

TOWN COUNCIL STAFF REPORT

Subject: Housing Impact Mitigation Fee Schedule Update

Meeting Date: August 17, 2022

Written by: Sandra Moberly, Community and Economic Development Director

RECOMMENDATION:

Adopt the attached resolution making the required findings adopting a Housing Impact Mitigation Fee Schedule.

BACKGROUND:

The Town updates the Development Impact Fees on an annual basis in response to the increase recorded by the California Construction Cost Index (CCCI). The CCCI for 2021 was 13.4% (Attachment 3) which results in an increase in fees as shown in the table below:

Use Category	Use Types	Fee	Additional Information
Residential	Single family homes, multi-family (MF) units	\$6,420 <u>\$7,280</u> per unit	Exemptions include additions, RMF-1 Zone MF projects of 4 or fewer units where average habitable s.f. does not exceed 1,300 per unit, legal secondary units, and apartments
Lodging	Hotels, motels	\$4,280 <u>\$4,854</u> per room	Room = a hotel or motel key Fee includes accessory uses in a lodging project (e.g., retail, restaurant, conference, etc.)
Retail/ Restaurants	General retail, bars, cafés, restaurants, coffee shops	\$2.35 <u>\$2.67</u> per gross square foot	Any non-residential development that would not contribute new demand for employment or housing (e.g., replacement of an existing use or addition on non-habitable s.f.) or would generate no more than one total new employee is exempt
Office	Offices providing accounting, advertising, architectural, counseling, research, graphic design, interior design, legal, and/or similar services	\$2.35 <u>\$2.67</u> per gross square foot	
Light Industrial	Manufacturing, recycling facility	\$1.17 <u>\$1.33</u> per gross square foot	
Service Uses	Banks, day care centers, maintenance services, medical services, personal services	\$2.35 <u>\$2.67</u> per gross square foot	

ANALYSIS:

On June 15, 2022 the Town Council adopted the budget which included an increase in Development Impact Fees (DIF) in response to the 13.4% CCCI increase. At that time the Council provided staff direction to increase the housing fees by 13.4% to be consistent with the increase in the other DIF fees. The Town Council is able to increase housing fees provided that they do not exceed the maximum fees as called out in the 2015 Housing Nexus Study (Attachment 2). Because the Nexus Study established a nexus methodology and determined the maximum allowable fees for the 2015 Housing Ordinance Update, an additional nexus study is not necessary to increase the fees within the parameters allowed in the nexus study. The proposed fee increase does not exceed the maximum fees identified in the 2015 Housing Nexus Study which are as follows:

Maximum Housing Impact Fees

<i>Market-Rate Unit Price</i>	<i>Maximum Impact Fee (Per Unit)¹</i>	
\$400,000 Per Unit	\$	15,200
\$600,000 Per Unit	\$	19,300
\$800,000 Per Unit	\$	22,300

¹ Please see Table 3, Table 4, and Table 5.

<i>Category</i>	<i>Maximum Impact Fee (Per Gross Square Foot)¹</i>		<i>Maximum Impact Fee (Per Room)</i>
Lodging		NA	\$ 9,300
Retail/Restaurants	\$	86	NA
Office	\$	48	NA
Light Industrial	\$	9	NA
Services Uses	\$	41	NA

¹ Please see Tables 6 - 10.

Source: 2015 Housing Nexus Study (Attachment 2)

The Community Housing Action Plan (CHAP) recommends that the Town require new residential and commercial development to pay fees related to their impact on employee housing needs and also recommends that the Town adopt a fee schedule that will raise fees over time to address actual impacts (Page 31 of CHAP). This fee increase is consistent with these CHAP recommendations. Staff has included a Town Council resolution as Attachment 1 reflecting the 13.4% increase in the housing fees as recommended on June 15, 2022.

OPTIONS ANALYSIS

Option 1: Adopt the attached resolution making the required findings adopting an updated Housing Impact Mitigation Fee Schedule.

Option 2: Do not adopt the attached resolution.

