

**CITY OF WALNUT CREEK
RESOLUTION NO. 17-77**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WALNUT CREEK
ESTABLISHING A FEE SCHEDULE PURSUANT TO INCLUSIONARY ZONING FOR
RESIDENTIAL DEVELOPMENTS**

The City Council of the City of Walnut Creek hereby resolves as follows:

WHEREAS, the Inclusionary Housing Ordinance (Municipal Code section 10-2.3.901 et seq.) requires residential development projects to include affordable housing units in the project or, in some cases, to pay a fee in-lieu of including units;

WHEREAS, Municipal Code section 10-2.3.905 provides that the City Council shall adopt a resolution setting forth the amount of the In-Lieu Fees, and that those fees shall not exceed the average estimated cost of otherwise providing the required Inclusionary Units;

WHEREAS, Keyser Marston Associates, a consulting firm commissioned by the City to study housing affordability in Walnut Creek, issued a study in July 2003 detailing the gap between market prices of housing in the City and prices affordable to very low, low and moderate income households. The study included a proposed per square foot impact fee for rental and in-lieu fee for ownership projects based on the affordability gap;

WHEREAS, in 2010, Keyser Marston Associates updated the study and analyzed the impacts of the market-rate housing development on the need for affordable housing in the City;

WHEREAS, in 2010, the City Council adopted new In-lieu and Impact Fee for residential development projects based on and supported by the study conducted by Kaiser Marsten Associates;

WHEREAS, the price of both rental and for-sale housing in Walnut Creek has increased significantly since 2010, and the cost of constructing housing has also increased;

WHEREAS, Economic and Planning Systems, Inc., a consulting firm commissioned by the City in 2015, updated the study on housing affordability in Walnut Creek and the impacts of market-rate housing development on the need for affordable housing within the City;

WHEREAS, on August 1st, 2017 City Council adopted Resolution 17-64 approving a twenty percent increase to the housing impact and in-lieu fees for residential developments, eliminating the tiered fee schedule, and instituting an annual adjustment equal to the construction price index;

WHEREAS, in October 2017, the Governor signed into law AB 1505, restoring the City's authority to require inclusionary units within rental housing projects, effective January 1, 2018;

WHEREAS, City Council desires to require residential developers of rental housing to either provide inclusionary units on-site or pay a fee in-lieu of unit provision;

NOW THEREFORE, the City Council of the City of Walnut creek resolves as follows:

1. Resolution 17-64 is hereby repealed as of the effective date of this resolution.
2. Municipal Code section 10-2-903 and 10-2-904 provides in part that a fee may be paid in-lieu of providing 1) inclusionary units in an ownership project (other than condominium conversion, 2) inclusionary units in a rental project, and 3) inclusionary units in a condominium conversion project of fewer than seven (7) units. As of January 1, 2018, the amount of the in-lieu fee shall be \$18 per square foot of the aggregate living area in the entire project.
3. Municipal Code section 10-2.3.904(C) provides in part that if the formula for calculating the number of required affordable units in a Rental or Ownership Project results in a fraction of less than .7, the developer has the option of paying a fee in-lieu of providing an additional affordable unit. The in-lieu fee for any fractional unit shall be calculated as follows:

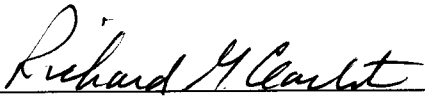
The per square foot in-lieu fee *divided* by the applicable inclusionary requirement *times* the average square feet of a unit in the development *times* the fractional unit.
4. The Affordable Housing In-Lieu Fee, as described in No. 2 above, shall be adjusted by staff on January 1, 2019 and every January thereafter by an amount equal to the Construction Price Index of the "Engineering News Record" for the preceding 12-month period from November 1 to October 31, provided that the resulting annual In Lieu Fee does not exceed the average estimated cost of otherwise providing the required Inclusionary Units.
5. The in-lieu fee amount will be reviewed from time to time and updated as necessary.
6. The foregoing revisions shall be applicable to all residential development projects, except those projects whose development application was deemed complete prior to the effective date of this resolution.
7. All undefined terms herein will have the meaning specified in the Inclusionary Housing Ordinance.
8. The fees specified in the Resolution shall take effect on January 5, 2018.

PASSED AND ADOPTED by the City Council of the City of Walnut Creek at a regular meeting thereof held on the 7th day of November, 2017 by the following called vote:

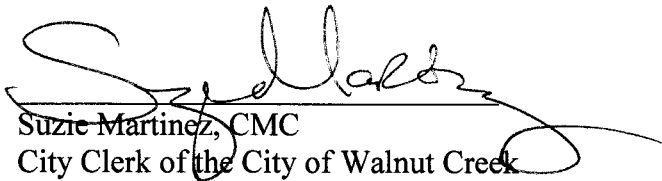
AYES: Councilmembers: Haskew, Silva, Wilk, Mayor Carlston

NOES: Councilmembers: Wedel

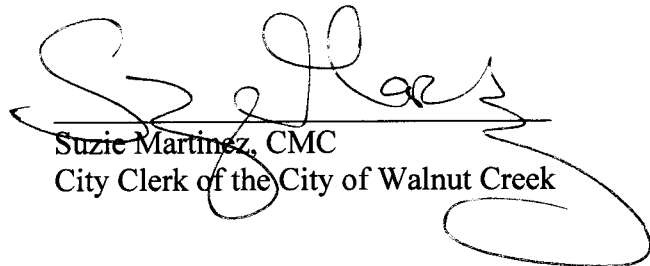
ABSENT: Councilmembers: None


Richard G. Carlston
Mayor of the City of Walnut Creek

Attest:


Suzie Martinez, CMC
City Clerk of the City of Walnut Creek

I HEREBY CERTIFY the foregoing to be a true and correct copy of Resolution No. 17-77 duly passed and adopted by the City Council of Walnut Creek, County of Contra Costa, State of California, at a regular meeting of said Council held on the 7th day of November, 2017.


Suzie Martinez, CMC
City Clerk of the City of Walnut Creek