The price of market rate units is defined as the median home price in Sonoma County (new homes and resales). This information is available through Dataquick, and can be updated monthly if desired. However, to avoid constant variation in the fees charged to projects, EPS would recommend that the market-rate price be set at the beginning of each calendar year based on the previous year's median home price.

Maximum Allowable Prices

There are a number of key assumptions necessary to determine the maximum allowable price of affordable units. Assumptions must be made regarding the applicable income level and percent of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of for-sale financing factors (such as mortgage interest rates, repayment period, and down payments).

Affordability Targets

The City's current inclusionary housing policy requires that 15 percent of all new dwelling units in a residential development of five or more units be made affordable. In a rental project, 7.5 percent of the units shall be affordable to very low-income households and 7.5 percent to low-income households. In ownership projects, 7.5 percent of the units shall be affordable to low-income households and 7.5 percent to moderate-income households.

The income levels are expressed as ranges based on a percentage of Area Median Income (AMI). Very low-incomes are defined as up to 50 percent of AMI, low-incomes are 51 to 80 percent of AMI, and moderate-incomes are 81 to 120 percent of AMI. In order to calculate the maximum affordable unit price for an income group, an income level must be defined. The lower the percentage of AMI assumed, the less the household can contribute to housing costs and the higher the subsidy required to produce the unit.

EPS used the tops of the income ranges for each income category, representing 50 percent of AMI for very low-incomes, 80 percent of AMI for low-incomes, and 120 percent of AMI for moderate-incomes. This assumption results in lower subsidy calculations than may be required if the midpoints of the ranges were used. Given that the price comparison is between for-sale units, the affordable targets are low- and moderate-incomes.

In coordination with City staff, EPS has used the following assumptions:

- *Income Levels:* Low Income = 80 percent of AMI and Moderate Income = 120 percent of AMI
- *Percent of Gross Household Income Available for Housing Costs:* 30 percent for low- and moderate-income households
- *Housing Costs Included for For-Sale Units:* Mortgage principal and interest, plus \$4,800 annual homeownership association fee, and property taxes at 1.0 percent of unit price
- *Mortgage Terms:* 30-year fixed mortgage, 6.5 percent interest rate, 10 percent down payment

Where not specifically directed by City staff, EPS's assumptions are based on comparable projects that EPS has worked on within the Bay Area. Under current market conditions, the average price differential is approximately \$112,000 for low-incomes and negative \$5,000 for moderate-incomes, as shown in **Table 3**. This means that low-income households still cannot afford the current median-priced home in Sonoma County, but moderate-income households can: On average, households in these two income categories can afford to pay home prices roughly \$53,000 below the current median home price in the County, and this difference is used as the in-lieu fee per affordable unit.

Many jurisdictions express their in-lieu fees in terms of fees per market rate unit. **Table 4** calculates the total in-lieu fees required for a representative project of 10 units by multiplying the price differential per affordable unit by the number of affordable units required per income level. The total in-lieu fee is then divided by the total number of units in the project to show the in-lieu fee per market rate unit. The resulting housing in-lieu fee is approximately \$8,000 per market rate unit.

It is important to note that under this methodology, the in-lieu fees are based on median home prices and are therefore closely linked to real estate market conditions, which can result in large fluctuations in the in-lieu fee. Home prices in Sonoma County increased steadily from 2002 to 2007, as shown in **Table 5**. However, since 2007 home prices have dropped almost 50 percent. Therefore the in-lieu fee in 2007 would have been much higher than the in-lieu fee in 2009, \$46,500 per market rate unit versus \$8,000 per market rate unit, respectively (see **Tables 6** and **7**). This methodology also does not tie the in-lieu fee to the cost of producing the desired affordable units, and therefore could yield too little money per unit in some years and too much in others. However, this fee does have the advantage of being linked to an easily available market indicator, and thus would be easy to update over time.

Methodology 3: Financing Gap Analysis

Under this approach, in-lieu fees are based on the subsidy required to construct multifamily rental units. The subsidy is the net difference between total development costs (land acquisition, hard, and soft costs) and the prices that income-qualified households can afford to pay. The result is one fee based on the subsidy required for a single unit type (multifamily) regardless of the market-rate unit type (e.g., single-family or multifamily). A number of jurisdictions in California employ this methodology in calculating in-lieu fees, such as the City of Novato and the Town of Tiburon.

Key Assumptions

In addition to the key assumptions previously discussed in Methodology 2, there are a number of important assumptions necessary to calculate the subsidy required to produce affordable units.

Product Type

Many jurisdictions require that the affordable housing be of the same product type as the market rate housing units. For example, a single-family detached project would be required to produce a single-family detached unit for a lower income household. If also used to calculate in-lieu fees, this approach would result in multiple in-lieu fees, as each type of housing development would have a different in-lieu fee.

**Table 3
Methodology 2: Market-Rate and Affordable Price Differential (Current Market Conditions)
Rohnert Park In-Lieu Housing Fee, EPS #18151**

Item	2-Bedroom Unit			3-Bedroom Unit			Average			Weighted Average (7.5% Low, 7.5% Moderate)
	Low Income (80% AMI)	Moderate Income (120% AMI)		Low Income (80% AMI)	Moderate Income (120% AMI)		Low Income (80% AMI)	Moderate Income (120% AMI)		
Median Home Price in Sonoma County [1]	\$282,000	\$282,000		\$282,000	\$282,000		\$282,000	\$282,000		\$282,000
Maximum Supported Home Price										
Household Income [2]	\$57,600	\$86,650		\$64,000	\$96,250		\$60,800	\$91,450		\$76,125
Income Available for Housing Costs/Year [3]	\$17,280	\$25,995		\$19,200	\$28,875		\$18,240	\$27,435		\$22,838
Less Annual HOA Fees	\$4,800	\$4,800		\$4,800	\$4,800		\$4,800	\$4,800		\$4,800
Less Property Taxes (1%)	\$1,581	\$2,686		\$1,825	\$3,051		\$1,703	\$2,868		\$2,286
Income Available for Mortgage	\$10,899	\$18,509		\$12,575	\$21,024		\$11,737	\$19,767		\$15,752
Mortgage Interest Rate	6.5%	6.5%		6.5%	6.5%		6.5%	6.5%		6.5%
Mortgage Repayment Period (years)	30	30		30	30		30	30		30
Down Payment [4]	\$15,814	\$26,856		\$18,246	\$30,506		\$17,030	\$28,681		\$22,856
Total Supportable Unit Value	\$158,135	\$268,564		\$182,464	\$305,057		\$170,300	\$286,811		\$228,555
Price Differential	\$123,865	\$13,436		\$99,536	(\$23,057)		\$111,700	(\$4,811)		\$53,445

[1] February 2009 from Dataquick.
 [2] Based on 2009 State income limits for Sonoma County. Assumes 3 persons in a 2-bedroom unit and 4 persons in a 3-bedroom unit.
 [3] Assumes housing costs to be 30% of household income.
 [4] Assumes a 10% down payment.

Source: City of Rohnert Park; Economic & Planning Systems, Inc.

Table 4
In-Lieu Fee Calculations -- Methodology 2: Market-Rate and Affordable Price Differential (Current Market Conditions)
Rohnert Park In-Lieu Housing Fee, EPS #18151

Item	% of Project (A)	Units Required in Project [1] (B)	Price Differential per Affordable Unit (C)	Total In-Lieu Fee Required		
				Per Representative Project (D = B * C)	Per Market Rate Unit (E = D/total units in project)	Per Affordable Unit (F=D/affordable units in project)
Market Rate Units	85.0%	85.0	\$0	\$0	\$0	
Affordable Units - Low Income	7.5%	7.5	\$111,700	\$837,752	\$8,378	
Affordable Units - Moderate Income	7.5%	7.5	(\$4,811)	(\$36,079)	(\$361)	
Total	100%	100.0		\$801,673	\$8,017	\$53,445

[1] A representative project of 10 units has been selected.

Source: Economic & Planning Systems, Inc.

Table 5
Sonoma County Home Values, 2002-2009 [1]
Rohnert Park In-Lieu Housing Fee, EPS #18151

Area	2002	2003	2004	2005	2006	2007	2008	2009	2002-2007		2007-2009	
									Change in Median Price	% Change	Change in Median Price	% Change
Sonoma County	\$311,164	\$345,000	\$397,609	\$498,000	\$529,500	\$518,500	\$399,000	\$281,500	\$207,337	66.6%	(\$237,000)	-45.7%
										10.8%		-26.3%

[1] Home values from the month of February of each year. Includes new homes and resales.

Sources: DQNews; Economic & Planning Systems, Inc.

Table 6
Methodology 2: Market-Rate and Affordable Price Differential (2007 Market Conditions:
Rohnert Park In-Lieu Housing Fee, EPS #18151

Item	2-Bedroom Unit			3-Bedroom Unit			Average			Weighted Average (7.5% Low, 7.5% Moderate)
	Low Income (80% AMI)	Moderate Income (120% AMI)		Low Income (80% AMI)	Moderate Income (120% AMI)		Low Income (80% AMI)	Moderate Income (120% AMI)		
2007 Median Home Price in Sonoma County [1]	\$518,500	\$518,500		\$518,500	\$518,500		\$518,500	\$518,500		\$518,500
Maximum Supported Home Price										
Household Income [2]	\$53,650	\$81,120		\$59,600	\$89,400		\$56,625	\$85,260		\$70,943
Income Available for Housing Costs/Year [3]	\$16,095	\$24,336		\$17,880	\$26,820		\$16,988	\$25,578		\$21,283
Less Annual HOA Fees	\$4,800	\$4,800		\$4,800	\$4,800		\$4,800	\$4,800		\$4,800
Less Property Taxes (1%)	\$1,431	\$2,475		\$1,657	\$2,790		\$1,544	\$2,633		\$2,089
Income Available for Mortgage	\$9,864	\$17,061		\$11,423	\$19,230		\$10,643	\$18,145		\$14,394
Mortgage Interest Rate	6.5%	6.5%		6.5%	6.5%		6.5%	6.5%		6.5%
Mortgage Repayment Period (years)	30	30		30	30		30	30		30
Down Payment [4]	\$14,312	\$24,754		\$16,574	\$27,902		\$15,443	\$26,328		\$20,885
Total Supportable Unit Value	\$143,120	\$247,543		\$165,738	\$279,018		\$154,429	\$263,280		\$208,855
Price Differential	\$375,380	\$270,957		\$352,762	\$239,482		\$364,071	\$255,220		\$309,645

[1] February 2007 from Dataquick.
 [2] Based on 2007 HUD income limits for Sonoma County. Assumes 3 persons in a 2-bedroom unit and 4 persons in a 3-bedroom unit.
 [3] Assumes housing costs to be 30% of household income.
 [4] Assumes a 10% down payment.

Source: City of Rohnert Park; Economic & Planning Systems, Inc.

Table 7
In-Lieu Fee Calculations -- Methodology 2: Market-Rate and Affordable Price Differential (2007 Market Conditions)
Rohnert Park In-Lieu Housing Fee, EPS #18151

Item	% of Project (A)	Units Required in Project [1] (B)	Price Differential per Affordable Unit (C)	Total In-Lieu Fee Required		
				Per Representative Project (D = B * C)	Per Market Rate Unit (E = D/total units in project)	Per Affordable Unit (F=D/affordable units in project)
Market Rate Units	85.0%	85.0	\$0	\$0	\$0	
Affordable Units - Low Income	7.5%	7.5	\$364,071	\$2,730,532	\$27,305	
Affordable Units - Moderate Income	7.5%	7.5	\$255,220	\$1,914,148	\$19,141	
Total	100%	100.0		\$4,644,679	\$46,447	\$309,645

[1] A representative project of 10 units has been selected.

Source: Economic & Planning Systems, Inc.

According to City staff, the in-lieu fees will most likely be used to develop 2- and 3-bedroom multifamily affordable units. EPS has been directed to calculate the in-lieu fees based on this assumption. As a result, the subsidy required to construct affordable units of this multifamily product type is used to determine the in-lieu fee that applies to all types of development.

Tenure

At staff's direction, EPS has assumed that in-lieu fees from all residential developments would be used to subsidize rental apartments. This assumption results in one fee regardless of the tenure of the market rate project.

Development Program, Cost, and Revenue Assumptions

The calculation of affordable housing in-lieu fees involves estimation of various assumptions of development program, costs and revenues.

- **Development program assumptions:** To calculate construction and land acquisition costs, it is necessary to make assumptions about the type, size, and density of the units being developed. EPS has assumed that the units in a multifamily project will be two bedrooms (suitable for three people) with a gross size of 1,100 square feet and a net size of 950 square feet (accounting for shared lobbies, hallways, etc.) and three bedrooms (suitable for four people) with a gross size of 1,300 square feet and a net size of 1,100 square feet. The project will also have a density of 30 units per acre. The parking requirement is assumed to be two spaces per unit, which would be provided as at-grade podium parking. These assumptions are based on experience with comparable projects throughout the Bay Area and coordination with City staff.
- **Revenue-based assumptions:** In order to calculate the values of the affordable units assumptions are made regarding the applicable income level and percent of income spent on housing costs. Since the in-lieu fee calculation will be based on a multifamily rental product type, the affordable units must be affordable to very low- and low-incomes. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. In coordination with City staff, EPS has used the following assumptions:
 - *Income Levels:* Very Low Income = 50 percent of AMI and Low Income = 80 percent of AMI
 - *Percent of Gross Household Income Available for Housing Costs:* 30 percent for very low- and low-income households
 - *Operating Expenses:* \$4,200 per unit annually
- **Cost Assumptions:** To calculate affordable housing development costs, it is necessary to make assumptions about land costs, direct costs (e.g., labor and materials), indirect or "soft" costs (e.g., architecture, entitlement, marketing, etc.), and developer profit. EPS's recent project experience with Bay Area affordable housing developers and projects has been drawn upon for determining development cost assumptions. Furthermore, in order to ensure accurate alignment with local market conditions, these cost estimates have been corroborated through interviews with developers within the City of Rohnert Park and broader Sonoma County.

Fee Calculation

A pro forma model has been used to calculate the affordable housing in-lieu fee. As described previously, a 2- and 3-bedroom multifamily rental product type has been selected based on the City's desire to have an in-lieu fee calculated from the probable use of the fee revenues.

Using these models, four main steps have been followed in order to calculate the in-lieu fees:

- 1. Unit value analysis:** Based on the development program and revenue-based assumptions described earlier, the unit value analysis calculated a total unit value per affordable income level by unit size based on the capitalized value of the calculated net operating income.
- 2. Development cost analysis:** Based on the development program and cost assumptions described earlier, the development cost analysis determined a total unit development cost per unit size.
- 3. Financing gap pro forma analysis:** The financing gap analysis represents the per-unit subsidy required to construct the affordable units. By comparing the estimates of unit value to the estimates of development cost, the total financing gap per unit size and income level has been calculated (see **Table 8**).
- 4. Calculation of in-lieu fees:** The 15 percent affordable housing requirement is used to calculate in-lieu fees. The 15 percent requirement requires 7.5 percent affordable units for very low-incomes and 7.5 percent affordable units for low-incomes.

Table 8 shows the financing gap for each applicable income level and unit size, as well as the average financing gap for each applicable income level. The weighted average represents the in-lieu fee per affordable unit. The in-lieu fee per market rate unit is shown in **Table 9**.

Table 8
Methodology 3: Financing Gap Analysis -- Rental Product Type
Rohnert Park In-Lieu Housing Fee, EPS #18151

Item	2-Bedroom Unit		3-Bedroom Unit		Average		Weighted Average (7.5% Very Low, 7.5% Low)
	Very Low Income (50% AMI)	Low Income (80% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	
Development Program Assumptions							
Density/Acre	30	30	30	30	30	30	30
Average Gross Unit Size	1,100	1,100	1,300	1,300	1,200	1,200	1,200
Average Net Unit Size (excluding garage)	950	950	1,100	1,100	1,025	1,025	1,025
Average Number of Bedrooms	2	2	3	3	2.5	2.5	3
Average Number of Persons per Household	3	3	4	4	3.5	3.5	4
Parking Spaces/Unit	2.00	2.00	2.00	2	2.0	2.0	2
Cost Assumptions							
Land/Acre [1]	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Land/Unit	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Direct Costs							
Direct Construction Costs/Gross SF [2]	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Direct Construction Costs/Unit	\$165,000	\$165,000	\$195,000	\$195,000	\$180,000	\$180,000	\$180,000
Parking Construction Costs/Space	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Parking Construction Costs/Unit	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
Subtotal, Direct Costs/Unit	\$201,000	\$201,000	\$231,000	\$231,000	\$216,000	\$216,000	\$216,000
Indirect Costs as a % of Direct Costs [3]							
Indirect Costs/Unit	\$70,350	\$70,350	\$80,850	\$80,850	\$75,600	\$75,600	\$75,600
Total Cost/Unit	\$273,850	\$273,850	\$314,350	\$314,350	\$294,100	\$294,100	\$294,100
Maximum Supported Home Price							
Household Income [4]	\$36,100	\$57,600	\$40,100	\$64,000	\$38,100	\$60,800	\$49,450
Income Available for Housing Costs/Year [5]	\$10,830	\$17,280	\$12,030	\$19,200	\$11,430	\$18,240	\$14,835
Operating Expenses per Unit/Year	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Capitalization Rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Total Supportable Unit Value	\$102,000	\$201,231	\$120,462	\$230,769	\$111,231	\$216,000	\$163,615
Financing Gap	\$171,850	\$72,619	\$193,888	\$83,581	\$182,869	\$78,100	\$130,485

[1] Based on residential land sales in Sonoma County between April 2008 and April 2009.

[2] Includes cost for labor and materials.

[3] Includes costs for architecture and engineering; entitlement and fees; project management, marketing, commissions, and general administration; financing and charges; insurance; and contingency.

[4] Based on 2009 State income limits for Sonoma County. Assumes 3 persons in a 2-bedroom unit and 4 persons in a 3-bedroom unit.

[5] Assumes housing costs to be 30% of household income.

Source: City of Rohnert Park; Loopnet.com; Economic & Planning Systems, Inc.

Table 9
In-Lieu Fee Calculations -- Methodology 3: Financing Gap Analysis
Rohnert Park In-Lieu Housing Fee, EPS #18151

Item	% of Project (A)	Units Required in Project [1] (B)	Financing Gap per Affordable Unit (C)	Total In-Lieu Fee Required		
				Per Representative Project (D = B * C)	Per Market Rate Unit (E = D/total units in project)	Per Affordable Unit (F=D/affordable units in project)
Market Rate Units	85.0%	85.0	\$0	\$0	\$0	
Affordable Units - Very Low Income	7.5%	7.5	\$182,869	\$1,371,519	\$13,715	
Affordable Units - Low Income	7.5%	7.5	\$78,100	\$585,750	\$5,858	
Total	100%	100.0		\$1,957,269	\$19,573	\$130,485

[1] A representative project of 10 units has been selected.

Source: Economic & Planning Systems, Inc.

Conclusions and Next Steps for the Fee Calculation

Each of the calculation methodologies discussed in this memorandum has been used by other California jurisdictions, and appears to represent an acceptable approach under current law.¹ The City has the option to choose the one that appropriately responds to the economic conditions and development concerns that face the City. Being that the current in-lieu fee is calculated using Methodology 1, this methodology has the advantage of being familiar to the development community and is currently used in the setting of other regulatory fees and building permits. The fees are also easy to update using published information. However, Methodology 1 does not account for the full cost of constructing affordable units, because it does not take in to account the cost of land required to build the affordable units. Additionally, Methodology 1 implies that a larger market-rate unit has a greater impact on the demand for affordable housing than would a smaller market-rate unit because the fee would vary according to the size of the market-rate unit.

Methodology 2 also has the advantage of being easy to implement and update using published information. Moreover, several jurisdictions in Sonoma County calculate fees in this manner. As previously discussed, the major drawback to this methodology is the lack of consistency in the resulting in-lieu fee because the fee is based on median home prices and is therefore closely linked to real estate market conditions. Thus, the fee could change dramatically from year to year, while the cost that would be incurred by the City to actually produce the affordable units might not change nearly as much, because construction costs and income levels tend to be relatively constant compared to home prices.

Given that Methodology 3 accounts for both the costs and revenues associated with constructing affordable units, this methodology has the advantage of more accurately reflecting the City subsidy required to produce the units that are not being provided by the developer. This methodology is also relatively easy to update using published sources, and provides relative certainty to both the City and developers regarding the fee levels for their projects over time. While the City may have a compelling reason to select one of the other two methodologies, EPS believes Methodology 3 is the most appropriate and logically defensible approach.

Another factor to consider when evaluating the calculation methodologies is how the resulting fees compare to those in other areas. The fees calculated under each methodology are compared to in-lieu fees in other Sonoma County jurisdictions, as well as other jurisdictions in California (see **Table 10**). Methodology 2 yields a fee that is within the range of in-lieu housing fees in the County. However, in-lieu fees in Sonoma County tend to be lower than the in-lieu fees in other California jurisdictions. When compared to in-lieu fees across California, the in-lieu fees resulting from Methodologies 1 and 3 fall well within the range, which can reach as high as \$75,000 per market-rate unit.

Given these factors, City staff and EPS can select the most appropriate methodology and discuss potential approaches to incorporating the costs of this study into the in-lieu housing fee.

¹ This statement is based on EPS's understanding of established regulations and case law regarding inclusionary housing and in-lieu fees, but Economic & Planning Systems, Inc. is not a legal services firm and cannot provide legal advice. EPS recommends a formal review of this analysis by the City Attorney.

Table 10
Comparison of In-Lieu Housing Fees in Sonoma County
Rohnert Park In-Lieu Housing Fee, EPS #18151

Jurisdiction	Description of Fee	Estimated Fee Per Market Rate Unit for Sample Project [1]
<u>Rohnert Park</u>		
Methodology 1	15% of the projected construction costs of market rate units.	\$24,233
Methodology 2	Based on the difference between the price of market rate units in the area and the maximum allowable price of affordable units.	\$8,017
Methodology 3	Based on the subsidy required to produce affordable units	\$19,573
<u>Sonoma County</u>		
Cloverdale	Fee is paid for each affordable unit required. Fee is equal to 15% of the difference between the maximum affordable price and the lesser of the sales price of the market rate unit or the median sales price of houses in Sonoma County.	\$600
Cotati	Based on sales price of market rate unit. Ranges from \$150 per affordable unit for a \$75,000 unit to \$2,400 for \$125,000 unit, and then increases \$200 per unit for every \$5,000 increase in sales price.	\$2,480
Healdsburg	The in-lieu fee is calculated on a sliding scale based on unit square footage. The fee ranges from \$2,455 for each 1,300 square foot unit to \$15,000 for each 2,300 square foot unit. Units less than 1,300 square feet in size are exempt from paying a fee. All units larger than 2,300 square feet are charged a fee of \$15,000 per unit.	\$3,455
Petaluma	The in-lieu fee is based on unit square footage. The fee ranges from \$2,400 for each 640 square foot unit to \$22,500 for each 4,000 square foot unit.	\$6,347
Santa Rosa	The fee is based on the total subsidy required to construct the necessary affordable units in the City. The fees increase as the size of the unit increases. The current fee ranges from \$742 for a 910 square foot unit to \$33,075 for a 4,500 square foot unit.	\$5,646
Sebastopol	Only allowed for fractional unit requirements. Fee is currently \$22.24 per square foot of market rate units that generate a fractional unit requirement.	\$11,120
Sonoma	Developers do not have the option to pay a fee in-lieu of inclusionary unit construction.	
Windsor	Original fee calculation was based on the gap between the maximum allowable price and the market sales price of the unit. Calculated on a per square foot basis, based on the size of market rate units. Calculated on a per square foot basis, based on the size of market rate units. Minimum fee of \$4,000 per unit for units up to 1,000 square feet. Fee is \$4 per square foot for units of 1,000 square feet. Per square foot fee then increases by \$0.03 per 50 square feet.	\$6,450
Sonoma County	Fee is a fraction of the subsidy cost of providing the affordable units and is graduated based on the size of the market rate unit. Fee ranges from \$1,075 to \$52,881 per market rate unit, depending on the size.	\$3,891

Table 10
Comparison of In-Lieu Housing Fees in Sonoma County
Rohnert Park In-Lieu Housing Fee, EPS #18151

Jurisdiction	Description of Fee	Estimated Fee Per Market Rate Unit for Sample Project [1]
Other California Jurisdictions		
Irvine	\$19,583 per market rate unit (updated every other year). Formula: (average land value of city/average density of affordable housing)+(pre development cost allowance *percent share of costs).	\$19,583
Napa	Fees are based on construction costs, defined as the estimated cost per square foot of construction established by the Building Department for setting building permit fees (\$90.60 in 2004) multiplied by the total square footage of the dwelling unit excluding the garage. The fee is currently set at: construction cost < \$86,700, no fee; construction cost \$86,700 to \$115,250: 1% fee; construction cost >= \$115,250: 2% fee.	\$2,718
Palo Alto	The in-lieu fee for projects that require 15% affordability is 7.5% of the greater of actual sales price or fair market value of each market-rate unit; for projects with a 20% requirement, the rate is 10%; and for projects with a 25 percent requirement, the rate is 12.5 percent.	\$28,125
Rancho Palos Verdes	Level set at \$201,653 per affordable unit plus 10% administrative costs. In-lieu fee is based on 7.5% of the total number of units being affordable. Fee established as a fee per affordable unit based upon the difference between affordable rents for low and very low incomes and the market rental rate of units in Rancho Palos Verdes over a 30 year period.	\$16,636
San Francisco	Level set at \$180,000 for each studio unit required but not built, \$250,000 for each one bedroom, \$335,000 for each two bedroom, and \$375,000 for each three bedroom. Updated annually based on the construction cost index. Fee based on affordability gap between development costs and restricted sales cost.	\$75,000
Santa Monica	\$26.45/ square foot for apartments (updated annually) and \$30.89/ square foot for condominiums (updated annually). Fees based on the number of low- and moderate-income households requiring housing, multiplied by the affordability gap between the cost to produce a unit of such housing and the ability to pay. The resulting fee is then divided by the gross floor area of a typical market rate or condominium project to yield an in-lieu fee per square foot of new market rate development.	\$46,335
Tiburon	Fee level set at the difference between the affordable purchase price of a dwelling unit for a moderate income family and the estimated cost of constructing a market rate unit of appropriate size. Current fee is \$474,500 per affordable unit.	\$71,175

[1] Sample project is 6 multifamily ownership units at 25 dwelling units per acre. Each unit is three bedrooms, 1,500 square feet, and sells for \$375,000.

Source: Economic & Planning Systems, Inc.

DRAFT MEMORANDUM

To: Ron Bendorff, City of Rohnert Park

From: Darin Smith and Eileen Tumulad

Subject: In-Lieu Housing Fee Study: Comparative Analysis and Methodology; EPS #18151

Date: April 1, 2009

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) has been retained by the City of Rohnert Park (City) to assist in the evaluation of the existing in-lieu fee adopted as part of the City's inclusionary housing program. As part of our work effort, we surveyed 21 California jurisdictions, including all the jurisdictions in Sonoma County, to determine the details and requirements of each jurisdiction's inclusionary housing and in-lieu fee programs. Specifically, EPS reviewed the amount of the in-lieu fees, the application of the fees to projects of various types or sizes, and the methodology used to calculate the fees. This information will help to inform our evaluation of the City's in-lieu fee program and establish a range of alternative fee calculation methodologies. The results of the survey of other jurisdictions and the range of fee calculation methodologies are outlined in this memorandum.

Rohnert Park's Current Policy

The City currently requires that at least 15 percent of all new dwelling units in a residential development of five or more units shall be affordable. In a rental project, 7.5 percent of the units shall be affordable to very low-income households and 7.5 percent to low-income households. In ownership projects, 7.5 percent of the units shall be affordable to low-income households and 7.5 percent to moderate-income households. The developer may propose to meet the inclusionary requirements with an alternative equivalent action that is subject to review and approval by the City Council. The alternative equivalent actions may include land donation, transfer of inclusionary unit credits, and the development of second dwelling units.

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The City currently allows the payment of in-lieu fees for fractional unit requirements, projects of less than one acre, or projects of ten or fewer units. The City's current in-lieu fee is based upon a percentage of the projected construction costs of market rate units and is determined on a case-by-case basis. A standard percentage has not been determined and therefore the in-lieu fee can vary from project to project.

The current calculation methodology does not factor in the total cost to construct affordable units (e.g., hard and soft construction costs, land acquisition, etc.) and the revenue generated from the affordable units. The consideration of these factors in the calculation of in-lieu fees may more accurately reflect the subsidy required to produce the units that are not being provided by the developer.

Survey of Policies in other Jurisdictions

EPS surveyed the inclusionary housing programs and in-lieu fee programs of 21 jurisdictions in California, including all the jurisdictions in Sonoma County. The policies vary from jurisdiction to jurisdiction and illustrate the range of these programs around the State. **Table 1** details the inclusionary housing requirements and the in-lieu fees and methodology.

The surveyed inclusionary programs require from 5 percent to 20 percent of units in new projects to be offered at below market rate prices. Some jurisdictions employ a sliding scale depending on the size of the project or the affordability targets. In the City of Novato, the inclusionary requirement increases as the number of units in the project increases. The requirement is similar in Palo Alto where the requirement increases from 15 percent to 20 percent for projects that are larger than 5 acres. Sonoma County allows a smaller percentage of units to be made affordable if the units are affordable to extremely low- and very low-incomes. Therefore the deeper the affordability target, the smaller the inclusionary requirement.

Many of the jurisdictions provide exemptions to the inclusionary requirement based on the size of the project. For example, the City of Sebastopol exempts projects of less than three units, while the City of Half Moon Bay only requires inclusionary units in projects of 10 units or more. However, the City of Cotati applies inclusionary requirements to all projects, regardless of size, including the development of one single unit. Cotati requires 20 percent of all new dwelling units in a residential project to be affordable to very low-, low-, and moderate-incomes.

Some jurisdictions allow alternatives to the construction of affordable units, such as off-site construction, land dedication, and in-lieu fee payment. The City of Healdsburg allows the affordable units to be constructed off-site. San Francisco also allows for the off-site construction of affordable units, but the requirement increases from 15 to 20 percent. The City of Irvine provides for the dedication of land to a nonprofit for the construction of affordable units. It is important to note that jurisdictions are not required to offer in-lieu fee options, and some, such as the City of Sonoma, do not allow the payment of fees in-lieu of the construction of affordable units. Some of the jurisdictions surveyed restrict when an in-lieu fee payment is allowed. For example, the City of Mill Valley only allows the payment of an in-lieu fee for projects between 2 to 9 units. Projects of 10 or more units are not allowed to pay in-lieu fees unless the affordable requirements are shown to be infeasible.

Fee Calculation Methodology

Similar to the variation in inclusionary zoning requirements, in-lieu fees are calculated using a range of methodologies and tend to vary by jurisdiction. The survey illustrates how varied the methodologies are and also how the fees can vary even using the same methodology. As there is no absolute standard for calculating in-lieu fees, the City of Rohnert Park can determine a calculation methodology that is consistent with the City's affordable housing goals, as well as sensitive to the specific development concerns of the City.

A variety of methodologies for calculating in-lieu fees are described below.

- 1. Fees based on the construction cost or permit valuation of market-rate units.** The in-lieu fees are calculated as a percentage of the cost to construct market-rate units. The City of Rohnert Park currently uses this methodology to calculate in-lieu fees, although the City has not adopted a resolution standardizing the assumptions or fees. The City of Napa also calculates in-lieu fees in this manner, but the fee is based on a percentage of construction costs that increases as the units increase in size. For example, a unit with an estimated construction costs below \$86,700 pays no fee, a unit costing between \$86,700 and \$115,200 pays a 1 percent fee, and larger/more expensive units pay a fee of 2 percent of estimated construction costs. Construction costs are the estimated cost per square foot established by the Building Department multiplied by the size of each unit. Other jurisdictions, such as Half Moon Bay and San Juan Capistrano, use building permit valuation as a measure of construction cost.
- 2. Fees based on the City's cost to acquire land for the number of affordable housing units the developer would otherwise be required to construct.** This method requires an estimation of the cost of appropriately zoned land. The City of Irvine employs this methodology in calculating in-lieu fees.
- 3. Fees based on the market value or sales price of market-rate units.** The in-lieu fees are calculated based on the market value or sales price of market-rate units. In-lieu fees in the City of Cotati are based on this methodology, and the fees increase in absolute dollars and as a percentage of value as the market-rate units increase in value.
- 4. Fees based on the difference between the value of market-rate units and the prices that income-qualified households can afford to pay.** These fees only consider the difference in revenue between market-rate and affordable units. The fee does not take into account the cost of construction. The Cities of Rancho Palos Verdes and Cloverdale and the Town of Windsor calculate in-lieu fees in this manner. In these jurisdictions, the market-rate unit value is based on general indicators, such as the median price for homes in Sonoma County, rather than the actual value of the market-rate units being produced in the project paying the fees.
- 5. Fees based on the total subsidy required to construct a single type of affordable unit (e.g., rental multifamily).** The subsidy is the net difference between total development costs (land acquisition, hard, and soft costs) and the prices that income-qualified households can afford to pay. These fees are based on the construction of a single type of unit, regardless of the unit composition of the market-rate project. The result is one standard fee charged to all projects. The Town of Tiburon, City of Santa Rosa, and Sonoma County use this methodology in the calculation of in-lieu fees.

- 6. Fees based on the subsidy required to construct multifamily units of the same tenure (rent vs. sale) as the market-rate units being developed.** Similar to the previous methodology, this one differs in that it takes into account the tenure of the market-rate units constructed. The result is two fees, one for for-sale units and another for rental units. However, the fee is still based on a single unit type regardless of the market-rate unit type (e.g., single-family or multifamily). The City of Novato employs this methodology in calculating in-lieu fees.
- 7. Fees based on the number of income-qualified households required to support the residents of market-rate units, and the total subsidy required to construct such housing.** These fees attempt to establish a nexus between the new market-rate residential development and the need for affordable housing. The City of Santa Monica uses this methodology in calculating in-lieu fees, with the logic that a) residents of market-rate housing will require certain goods and services, b) the provision of those goods and services will require workers who make moderate or lower incomes, and c) if such workers are not housed within the market-rate project that generates demand for their services, that market-rate project should support the costs of constructing units for those workers.

As noted above, the inclusionary policies and methodologies for calculating in-lieu fees vary widely from each jurisdiction. Since each jurisdiction is able to set fees at their discretion, fees often vary depending on the jurisdiction's local context and affordable housing goals.

Given the wide range of methods in calculating in-lieu fees, it is difficult to assess how the fee levels in each jurisdiction compares to one another. For comparative purposes, EPS has included on **Table 1** an estimate of in-lieu fees by jurisdiction for a sample project. The in-lieu fees are expressed per market rate unit. The sample project is a 6-unit multifamily for-sale development at 25 dwelling units per acre. Each unit is assumed to have 3 bedrooms, is 1,500 square feet in size, and sells for \$375,000. Based on these assumptions, San Francisco would require the highest in-lieu fees, \$75,000 per market-rate unit, followed by Tiburon at \$71,175. The City of Cloverdale has the lowest fees at \$600 per market rate unit. The City of Sebastopol would require fees of \$11,120, while all other jurisdictions in Sonoma County have similar fees, ranging from roughly \$2,500 to \$6,500 per market-rate unit. EPS was unable to calculate the in-lieu fees for Mill Valley because Mill Valley has not established the inclusionary subsidy that forms the basis for the housing in-lieu fee and to date, Mill Valley has not collected any in-lieu fee payments.

Implementation Methodology

The survey of inclusionary and in-lieu fee programs also revealed that in-lieu fee programs can be implemented in a variety of ways. The fees are calculated using one of the methodologies described above and then are applied in various ways among the jurisdictions. The following are some methods used in the jurisdictions surveyed:

- **Flat fees applied per market rate unit, per affordable unit, per square foot, as a percentage of construction cost, or as a percentage of market value.** Even when the fee is originally calculated as the subsidy required to provide the needed affordable units, many jurisdictions then divide the total subsidy by a determined base (e.g., number of market rate units, size of the units, cost to construct affordable unit, etc.) to arrive

at an in-lieu fee. The City of Santa Monica applies in-lieu fees per square foot, while the Cities of Half Moon Bay and San Juan Capistrano apply fees as a percentage of building permit valuation (construction cost),

- **Fees that reflect a higher number of units than would be required if the developer were to provide the units themselves, either on-site or off-site.** Applying the in-lieu fees in this way incentivizes the developer to provide the units themselves, rather than pay the in-lieu fee. San Francisco has a 15 percent on-site affordability requirement, which increases to 20 percent if the developer provides the units off-site. The higher 20 percent requirement then forms the basis for the in-lieu fee should the developer choose this option. This methodology nominally accounts for the fact that a project that does not produce affordable units is not meeting the jurisdiction's overall goal of housing price diversity. For example, a project with 100 total units that provides 15 affordable units is realizing the goal of 15 percent affordable units. A project with 100 total units, all built at market rate, that pays a fee for 15 affordable units is realizing only 13 percent affordable units (15 out of 115).
- **Fees that increase with the size of market-rate units.** The larger the square footage of the market-rate units, the larger the in-lieu fee per square foot. The Cities of Santa Rosa, Petaluma, and Healdsburg, the Town of Windsor, and the County of Sonoma all employ this type of sliding scale to their in-lieu fees.
- **Fees that increase with the number of units in the project.** The larger the project size, the larger the in-lieu fee per unit. Novato and Tiburon employ this type of sliding scale to their in-lieu fees.
- **Fees allowed for fractional units only.** Some jurisdictions allow fees to be paid only for the fractions of units required by a development. For instance, a 10-unit project with a 15 percent inclusionary requirement would have an obligation for 1.5 affordable units, but would build one unit and pay the proportionate fee for the additional half-unit. The Cities of Novato and Sebastopol allow in-lieu fees for fractional units only.

Fee Calculation Next Steps

EPS and City staff will jointly select three methodologies that will serve as the basis for the fee calculation. EPS recommends Methodology 5, as it is a commonly used method for in-lieu fee calculations based on the comparative analysis and previous EPS experience. At the project kick-off meeting, City staff expressed preliminary interest in methodologies that are easily implemented. As such, the City may also consider Methodologies 1 (the City's current calculation methodology), 3, and 4, which are currently used to calculate in-lieu fees in a number of Sonoma County jurisdictions.

Table 1
Survey of Inclusionary Housing Programs in Comparable California Cities
Rohnert Park In-Lieu Housing Fee Analysis; EPS #18151

Jurisdiction	Type of Program	Requirements	Last Update	Estimated Fee Per Market Rate Unit for Sample Project [1]
Cloverdale	Construction Requirement	15% of development in projects with 5+ units must be affordable: 15% affordable to low income for rental projects and 15% to moderate income for ownership projects. Where city incentives or density bonuses are offered and/or requested, the income targets of affordable units must conform to the distribution of affordable housing in the city's RHNA allocation. In rental projects, fractional units over 1/2 are considered whole units. In ownership projects, an in-lieu fee is required for fractional unit requirements.	2006	--
	In-Lieu Fee	Allowed for ownership projects of 15 units or less, are in hillside developments, or have a density of less than 2 units per acre. Fee is paid for each affordable unit otherwise required. Fee is equal to 15% of the difference between the maximum affordable price and the lesser of the sales price of the market rate unit or the median sales price of houses in Sonoma County.	2008	\$600
Coronado	Construction Requirement	20% of lots/dwelling units in subdivision projects with 2+ lots/dwelling units must be affordable for rent to very low and low income households, or affordable for sale to moderate income households. Optional in lieu fee at developers discretion. Fractional units rounded up to a whole unit.	1993	--
	In-Lieu Fee	\$7,000 per market-rate dwelling unit in subdivision projects with 2+ units. Methodology used to calculate fee (in 1993) cannot be obtained.	1993	\$7,000
Cotati	Construction Requirement	20% of development in projects in residential projects with 10+ units must be affordable: at least 1/3 affordable to very low and at least 1/3 to low income. To encourage additional development of low- and very low-income housing, City Council may authorize that each very low-income unit is equivalent to 2 moderate-income units or each low-income unit is equivalent to 1.5 moderate-income units.	2005	--
	In-Lieu Fee	Fee allowed for residential development of 9 or fewer units. Based on sales price of market rate unit. Ranges from \$150 per affordable unit for a \$75,000 unit to \$2,400 for \$125,000 unit, and then increases \$200 per unit for every \$5,000 increase in sales price.	1990	\$2,480
Half Moon Bay	Construction Requirement	20% of development in projects with 10+ units must be affordable: 6% affordable to very low, 7% to low, and 7% to moderate income. Fractional units over 1/2 are considered whole units.	--	--
	In-Lieu Fee	Pay fee on fractional units below 1/2 a unit, or at council's discretion if development is deemed infeasible. Calculated as twenty percent of the building permit valuation for the market rate units. Never have applied the in-lieu fee, but would base the permit valuation off of working with local brokers to determine the assessed value of the property.	--	\$37,500 [2]
Healdsburg	Construction Requirement	15% of projects with 7+ units must be affordable: 10% to very low- or low- and 5% to moderate-income. Fractional unit requirements may be rounded up to the nearest whole number or payment of the in-lieu fee for fractional unit. Affordable units can be constructed on site or on another site within the City.	2008	--
	In-Lieu Fee	Payment of in-lieu fee for each above-moderate unit in residential projects with 6 or fewer dwelling units. Payment of in-lieu fee for each above-moderate unit in residential projects with 6 or fewer dwelling units. The in-lieu fee is calculated on a sliding scale based on unit square footage. The fee ranges from \$2,455 for each 1,300 square foot unit to \$15,000 for each 2,300 square foot unit. Units less than 1,300 square feet in size are exempt from paying a fee. All units larger than 2,300 square feet are charged a fee of \$15,000 per unit.	2005	\$3,455
Irvine	Construction Requirement	15% of projects with 50+ units must be affordable: 5% to very-low, 5% to low, 5% to moderate income. Projects of under 50 units may either 1) conform to the 50+ unit development requirements, or 2) pay an in-lieu fee, or 3) conceive of an alternative acceptable to the council, such as converting existing market rate to units to affordable, dedicating control of land to a non profit, or other alternatives.	2006	--
	In-Lieu Fee	\$19,583 per market rate unit (updated every other year). Formula: (average land value of city/average density of affordable housing) * (pre development cost allowance * percent share of costs).	2006	\$19,583
Mill Valley	Construction Requirement	Rental residential projects of 10+ units with a gross density < 7 units per acre require 10% of units be affordable to moderate income households. Rental residential projects of 10+ units with a gross density >= 7 units per acre require 15% of units be affordable to moderate income households. Ownership residential projects of 10+ units with a gross density < 7 units or lots per acre require 10% of units be affordable to moderate income households. Ownership residential projects of 10+ units with a gross density >= 7 units or lots per acre require 15% of units be affordable to moderate income households.	1988	--
	In-Lieu Fee	In lieu fee option if affordable requirements are shown to be infeasible. Multifamily projects of 2 to 9 units, or lots with a gross density of less than 1 unit acre, pay 5%-11% of the differential between the expected affordable unit price for a moderate income family earning the median income and the estimated cost of constructing a new unit of the appropriate size. The larger the market-rate units, the larger the in-lieu fee. Market-rate units with gross floor area of 701 to 1,000 square feet pay 5% of the current inclusionary subsidy differential established by the city. Market-rate units between 1,001 and 1,500 square feet pay 8% and market-rate units greater than 1,500 square feet pay 11%.	1988	-- [3]

Table 1
Survey of Inclusionary Housing Programs in Comparable California Cities
Rohnert Park In-Lieu Housing Fee Analysis; EPS #18151

Jurisdiction	Type of Program	Requirements	Last Update	Estimated Fee Per Market Rate Unit for Sample Project [1]
Napa	Construction Requirement	10% affordable, or 15% affordable in redevelopment zones, or 20% affordable in specially designated zones. Multifamily must be built on site. Developers can pay in-lieu fees for single-family projects. Council approval required for payment of in-lieu fees for multi-family projects.	1999	--
	In-Lieu Fee	Fees are based on construction costs, defined as the estimated cost per square foot of construction established by the Building Department for setting building permit fees (\$90.60 in 2004) multiplied by the total square footage of the dwelling unit excluding the garage. Fees are calculated for each dwelling unit and exempts smaller units from the fees and charges a sliding scale based on the market rate unit's affordability. The fee is currently set at: construction cost < \$86,700, no fee; construction cost \$86,700 to \$115,250: 1% fee; construction cost >= \$115,250: 2% fee.	1999 (Currently undertaking Study to revise fee)	\$2,718
Novato	Construction Requirement	Projects of 3-10 units must be 10% affordable. Required portion of affordable units increases by 1% per unit for projects between 11-20 units, reaching 20% for projects with 20 units or over. Rental projects: 50% to very low income, 50% to low income. For Sale: 50% to low income, 50% to moderate income. Fractional units of 0.7 or greater considered whole unit.	2007	--
	In-Lieu Fee	In lieu fees for projects with fractional units when the fraction is less than 0.7 or for projects with 6 or fewer units at developers discretion. A per market-rate unit fee that varies for ownership versus rental units and increases as the size of the project increases. Fee is \$8,100 per market-rate unit for rental projects of 1-10 units and increases by \$810 per unit increase in project size until 20 units. Fee is \$14,000 per market-rate unit for for-sale projects of 1-10 units and increases by \$1,400 per unit increase in project size until 20 units. Council may consider in-lieu fee for projects of 7+ units if development shown to be infeasible.	2007	\$14,000
Palo Alto	Construction Requirement	15% of units must be affordable in 5+ unit projects. 5+ acre projects must include 20% affordable. For Sale Affordable: affordable to moderate incomes. Rental Affordable: Affordable to low incomes.	2007	--
	In-Lieu Fee	In lieu-fee if development shown to be infeasible. The in-lieu fee for projects that require 15% affordability is 7.5% of the greater of actual sales price or fair market value of each market-rate unit; for projects with a 20% requirement, the rate is 10%; and for projects with a 25 percent requirement, the rate is 12.5 percent.	2007	\$28,125
Petaluma	Construction Requirement	Rental residential projects of 5+ units require 15% of units be affordable to very low- and low-income households. Ownership residential projects of 5+ units require 15% of units be affordable to low- and moderate-income households.	2002 [4]	--
	In-Lieu Fee	The in-lieu fee is based on unit square footage. The fee ranges from \$2,400 for each 640 square foot unit to \$22,500 for each 4,000 square foot unit.	2003	\$6,347
Rancho Palos Verdes	Construction Requirement	In 5+ dwelling units/lots, either 5% of units must be affordable to very low income, or 10% must be affordable to low income, or any equivalent combination such that the provision of one very low income unit equals the provision of two low income units.	2005	--
	In-Lieu Fee	In lieu fee payment option at developers discretion. Level set at \$201,653 per affordable unit plus 10% administrative costs. In-lieu fee is based on 7.5% of the total number of units being affordable. Fee established as a fee per affordable unit based upon the difference between affordable rents for low and very low incomes and the market rental rate of units in Rancho Palos Verdes over a 30 year period. The total is then discounted to get a Net Present Value, which forms the basis of the fee. For example a low income household can afford to spend \$1,100 per month for rent. Average market rent in the City is \$1,680. Over a 30 year period the difference between affordability and market rent is \$208,800. The NPV of this amount, discounted at some rate, forms the basis for the in-lieu fee.	2005	\$16,636
San Francisco	Construction Requirement	Projects of 5+ units must be 15% affordable if units provided onsite, or at least 20% affordable if units provided offsite.	2008	--
	In-Lieu Fee	In lieu fee payment option at developers discretion. Fees are based on the number of units which a developer would be required to provide if the units are developed off-site. Level set at \$180,000 for each studio unit required but not built, \$250,000 for each one bedroom, \$335,000 for each two bedroom, and \$375,000 for each three bedroom. Updated annually based on the construction cost index. Fee based on affordability gap between development costs and restricted sales cost, with the household size per unit based on number of bedrooms plus one person.	2008	\$75,000
San Juan Capistrano	Construction Requirement	2+ unit projects must be 10% affordable, or 15% if within boundaries of Redevelopment Agency, or 30% affordable if developed by the Redevelopment Agency.	1995	--
	In-Lieu Fee	In lieu fee payment option at developers discretion. Level set at 1% of project's building permit valuation (currently \$95/SF, updated regularly) for market rate units (Will increase in future; also considering requiring projects above a certain size to build rather than pay).	1995	\$1,425

Table 1
Survey of Inclusionary Housing Programs in Comparable California Cities
Rohnert Park In-Lieu Housing Fee Analysis; EPS #18151

Jurisdiction	Type of Program	Requirements	Last Update	Estimated Fee Per Market Rate Unit for Sample Project [1]
	Construction Requirement	Multifamily for sale projects of 4-15 units must be 20% affordable for moderate income, or 20% affordable as rental units to low income. For multifamily for sale projects of 16+ units, this proportion is 25%. Off site construction for multifamily ownership of 4+ units requires a 25% increase in the number of affordable units provided. Multifamily rental projects: 10% for very low, or 20% for low, or 100% for moderate income households. Fractional units: fraction of 0.75+ considered whole unit. Commercial/industrial zones: all units must be affordable to moderate income households.	2007	--
Santa Monica	In-Lieu Fee	In lieu fee on fractional units below 0.75 or at developer's discretion for specific projects such as multi-family projects in Multi-family Residential Districts or multi-family projects in vacant parcels in Industrial/Commercial Districts: \$26.45/ square foot for apartments (updated annually), \$30.89/ square foot for condominiums (updated annually). Fees based on the number of low- and moderate-income households requiring housing, multiplied by the affordability gap between the cost to produce a unit of such housing and the ability to pay. The resulting fee is then divided by the gross floor area of a typical market rate or condominium project to yield an in-lieu fee per square foot of new market rate development.	2008	\$46,335
	Construction Requirement	All residential projects require 15% of units be affordable to low-income households. A development of 20 gross acres or less may provide affordable units off-site. However, the requirement increases to 20% if the affordable units are constructed off-site. The developer has the option of providing each affordable unit either as a for-rent unit or as a for-sale unit.	2002	--
Santa Rosa	In-Lieu Fee	Residential development of 15 gross acres or less may choose the payment of an in-lieu fee. The fee is based on the total subsidy required to construct the necessary affordable units in the City. The fees increase as the size of the unit increases. The current fee ranges from \$742 for a 910 square foot unit to \$33,075 for a 4,500 square foot unit.	2002	\$5,646
	Construction Requirement	20% of projects with 3+ units must be affordable to very-low or low-income households. Developer can choose to construct an additional affordable unit or pay an in-lieu fee for fractional unit requirements.	1995	--
Sebastopol	In-Lieu Fee	Only allowed for fractional unit requirements. Fee is currently \$22.24 per square foot of market rate units that generate a fractional unit requirement.	2006 [5]	\$11,120
	Construction Requirement	20% of development in Sonoma Residential District of 5+ units: 10% affordable to low- and 10% to moderate-income households. In other Residential Zoning Districts development of 5+ units, 20% must be affordable to low- and moderate-income households.	2003	--
Sonoma	In-Lieu Fee	No in-lieu fee program	n/a	--
	Construction Requirement	Ownership projects of 1+ units must be 20% affordable; 10% affordable to low-income households and remaining 10% can be affordable to moderate- or low-income households. Rental projects of 1+ units must be 15% affordable to low- and very low-income households or 10% affordable to very low- and extremely low-income households. For 15% option: 7.5% affordable to very low-income households and remaining 7.5% to low- or very low-income households. For 10% option: 5% affordable to extremely low-income household and remaining 5% to very low- or extremely low-income households. Fractional unit requirements are rounded up or require payment of an in-lieu fee. Projects with units of 1,000 square feet or less are exempt from inclusionary requirements.	2005	--
Sonoma County	In-Lieu Fee	Fee is a fraction of the subsidy cost of providing the affordable units and is graduated based on the size of the market rate unit. Fee ranges from \$1,075 to \$52,881 per market rate unit, depending on the size.	2005	\$3,891
	Construction Requirement	7-12 unit projects must be 15% affordable; 5% to very low or low income households, 10% to moderate. 13+ unit projects must be 20% affordable; 5% to very low and low, 15% to moderate income households. Fractional units of 0.5+ are considered whole units. Fractional units under 0.5 are ignored.	2007	--
Tiburon	In-Lieu Fee	In lieu fee for projects with 2-6 units/lots, based on the requirement that 15% of units be affordable. In lieu fees available for other projects only at council's discretion. Fee level set at the difference between the affordable purchase price of a dwelling unit for a moderate income family and the estimated cost of constructing a market rate unit of appropriate size. Current fee is \$474,500 per affordable unit.	2007	\$71,175
	Construction Requirement	Projects of 5+ units require: 20% requirement if affordable to moderate-income households, 15% requirement if affordable to low-income households, and 10% requirement if affordable to very low-income households. Payment of in-lieu fee for fractional unit requirements.	2009	--
Windsor	In-Lieu Fee	Original fee calculation was based on the gap between the maximum allowable price and the market sales price of the unit. Calculated on a per square foot basis, based on the size of market rate units. Minimum fee of \$4,000 per unit for units up to 1,000 square feet. Fee is \$4 per square foot for units of 1,000 square feet. Per square foot fee then increases by \$0.03 per 50 square feet.	2009	\$6,450

[1] Sample project is 6 multi-family ownership units at 25 dwelling units per acre. Each unit is three bedrooms, 1,500 square feet, and sells for \$375,000.
[2] Assumes building permit valuation is 50% of unit sales price. Based on average construction costs for multi-family unit (including hard and soft costs and developer profit).
[3] Mill Valley has not established the inclusionary subsidy that forms the basis for the housing in-lieu fee and has not collected any fee payments.
[4] Petaluma's Inclusionary Housing Policy will be re-evaluated in June 2009.
[5] Sebastopol is in the process of updating their in-lieu fee as part of the Housing Element update.

Sources: Respective Cities and County; Economic & Planning Systems, Inc.



Development Impact Fees

PUBLIC FACILITIES FEE

The Public Facilities Fee (PFF) is based on the Public Facilities Finance Plan, which determined the facilities needed to serve new development built out in accordance with the City's General Plan, and in turn, new developments' fair share of the costs of those facilities. The fair share of costs varies based on the *land use class* of the new development and the *location* of the new development.

New residential development is subject to the Public Facilities Fee shown in *Table 1: Residential Fees* below. Fair share costs for expansion of sewer, water, and public facilities are included in the fees shown below.

Table 1: Residential Fees

Land Use Designation	Infill East of Hwy 101	Infill West of Hwy 101	Northeast SPA	University District SPA	Southeast SPA	Sonoma Mountain Village	Northwest SPA	Wilfred Dowdell SPA	Stadium Lands PD	Canon Manor SPA
Single Family Residential (unit)	\$20,357	\$22,032	\$31,581	\$32,031	\$28,955	\$24,865	NA	NA	NA	\$22,808
Multi-Family Residential (unit)	\$13,139	\$14,186	\$19,647	\$19,081	\$18,763	\$16,068	\$14,586	NA	\$14,689	\$14,893
Senior Housing (unit)	\$12,444	\$13,491	NA	NA	NA	NA	NA	NA	NA	NA
Assisted Living (unit)	\$10,822	\$11,345	NA	NA	NA	NA	NA	NA	NA	NA

New non-residential development is subject to 3 components that together make up the total Public Facilities Fee for such projects:

Table 2: PFF – Public Facilities. This component of the PFF pays for expanded transportation infrastructure (i.e. new roads, traffic signals), public safety capacity and infrastructure (e.g. Westside Public Safety building), and public works and community facilities. The fee is based on a rate determined by the land use and project location, multiplied by each enclosed 1000 SF of project.

Table 3: PFF – Sewer. This component pays for the infrastructure needed to send additional sewerage to the Laguna Treatment Plant. The fee is based on a rate determined by the land use and project location, multiplied by the daily flow gallons expected to be generated by the new development, based on the number and type of fixtures in the project.

Table 4: PFF – Drainage. This component pays for additional capacity of the drainage system needed to lessen and treat runoff created by new impervious surfaces in new development. The fee is based on a rate determined by the land use and project location, multiplied by 1000 SF of disturbed site area created by the project.

Development Impact Fees (continued)

Table 2: PFF - Public Facilities for Non-Residential Development
Fees Applied to Enclosed Thousand Square Feet (TSF)

Land Use Designation	Infill East of Hwy 101	Infill West of Hwy 101	Northeast SPA	University District SPA	Southeast SPA	Sonoma Mountain Village PD	Northwest SPA	Wilfred Dowdell SPA	Stadium Lands PD	Canon Manor SPA
General Office (enclosed tsf)	\$9,364	\$10,861	NA	\$9,833	\$9,833	\$9,833	\$10,861	\$10,861	\$10,861	NA
Hotel/Motel (enclosed tsf)	\$6,703	\$7,470	NA	\$6,875	\$6,875	\$6,875	\$7,253	\$7,253	\$7,253	NA
Retail (enclosed tsf)	\$14,065	\$15,016	NA	\$14,363	\$14,363	\$14,363	\$15,016	\$15,016	\$15,016	NA
Light Industrial (enclosed tsf)	\$3,015	\$3,361	NA	\$3,123	\$3,123	\$3,123	\$3,361	\$3,361	\$3,361	NA
Heavy Industrial (enclosed tsf)	\$3,015	\$3,361	NA	\$3,123	\$3,123	\$3,123	\$3,361	\$3,361	\$3,361	NA
Warehouse (tsf)	\$2,425	\$2,771	NA	\$2,553	\$2,553	\$2,553	\$2,771	\$2,771	\$2,771	NA

Table 3: PFF – Sewer, for Non-Residential Development
Fees Applied to Gallons of Wastewater Generated (GAL)

Land Use Designation	Infill East of Hwy 101	Infill West of Hwy 101	Northeast SPA	University District SPA	Southeast SPA	Sonoma Mountain Village PD	Northwest SPA	Wilfred Dowdell SPA	Stadium Lands PD	Canon Manor SPA
General Office	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58
Hotel/Motel	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58
Retail	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58
Light Industrial	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58
Heavy Industrial	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58
Warehouse	\$72.85	\$72.85	NA	\$124.06	\$120.58	\$120.58	\$72.85	\$72.85	\$72.85	\$120.58

Table 4: PFF – Drainage for Non-Residential Development
Fees Applied to Disturbed Site Area (TSF)

Land Use Designation	Infill East of Hwy 101	Infill West of Hwy 101	Northeast SPA	University District SPA	Southeast SPA	Sonoma Mountain Village PD	Northwest SPA	Wilfred Dowdell SPA	Stadium Lands PD	Canon Manor SPA
General Office (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA
Hotel/Motel (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA
Retail (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA
Light Industrial (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA
Heavy Industrial (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA
Warehouse (disturbed tsf)	NA	NA	NA	\$302.52	NA	NA	\$275.33	\$275.33	\$275.33	NA

Development Impact Fees (continued)

Public Facilities Fee Schedule Notes

1. See 2011 Update to the Public Facilities Finance Plan for detailed presentation of calculations. (Adopted by City Council Resolution)
2. "Infill Development" is all development (new, remodel or reconstruction) outside of the defined Specific Plan Areas or Planned Developments
3. Non-residential fees are calculated by summing the values from Tables 2, 3, and 4 for the type of land use proposed.
4. "Mixed Use" fees are calculated by summing the fees calculated for each type of land use within the mixed use proposal.
5. NA or Not Applicable means that a particular fee component does not apply within the defined geographic area because:
 - a. New development within that geographic does not create impacts to certain infrastructure systems; or
 - b. Approved Specific Plans do not include certain land use classes, hence fee components have not been computed.
6. Enclosed Thousand Square Feet is calculated based on the gross floor area, as defined in Chapter 17.04 of the Municipal Code including any patio area under a horizontal projection of the roof, the floor above or other covering, when such area is used for activities integral to the commercial business.
7. Disturbed Thousand Square Feet is calculated based on the total area approved for grading on the property.

PER ACRE DEVELOPMENT FEE

This fee applies to all lots within the City that have not been previously developed. Fees are determined at the rate **\$17,715 per acre.**

SPECIAL WATER CONNECTION FEE

This fee applies to a small number of undeveloped lots within the City that have already been assessed the Per Acre Development Fee. Contact the Building Division to determine if a parcel in question qualifies for this fee. When the Special Water Connection Fee is paid, the developer is not required to pay the Per Acre Development Fee. The Special Water Connection fee is determined at the rate of **\$8,935 per acre.**

AFFORDABLE HOUSING LINKAGE FEE

The linkage fee requirement applies to nonresidential development projects involving the construction of a new building, construction of additional gross square footage to an existing building, and interior remodels that increase the employment density, and changes in use that do not require interior remodels but increase the employee density of the nonresidential development as determined by the Director of Community Development.

Non-residential land uses are divided into three classifications: commercial, retail, and industrial. The Director of Community Development determines the land use classifications that best describe the nonresidential development. The fees for those classifications are determined as follows:

Effective Date	Commercial Fee	Retail Fee	Industrial Fee
July 1, 2008	\$0.69/square foot	\$1.19/square foot	\$0.71/square foot

GENERAL PLAN MAINTENANCE FEE

The general plan maintenance fee is used to cover the costs of providing updates to the City's General Plan and is calculated as **0.5% of the total construction valuation** of building permits for new construction and commercial and industrial additions.

COPELAND CREEK DRAINAGE FEE

If the development occurs in the Copeland Creek Drainage District, the fee applies. The Copeland Creek Drainage Fee is calculated at the rate of **\$630 per acre.**

Development Impact Fees (continued)

UNIVERSITY DISTRICT DEVELOPMENT FEES

UDSP REGIONAL TRAFFIC FEE

For residential development within the University District Specific Plan, the UDSP Regional Traffic Fee in the amount of **\$3,500 per unit** is due at the time of building permit issuance of a single family residence or other dwelling unit for each market rate residential unit to mitigate the regional traffic impacts of the project.

UDSP MAINTENANCE ANNUITY FEE

For residential development within the University District Specific Plan, the UDSP Maintenance Annuity Fee in the amount of **\$11,782.40 per unit** is due at the time of issuance of a certificate of occupancy for each Residential unit, including all market rate and all affordable units, including single family and multi-family for-sale and rental units. *(Note: This fee is subject to CPI adjustment on May 22 each year.)*

SOUTHEAST SPECIFIC PLAN (SESP) DEVELOPMENT FEES

SESP ONE-TIME MAINTENANCE FEE

For residential development within the Southeast Specific Plan, the SESP One-Time Maintenance Fee is due at the time of building permit issuance for each residential unit, to partially offset the projected fiscal deficit to the City’s general fund created by each Unit, in an amount shown in the table below. *(Note: This fee is subject to CPI adjustment on June 1st each year.)*

Residential Unit Type	Fee
Single-Family Detached, Conventional Lot	\$2,313.00 per unit
Single-Family Detached, Small Lot Market Rate:	\$2,058.00 per unit
Single-Family Detached, Small Lot Below-Market Rate:	\$1,185.00 per unit
Single-Family Detached, Estate Lot:	\$3,482.00 per unit
Single-Family Attached, Market Rate:	\$1,373.00 per unit
Single-Family Attached, Below-Market Rate:	\$1,185.00 per unit

SESP ADDITIONAL SERVICE PERSONNEL FEE

For residential development within the Southeast Specific Plan, the SESP Additional Service Personnel Fee in the amount of **\$592.23 per residential unit** is due per at the time of building permit issuance for that unit, to offset the cost of additional public safety personnel, such as police officers and fire-fighters to serve the Southeast Specific Plan. *(Note: This fee is subject to CPI adjustment on January 13 each year.)*

SESP REGIONAL TRAFFIC IMPACT FEE

For residential development within the Southeast Specific Plan, the SESP Regional Traffic Fee in the amount of **\$3,483.64 per market-rate residential unit** is due per at the time of building permit issuance for each unit to mitigate the regional traffic impacts of the Southeast Specific Plan. *(Note: This fee is subject to CPI adjustment on January 13 each year.)*

SESP VALLEY HOUSE DRIVE MITIGATION FEE

For residential development within the Southeast Specific Plan, the SESP Valley House Drive Mitigation Fee in the amount of **\$1,000 per market-rate residential unit** is due per at the time of sale of the single-family residence or other dwelling unit and out of the escrow account for the sale of that unit to mitigate a portion of the impacts from construction traffic on collector roads.

Development Impact Fees (continued)

WILFRED DOWDELL SPECIFIC PLAN (WDSP) DEVELOPMENT FEES

WILFRED DOWDELL SPECIFIC PLAN REIMBURSEMENT FEE

This fee applies to lots within the Wilfred Dowdell Specific Plan Area for which Wilfred Dowdell Specific Plan Reimbursement Fee has not been paid. Contact the Building Division to determine if a parcel in question qualifies for this fee. The fee is due at parcel map application or building permit issuance, whichever occurs first. The fee is determined at the rate of **\$18,886.66 per acre**. (Note: This fee is subject to adjustment as needed for the City to recover costs to administer the Wilfred Dowdell Specific Plan.)

WDSP PUBLIC SAFETY EQUIPMENT MITIGATION FEE

This fee applies to lots within the Wilfred Dowdell Specific Plan Area for which Wilfred Dowdell Specific Plan Reimbursement Fee has not been paid. Contact the Building Division to determine if a parcel in question qualifies for this fee. The fee is determined at the rate of **\$1,867.01 per acre** and is due at building permit issuance (Note: This fee is subject to CPI adjustment on July 1 each year.)

SONOMA MOUNTAIN VILLAGE (SMV) DEVELOPMENT FEES

SMV REGIONAL TRAFFIC IMPACT FEE

For development within the SMV/SOMO, the SMV Regional Traffic Fee in the amount of **\$3,135.55 per unit** is due at the time of building permit issuance for such residential or commercial unit or building to mitigate the regional traffic impacts of SMV/SOMO. (Note: This fee is subject to CPI adjustment on September 30 each year.)

SMV ECONOMIC IMPACT FEE

For residential development within SMV/SOMO, the SMV Economic Impact Fee in the amount of **\$4,560.80 per residential unit** is due at the time of building permit issuance for the purpose of mitigating economic impacts related to loss of industrially-zoned land. (Note: This fee is subject to CPI adjustment on September 30 each year.)

SMV ADDITIONAL SERVICE PERSONNEL FEE

For residential development within SMV/SOMO, the SMV Additional Service Personnel Fee in the amount of **\$602.03 per residential unit** is due at the time of building permit issuance for that unit for the purpose of mitigating City's costs for additional service personnel to serve SMV/SOMO. (Note: This fee is subject to CPI adjustment on September 30 each year.)

SMV CLIMATE ACTION FEE

For residential development within SMV/SOMO, the SMV Climate Action Fee in the amount of **\$309.29 per residential unit** is due at the time of building permit issuance for that unit, for the purpose of mitigating SMV/ SOMO's impacts on City's greenhouse gas production. (Note: This fee is subject to CPI adjustment on September 30 each year.)

SMV PAVEMENT MAINTENANCE / STREET REPAVING FEE

For residential development within SMV/SOMO, the SMV Pavement Maintenance / Street Repaving Fee in the amount of **\$326.10 per residential unit** is due at the time of building permit issuance for that unit, for the purpose of mitigating street maintenance and street pavement impacts of SMV/SOMO . (Note: This fee is subject to CPI adjustment on September 30 each year.)

SMV PUBLIC SERVICES IMPACT FEE

For residential development within SMV/SOMO, the SMV Public Services Impact Fee in the amount of **\$1,489.10 per residential unit** is due at the time of building permit issuance for that unit, for the purpose of mitigating the additional service costs of the City to serve SMV/SOMO . (Note: This fee is subject to CPI adjustment on September 30 each year.)

ORDINANCE NO. 771

**ORDINANCE OF THE CITY OF ROHNERT PARK
ADOPTING AN AFFORDABLE HOUSING LINKAGE FEE FOR
NONRESIDENTIAL DEVELOPMENT**

WHEREAS, the City of Rohnert Park ("City") along with other cities in Sonoma County and the County of Sonoma participated in the creation of a study to establish a link between the continued growth of employment and the need for affordable housing; and

WHEREAS, the City Council of the City of Rohnert Park has reviewed and considered the findings and conclusions of the Sonoma County Workforce Housing Linkage Fee Study on which this ordinance is based; and

WHEREAS, the Sonoma County Workforce Housing Linkage Fee Study and its May 2006 Update demonstrates that nonresidential development increases the City's need for affordable housing because the additional workers who come to the City to perform the jobs created need affordable housing; and

WHEREAS, affordable housing requirements are consistent with the City's General Plan; and

WHEREAS, the City Council has considered the effects of the affordable housing linkage fee upon the City's housing needs as set forth in the Housing Element in accordance with Government Code section 65913.2; and

WHEREAS, the City Council of the City of Rohnert Park held duly noticed public hearings on the affordable housing linkage fee on November 14, 2006, and November 28, 2006;

NOW, THEREFORE, the City Council of the City of Rohnert Park ordains as follows:

SECTION 1. FINDINGS.

A. Need for affordable housing. The City Council has found that persons of low- and moderate-income are experiencing increasing difficulty in locating and maintaining adequate, safe and sanitary affordable housing. As noted in the city's Housing Element, a regional shortage of affordable housing is contributing to overpayment for housing accommodations, sometimes leading to temporary or permanent homelessness. According to the Association of Bay Area Governments' Regional Housing Needs Projections, the City of Rohnert Park needs to provide housing affordable to persons of low-and moderate-income.

B. Housing needs and impacts created by nonresidential development. Pursuant to the Sonoma County Workforce Housing Linkage Fee Study published by

Economic and Planning Systems, Inc. in December, 2001, and updated in May, 2006, the City Council finds that the construction or expansion of nonresidential development is a major factor in attracting new employees to the City of Rohnert Park and the County of Sonoma. A substantial number of these new employees and their families seek residence in the City, placing a greater strain on an already impacted housing stock. Current residents of the City may be priced out of their current homes as prices escalate due to increased housing demand. Current and new employees who are unable to find affordable housing in the jurisdictions in which they work are forced to commute long distances. This situation adversely affects their quality of life, consumes limited energy resources, increases traffic congestion and has a negative impact on air quality. Employers have or will have problems attracting a labor force because of the shortage of housing affordable to many workers.

C. Means of meeting affordable housing demand. Prices and rents for affordable housing remain below the level needed to attract new construction. At the same time, escalating land costs and rapidly diminishing amounts of land available for development hinder the provision of affordable housing units solely through private action. Federal and State housing finances and subsidy programs are not sufficient by themselves to satisfy the affordable housing needs associated with employment resulting from nonresidential development. It is the purpose of this chapter to establish a feasible means by which developers of nonresidential development projects assist in (1) increasing the supply of low- and moderate-income housing and (2) increasing the supply of housing in close proximity to employment centers.

D. Imposing housing requirements on developers whose projects create the need. It is appropriate to impose some of the cost of the increased burden of providing housing for low- and moderate-income people necessitated by nonresidential development directly upon the sponsors of a development, and indirectly upon the occupiers. The imposition of an affordable housing requirement is an appropriate means to accomplish the purpose of this chapter. In calculating the affordable housing requirement, the City Council has taken into account other factors in addition to the simple calculation of contribution. These include impacts of the unit requirements and in lieu fee on construction costs, and special factors and hardships associated with certain types of development.

E. Rational relationship between affordable housing need created and requirement. The unit requirements and housing fees contained in this chapter demonstrate a rational relationship between the amount of housing need created by the land use and the housing unit requirements or the size of the fee taking into account the effect of such unit or fee requirements on providing affordable housing opportunities and the economic feasibility of imposing such requirements.

SECTION 2. A Chapter 3.36, "Affordable Housing Linkage Fee," is added to Title 3, "Revenue and Finance," of the Rohnert Park Municipal Code to read as follows:

"3.36.010 Purpose.

The purpose of this chapter is to (1) implement the goals and objectives of the Housing Element of the city of Rohnert Park, (2) mitigate the housing impacts caused by new, changed, and expanded nonresidential development in the city of Rohnert Park, and (3) provide housing affordable to persons of low- and moderate-income.

3.36.020 Definitions.

The following words and expressions when used in this chapter shall for the purpose of this chapter have meanings as follows:

- A. "Addition" means adding gross square feet to an existing nonresidential development project subject to this section.
- B. "Affordable housing" means for-sale or rental housing, the total cost of monthly payments for which does not exceed the amount set forth in Health and Safety Code Sections 50050 and following.
- C. "Affordable housing linkage fee" means the affordable housing linkage fee imposed upon nonresidential development.
- D. "Changed nonresidential development" means the transition of existing nonresidential space from one type of use to another which results in an increase in the density of employment within the space.
- E. "City manager" means the city manager of the city of Rohnert Park or his or her designee.
- F. "Development or development project" means any project undertaken for the purpose of development, including new, expanded, remodeled, or changed nonresidential development. Development includes a project involving the approval of a tentative map or involving the issuance of a permit for construction, but not a permit to operate.
- G. "Director of community development" means the director of community development of the city of Rohnert Park or his or her designee.
- H. "Expanded nonresidential development" means construction that results in a net increase in the gross square footage of an existing nonresidential development.
- I. "Gross square feet" or "gross square footage" means the area included within the surrounding walls of a nonresidential development as determined by the director of community development. This area does not include enclosed parking for vehicles.

J. "Linkage fee" means a monetary exaction which is charged by the city to fund the construction or provision of affordable housing units.

K. "Remodeled nonresidential development" means all interior tenant or owner improvements to existing nonresidential space which result in an increase in the density of employment within the space.

L. "Low- and moderate-income" means a household with total annual income at or below the limits set forth in Health and Safety Code Sections 50050 and following.

M. "Nexus study" means the Sonoma County Workforce Housing Linkage Fee Study published by Economic and Planning Systems, Inc.

3.36.030 Affordable Housing Linkage Fee for Nonresidential Development.

A. Affordable Housing Linkage Fee. Developers of nonresidential projects must pay the affordable housing linkage fee for nonresidential development in the amount set forth by city council resolution.

B. Alternatives to Payment of Affordable Housing Linkage Fee.

1. Dedication of land. As an alternative to the payment of the affordable housing linkage fee, a developer of a nonresidential project may submit a request to mitigate the impacts of his or her proposed development by dedicating land. The city council may approve such a request if it determines that the proposed dedication will further affordable housing opportunities in the city to an equal or greater extent than the payment of the affordable housing linkage fee or construction of affordable units.

2. Construction of units. As an alternative to the payment of the affordable housing linkage fee, a developer of a nonresidential project may submit a request to mitigate the impacts of his or her proposed development by constructing units affordable to very low and low-income persons. The city council may approve such a request if it determines that the proposed dedication will further affordable housing opportunities in the city to an equal or greater extent than the payment of the affordable housing linkage fee or dedication of land.

C. Time of payment. The requirements of this chapter must be satisfied before building permit issuance or, where a building permit is not required, the issuance of a use permit for the new, expanded, remodeled, or changed nonresidential development.

D. Annual review. The city council will annually review the affordable housing linkage fee requirement to determine whether it is reasonably related to the impacts of development and whether the described affordable housing units are still needed.

3.36.040 Application.

A. Determination of development projects. The affordable housing linkage fee requirement will be applied to nonresidential development projects involving the construction of a new building, construction of additional gross square footage to existing buildings, and interior remodels that increase the employment density, and changes in use that do not require interior remodels but that increase the employee density of the nonresidential development as determined by the director of community development.

B. Determination of land uses. Nonresidential land uses will be divided into three classifications: commercial, retail, and industrial. The director of community development determines the land use classifications that best describe the nonresidential development, or portion thereof in the case of "mixed use" developments, for the purposes of assigning the fee to be charged. The director of community development shall use the applicable table set forth in the city council resolution establishing the specific affordable unit or housing linkage fee requirements to determine the appropriate classification.

C. Change of land use. When the director of community development determines that a change of use has been requested to convert existing space from (1) commercial to industrial or retail or (2) industrial to retail, a fee equal to the difference in the per square foot fee must be paid prior to the issuance of a use permit. A change of use from residential to nonresidential is subject to the same fee calculation as new construction.

3.36.050 Fee Adjustment.

A. Adjustment. A developer of any project subject to the affordable housing linkage fee may apply to the director of community development for a reduction in, an adjustment to the requirement, or a waiver of the fee, if he or she can demonstrate the absence of any reasonable relationship between the impacts of that development and the fee charged. The application shall be made in writing and filed with the community development director no later than the time of application for a building permit authorizing construction of the project that is subject to the fee or, where a building permit is not required, a use permit. The application shall state completely and in detail both the applicant's factual basis and legal theory for adjustment or waiver and compare its proposal with the analysis set forth in the nexus study. The director of community development shall consider the application and render a decision in writing within 30 days. The decision of the director of community development is appealable as set forth below.

B. Appeal Procedure. A decision of the director of community development on a application for a fee reduction, adjustment or waiver may be appealed to the city manager. Any person wishing to appeal a decision of the director of community development shall file an appeal with the city clerk not later than ten days from the date of issuance of the written decision of the director of community development. The written appeal shall state completely and in detail the factual and legal grounds for the

appeal. The city manager shall consider the appeal at a public hearing within 60 days after the filing of the appeal. The decision of the city manager is final.

C. Cost for reduction, adjustment, or waiver request or appeal. The cost of the request for a fee adjustment and appeal shall be borne by the applicant.

D. Refund of fee. If the affordable housing linkage fee is paid and the building permit is later canceled or voided, or if a use permit which triggers the application of the fee fails to vest within the terms of the use permit, the director of community development may, upon written request of the developer, order return of the fee and interest earned on it less administrative costs if (1) the fees paid have not been committed, and (2) work on the private development project has not progressed to a point that would permit commencement of a new, changed, or expanded use for which an affordable housing linkage fee would be payable.

3.36.060 Use of Affordable Housing Linkage Fees.

A. Use and disbursement of monies in the fund. Monies in the affordable housing linkage fund shall be used in accordance with and in support of activities to implement the city's adopted housing element. Activities shall be limited to direct expenditure for capital projects or incidental non-capital expenditures, related to capital projects, including but not limited to land acquisition, construction, rehabilitation, subsidization, counseling or assistance to other governmental entities, private organizations or individuals to expand affordable housing opportunities to low- and moderate-income households. Monies in the affordable housing linkage fund may be disbursed, hypothecated, collateralized, or otherwise employed for these purposes from time to time as the director of community development determines is appropriate to accomplish the purposes of the affordable housing fund. These uses include, but are not limited to, assistance to housing development corporations, equity participation loans, grants, predevelopment loan funds, participation leases, loans to develop affordable housing or other public/private partnership arrangements. The affordable housing funds may be expended for the benefit of both rental or owner-occupied housing.

B. Accounting of fees. All affordable housing linkage fees shall be deposited into a segregated account and all expenditures of these funds shall be documented and included in an annual report which shall be available for public inspection.

SECTION 3. Effective Date: This ordinance shall be in full force and effective 30 days after its adoption and shall be published and posted as required by law.

SECTION 4: Severability. The City Council hereby declares that every section, paragraph, sentence, clause and phrase is severable. If any section, paragraph, sentence, clause or phrase of this Ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 5. The City Clerk is directed to publish a summary of this Ordinance.

This ordinance was introduced on the 14th day of November, 2006 and

DULY AND REGULARLY ADOPTED this 28th day of November, 2006
by the following vote:

AYES: Four (4) Councilmembers Breeze, Flores, Mackenzie and Mayor Smith
NOES: None (0)
ABSENT: One (1) Councilmember Vidak-Martinez
ABSTAIN: None (0)

ATTEST:

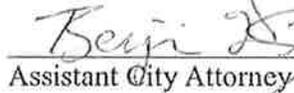
CITY OF ROHNERT PARK


City Clerk Judy Hauff




Mayor Tim Smith

Approved as to Form:


Assistant City Attorney

RESOLUTION NO. 2006-277

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK
APPROVING AND ADOPTING FEES FOR THE AFFORDABLE HOUSING LINKAGE
FEE FOR NONRESIDENTIAL DEVELOPMENT**

WHEREAS, on November 14, 2006, the City Council introduced an Affordable Housing Linkage Fee for non-residential development by Ordinance No.771; and

WHEREAS, the Ordinance specifies that the amount of the Affordable Housing Linkage Fee will be set forth by city council resolution; and

WHEREAS, the purpose of the affordable housing linkage fee is to assist in the provision of affordable housing for workers employed in the City or Rohnert Park ("City") as a result of non-residential development; and

WHEREAS, the affordable housing linkage fee will be used to provide affordable housing in the City; and

WHEREAS, there is a reasonable relationship between the affordable housing linkage fee and non-residential development because the nexus study conducted in 2001 for the County of Sonoma and cities in Sonoma County and updated in 2006 for the City of Rohnert Park, copies of which are incorporated by reference, demonstrate the number of low-income employees generated by non-residential development; and

WHEREAS, there is a reasonable relationship between the need for affordable housing and non-residential development because the 2001 nexus study and the 2006 update demonstrate that workers employed as a result of non-residential development need affordable housing in the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rohnert Park as follows:

1) The City Council does hereby approve and adopt the following Affordable Housing Linkage Fees which will be adjusted annually starting on July 1, 2007, in accordance with Section 2 below:

Effective Date	Commercial Fee	Retail Fee	Industrial Fee
July 1, 2008	\$0.69/square foot	\$1.19/square foot	\$0.71/square foot
July 1, 2009	\$1.38/square foot	\$2.38/square foot	\$1.42/square foot
July 1, 2010	\$2.08/square foot	\$3.59/square foot	\$2.15/square foot

2) The fee shall be adjusted on July 1 of each year by a percentage equal to the percentage change in the Engineering News Record, Construction Cost Index for San Francisco for the 12 month period ending on May 30 of each year. The adjustment of the fee, if any, on July 1, 2007, shall reflect only the change occurring in the index between the effective date of this resolution and May 30, 2007; and

3) The City Manager is hereby authorized and directed to administer the collection of the Affordable Housing Linkage Fees in the amounts described above for non-residential development for and on behalf of the City of Rohnert Park.

DULY AND REGULARLY ADOPTED this 28th day of November, 2006.

CITY OF ROHNERT PARK



Mayor **Tim Smith**

ATTEST:



City Clerk



BREEZE: <u>AYE</u>	FLORES: <u>AYE</u>	MACKENZIE: <u>AYE</u>	VIDAK-MARTINEZ: <u>ABSENT</u>	SMITH: <u>AYE</u>
AYES: (4)	NOES: (0)	ABSENT: (1)	ABSTAIN: (0)	

RESOLUTION NO. 2009-62

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ROHNERT PARK SUSPENDING ANNUAL FEE ADJUSTMENTS FOR
THE AFFORDABLE HOUSING LINKAGE FEE FOR
NONRESIDENTIAL DEVELOPMENT**

WHEREAS, on November 14, 2006, the City Council adopted Ordinance No. 771 establishing an Affordable Housing Linkage Fee ("Fee") for non-residential development;

WHEREAS, the Ordinance specifies that the amount of the Fee is set by resolution;

WHEREAS, on November 14, 2006, the City Council also adopted Resolution Number 2006-277, which implements the Fee in a phased approach starting on July 1, 2008;

WHEREAS, this phasing was intended to allow time for the City to recover jobs lost due to the closures of the Agilent and Motorola facilities and the downsizing of the State Farm Insurance workforce;

WHEREAS, the recent downturn in the economy has resulted in fewer jobs being created than originally anticipated when the Fee ordinance and resolution were adopted;

WHEREAS, the Fee is currently set at the July 1, 2008 levels and is scheduled to double on July 1, 2009; and

WHEREAS, a suspension of the annual Fee increases would maintain the Fee at its current levels, thereby assisting the City in its plans to recover jobs previously lost, at which time the anticipated Fee increases could resume by Council action.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rohnert Park that it does hereby approve a suspension of the annual increase in the Fee, thereby maintaining the Fee at its July 1, 2008 levels.

DULY AND REGULARLY ADOPTED this 23rd day of June, 2009.

CITY OF ROHNERT PARK

Annie Breeze

Mayor

ATTEST:

Debra Dyer

City Clerk



BELFORTE: <u>AYE</u>	CALLINAN: <u>AYE</u>	MACKENZIE: <u>AYE</u>	STAFFORD: <u>AYE</u>	BREEZE: <u>AYE</u>
AYES: (5)	NOES: (0)	ABSENT: (0)	ABSTAIN: (0)	

