

ORIGINAL

RESOLUTION NO. 15462

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY ESTABLISHING HOUSING IMPACT FEES FOR RESIDENTIAL AND NONRESIDENTIAL DEVELOPMENT PROJECTS AND ESTABLISHING A STANDARDIZED LIST OF USES AND EXEMPTIONS WITH RESPECT TO THE PAYMENT OF NONRESIDENTIAL HOUSING IMPACT FEES

WHEREAS, on October 24, 2014 the City Council of the City of Redwood City adopted its 2015-2023 Housing Element which contemplates, among other things, an ordinance to provide a mechanism to increase the supply of affordable housing in the City pursuant to Housing Element Programs H-3 and H-14; and

WHEREAS, to implement the affordable housing goals, policies and programs of the City's 2015-2023 Housing Element, the City Council has considered and introduced on this same date an affordable housing ordinance that, among other things, authorizes the imposition of housing impact fees for certain residential and nonresidential development projects to mitigate the impact of such projects on the need for affordable housing in the City (the "Affordable Housing Ordinance"); and

WHEREAS, to ensure that future development projects mitigate their impact on the need for affordable housing in Redwood City, and to ensure that any adopted housing impact fees do not exceed the actual affordable housing impacts attributable to the development projects to which the fees relate, the City agreed to participate in the preparation of a nexus study through the countywide 21 Elements collaboration project; and

WHEREAS, the City has received and considered reports from Strategic Economics and Vernazza Wolfe Associates, Inc. dated September 2015 entitled "Residential Impact Fee Nexus Study" and "Commercial Linkage Fee Nexus Study" (together, the "Nexus Study"); and

WHEREAS, the Nexus Study uses widely used, appropriate methodology to determine the maximum amount needed to fully mitigate the burdens created by residential and nonresidential development on the need for affordable housing; and

WHEREAS, to ensure that development projects remain economically feasible, the recommended housing impact fees as shown in the attached Exhibits A and B are lower than the maximum amount needed to fully mitigate the burdens created by new development on the need for affordable housing as determined by the Nexus Study; and

WHEREAS, the City Council now desires to adopt housing impact fees for certain residential and nonresidential development projects as authorized by the Affordable Housing Ordinance, which fees do not exceed the justified fees needed to mitigate the actual affordable housing impacts attributable to the development projects to which the fees relate, as determined by the Nexus Study; and

WHEREAS, the Affordable Housing Ordinance authorizes the City Council to adopt by resolution housing impact fees for residential and nonresidential development, and the City Council desires to do so; and

WHEREAS, the Affordable Housing Ordinance authorizes the City Council to adopt by resolution a standardized list of specific uses that shall be exempt from the payment of housing impact fees, and the City Council desires to do so; and

WHEREAS, the Affordable Housing Ordinance allows the City Council to adopt by resolution the percentage of affordable units needed to fully mitigate the impact of residential or nonresidential development projects on the need for affordable housing, and the City Council desires to do so; and

WHEREAS, the Affordable Housing Ordinance authorizes the City Council to adopt by resolution a fee for processing applications for waivers from or modifications to the housing impact fees, and the City Council desires to do so; and

WHEREAS, at least ten days prior to the date this resolution is being heard, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including general fund revenues, in accordance with Government Code Section 66019; and

WHEREAS, at least fourteen days prior to the date this resolution is being heard, notice was provided to any persons or organizations who had requested notice, in accordance with Government Code Section 66019; and

WHEREAS, notice of the hearing on the proposed fee was published twice in the manner set forth in Government Code Section 6062a as required by Government Code Sections 66004 and 66018; and

WHEREAS, the City Council has reviewed the information contained in this Resolution and the accompanying staff report and any attachments at a meeting held on October 26, 2015; and

WHEREAS, the City Council has reviewed the changes to the resolution per their direction at a meeting on December 7, 2015.

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

1. The foregoing recitals are true and correct and incorporated into this Resolution by this reference.

2. The findings of the Nexus Study have been considered and are hereby incorporated into this Resolution by this reference.

3. The facts and substantial evidence in the record establish that there is a reasonable relationship between the need for affordable housing and the impacts of the development described in the Nexus Study for which the corresponding fee is charged, and that there is also a reasonable relationship between the housing impact fee's use and the type of development for which the fee is charged, as is described in more detail in the Nexus Study.

4. The Nexus Study sets forth cost estimates, in 2015 dollars, that are reasonable for constructing affordable housing, and the fees expected to be generated by new development will not exceed these costs.

5. The City Council hereby adopts those housing impact fees for residential development projects shown on Exhibit "A", attached hereto and incorporated by reference herein.

6. The City Council hereby adopts those housing impact fees for nonresidential development projects shown on Exhibit "B", attached hereto and incorporated by reference herein.

7. All housing impact fees collected shall be deposited into the City's Affordable Housing Fund to be used to increase and preserve the supply of housing affordable to households of extremely low, very low, low, and moderate incomes (including necessary administrative costs).

8. The City Council hereby adopts the "Land Use Exemptions" set forth in Exhibit "C", attached hereto and incorporated by reference herein.

9. The City Council may review housing impact fees from time to time. For any annual period during which the City Council does not review the housing impact fee, fee amounts shall be adjusted once by the community development director based on the

percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California.

10. The City Council hereby determines that the following percentages of affordable units will mitigate the impacts of residential development on the need for affordable housing:

Type of Unit	Moderate Income	Low Income	Very Low Income
Single-Family, Duplex, Townhouse	15%	--	--
Condominium and Apartment	--	12.5%	10%

*Definitions of project types and affordability categories are contained in the Nexus Study.

11. The City Council further determines that the following number of affordable units will mitigate the impacts of nonresidential development on the need for affordable housing:

Required Affordable Units per 100,000 sf in a Nonresidential Project*				
	Moderate Income	Low Income	Very Low Income	Total
Office	3	5	2	10
Retail etc.	--	2	2	4
Hotel	--	2	2	4

*Definitions of project types and affordability categories are contained in the Nexus Study.

12. The City Council hereby adopts a fee for processing applications for waivers from or modifications as shown on Exhibit "D", attached hereto and incorporated by reference herein..

13. The City Council finds that all of the housing impact fees adopted pursuant to this Resolution do not exceed the actual affordable housing impacts of the development projects to which those housing impact fees relate, as further set forth in the Nexus Study.

14. Adoption of this Resolution is exempt from the California Environmental Quality Act because the adoption of this resolution is not a project, in that it is a government

funding mechanism which does not involve any commitment to any specific project (CEQA Guidelines Section 15378(b)(4)), and because it can be seen with certainty that there is no possibility that the fees may have a significant effect on the environment, in that this resolution contains no provisions modifying the physical design, development, or construction of residences or nonresidential structures (CEQA Guidelines Section 15061(b)(3)).

15. This Resolution shall take effect on February 5, 2016, but only if the Affordable Housing Ordinance is adopted and effective prior to that date.

* * *

Passed and adopted by the Council of the City of Redwood City at a
Joint City Council/Successor Agency Board/Public Financing Authority Meeting
thereof held on the 7th of December 2015 by the following votes:

Council Members: Council Members: Aguirre, Bain, Howard, Pierce, Seybert, and
Mayor Gee

NOES: None

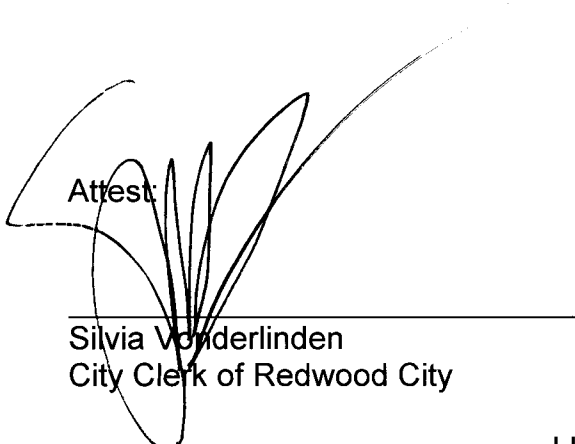
ABSENT: Foust

ABSTAINED: None



Jeffrey Gee
Mayor of the City of Redwood City

Attest:



Silvia Vanderlinden
City Clerk of Redwood City

I hereby approve the foregoing
resolution this 11th day of December 2015.



Jeffrey Gee
Mayor of the City of Redwood City

EXHIBIT "A"

Housing Impact Fees for Residential Development Projects

Calculation of Square Footage: Housing impact fees for residential projects shall be calculated using the net new square footage of Residential Floor Area for the dwelling unit to which the housing impact fee relates.

As used in the Nexus Study, "Residential Floor Area" for Single-Family Detached Homes, Townhomes, Duplexes, and Triplexes includes all horizontal areas of the several floors of such buildings measured from the exterior faces of exterior walls or from the center line of party walls separating two (2) buildings, minus the horizontal areas of such buildings used exclusively for parking.

As used in the Nexus Study, "Residential Floor Area" for Apartments and Condominiums includes all horizontal areas of the several floors of such buildings measured from the exterior faces of exterior walls or from the center line of party walls separating two (2) buildings, minus the horizontal areas of such buildings used exclusively for covered porches, patios, or other outdoor space, amenities and common space, parking, elevators, stairwells or stairs between floors, hallways, and between-unit circulation.

Affordable Units: Square footage of units that are affordable in the moderate, low, very low, or extremely low income ranges are exempt from this calculation. For a unit to qualify as affordable, it must be deed-restricted.

State Density Bonus: For Residential Development Projects that are granted a density bonus pursuant to California Government Code Section 65915 et seq. (the "State Density Bonus Law") and Chapter 32.19 of the Redwood City Municipal Code, the Housing Impact Fee shall apply to all market-rate units, including any additional market-rate units provided under the State Density Bonus Law and Chapter 32.19. The required Housing Impact Fee shall be reduced proportionately to the extent that any Affordable Units mitigate the market-rate units' impact on the need for affordable housing in the City. The Community Development Director may issue guidelines from time to time regarding the calculation of any fee reduction.

Time of Payment: Fees shall be paid that are in effect at the time of issuance of the building permit for the residential development, based on the effective rate at the time of building permit issuance.

Type of Residential Unit	Fee per Square Foot of Net New Residential Floor Area
Single-Family Detached Home	\$25
Townhomes, Duplexes, and Triplexes	\$25
Apartments and Condominiums	\$20

EXHIBIT "B"**Housing Impact Fees for Nonresidential Development Projects**

All housing impact fees for nonresidential projects, including new construction and conversion of a residential use to a nonresidential use shall be calculated using the gross floor area of net new nonresidential space, excluding structured parking.

Nonresidential Use	Fee per Square Foot of Net New Gross Floor Area
Hotel	\$5
Retail, Restaurants and Services	\$5
Office, Medical Office and Research and Development Uses	\$20

EXHIBIT "C"

LAND USE EXEMPTIONS

In accordance with section 18-270(A)(8) of the Affordable Housing Ordinance, the following specific nonresidential uses are exempt from the payment of the housing impact fee:

1. Public Uses, as defined by Article 2, Section 2.2 of the Redwood City Zoning Code, including, but not limited to, public schools, parks, playgrounds, hospitals, and administrative and service facilities.;
2. Quasi-Public Uses, as defined by Article 2, Section 2.2 of the Redwood City Zoning Code, including, but not limited to, houses of worship, schools and colleges, recreational facilities, cultural institutions and private hospitals;
3. Child Care Centers, including Family Child Care Homes;
4. Recreational facilities for public use and enjoyment within commercial or industrial developments;
5. Housing for the Elderly, nursing homes, rest homes, residential care facilities, and skilled nursing facilities as defined by Article 2, Section 2.2 of the Redwood City Zoning Code;
6. Schools, public and private, as defined by Article 2, Section 2.2 of the Redwood City Zoning Code; and
7. Property eligible for the California Property Tax Welfare Exemption in that it is (1) used exclusively for charitable purposes, and (2) owned or held in trust by nonprofit organizations operating for those purposes and that have a current tax exempt letter from the Internal Revenue Service or the Franchise Tax Board.

EXHIBIT "D"

FEE FOR WAIVERS AND MODIFICATIONS

Waivers and Modifications of Requirements of Affordable Housing Ordinance:

Initial Deposit of \$1,500

To be charged on a cost recovery basis, where the staff charges their time and other costs against the initial deposit, recovering the actual cost of project review.