

ORDINANCE NO. ____

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE ADDING
CHAPTER 4.53 OF TITLE 4 OF THE ROSEVILLE MUNICIPAL CODE REGARDING
COMMERCIAL LINKAGE AFFORDABLE HOUSING FEE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. Chapter 4.53 of Title 4 of the Roseville Municipal Code is hereby added to
read as follows:

Commercial Linkage Affordable Housing Fee Ordinance

- 4.53.010 Purpose.**
- 4.53.020 Definitions.**
- 4.53.030 Commercial linkage affordable housing fee established.**
- 4.53.040 Payment of commercial linkage affordable housing fee.**
- 4.53.050 Exemptions.**
- 4.53.060 Mixed-use projects.**
- 4.53.070 Alternatives to payment of the commercial linkage affordable housing fee.**
- 4.53.080 Commercial linkage affordable housing fee amount.**
- 4.53.090 Existing development.**

4.53.100 Inflationary adjustments.

4.53.110 Administration and use of fee revenues.

4.53.120 Chapter is severable.

4.53.010 Purpose.

The city council finds and declares that the purpose of this chapter is as follows:

A. The Legislature of the State of California has found that the availability of housing is of vital statewide importance, and that providing decent housing for all Californians requires the cooperative participation of government and the private sector. The Legislature has further found that local governments have a responsibility to use the powers vested in them to make adequate provisions for the housing needs of all economic segments of the community. This chapter is intended to utilize the police powers of the city to enhance the public welfare by making adequate provision for the housing needs of all economic segments of the community through the cooperative participation of government and the private sector. This chapter will also help a nonresidential development project to mitigate its impact on the need for affordable housing, assist in meeting the city's share of the region's housing need and help implement the goals, policies, and actions specified in the housing element of the general plan.

B. The housing element of the city's general plan, adopted on August 16, 2021, concluded that:

1. The shortage of affordable housing is a significant challenge facing the city of Roseville and the Sacramento region. The city's rapidly rising housing costs have the potential to threaten future economic vitality, environment, and quality of life.

2. To provide its fair share of the region's housing need, the city must have adequate sites zoned to accommodate 12,066 housing units for the period from 2021 to 2029, including sites for 3,855 very low and extremely low income units, 2,323 low income units, 1,746 moderate income units, and 4,142 above moderate income units.

3. The city's existing ten percent (10%) affordable housing goal is not sufficient to meet its regional housing needs allocation for low- and very-low income units for the 2021-2029 planning period.

4. Federal and state government programs do not provide enough affordable housing or subsidies to satisfy the housing needs of moderate, low, very low, and extremely low income households.

5. Additional funding sources are needed to assist in the development and retention of affordable housing, and that implementation of a commercial linkage fee could provide additional funding to increase the production of affordable units.

C. The city council finds that providing a variety of housing options to workers of all income levels is socially and economically beneficial to the city and its residents in that it would provide opportunities for important professionals, such as teachers and public safety personnel, to live and work in the city; it would reduce transportation expenses; and would allow a larger share of an employee's income to be spent within the community.

D. An analysis of land use expected at buildout of the city pursuant to the general plan makes it possible to estimate the undeveloped nonresidential building square footage and the number of persons projected to be employed by such nonresidential development. These projections, along with a calculation of the required subsidy per dwelling unit and other relevant assumptions, were utilized in the "Commercial Linkage Fee Nexus Study" ("Study") dated

November 2021 (the “Study”), prepared by Economic & Planning Systems, Inc. (“EPS”), to quantify the impacts of new nonresidential development on the need for affordable housing in the city and to determine the maximum justifiable affordable housing fees to mitigate those impacts. It is the intent of this chapter to establish a fee in accordance with the Study, which will spread the cost of providing affordable housing to those who create the need for such housing without generating any surplus to the general fund.

E. The failure to impose the conditions and regulations of this chapter relating to the payment of the commercial linkage affordable housing fee as a condition of issuance of building permits would jeopardize the general health and welfare of residents and the economic growth of the community in that it would permit nonresidential development to proceed without adequate workforce housing or an adequate means to finance such housing.

F. The fee established by this chapter is intended to be utilized with other sources of funding including, but not limited to, fee deferrals, federal tax credits, community development block grants, and HOME funds.

G. The fee established by this chapter is intended to be in addition to any other fees, charges, or taxes required by law or the Roseville Municipal Code as a condition of development.

4.53.020 Definitions.

The following words are defined for purposes of this chapter as follows:

A. “Affordability covenant” means a covenant restricting all low income, very low income

and extremely low income units to remain affordable to low income, very low income and extremely low income households for no less than fifty-five (55) years for rental units and no less than forty-five (45) years for owner-occupied units.

B. “Building permit” means the permit issued or required by the city for the construction of any structure pursuant to and as defined by the building code.

C. “Department” means the department of development services.

D. “Director” means the director of the department.

E. “Extremely low income households” refers to the definition contained in Health and Safety Code Section 50106, including but not limited to an income limit of thirty percent (30%) of area median income, adjusted for family size and revised annually.

F. “Fee,” “commercial linkage fee,” or “commercial linkage affordable housing fee” means the fee established by this chapter. The fee shall be collected prior to the approval and issuance of any building permit, or as provided otherwise in this chapter.

G. “Gross square feet” means the area included within the surrounding walls or fences of a building or facility as determined by the director, or otherwise specified by this chapter.

H. “Low income households” refers to the definition contained in Health and Safety Code Section 50079.5, including but not limited to an income limit of eighty percent (80%) of area median income, adjusted for family size and revised annually.

I. “Lower-income households” refers collectively to extremely low income, very low income, and low income households.

J. “Mixed-use project” means, for purposes of this chapter, any privately-owned project which includes both nonresidential and residential uses.

K. "New commercial building" shall mean any nonresidential building constructed after the

effective date containing commercial, industrial, or other nonresidential uses, including but not limited to: assembly, automotive, hospital/medical, commercial recreation, entertainment, hotel, motel, office, industrial, manufacturing, research and development, retail, services, warehouse/distribution, and wholesale uses.

L. “Regulated affordable housing unit” means an affordable housing unit subject to an affordable housing agreement or other form affordability covenant.

M. “Study” means that certain document entitled “Commercial Linkage Fee Nexus Study,” dated November, 2021. The Study is on file in the offices of the director and city clerk.

N. “Supportive housing” means housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

O. “Target population” means persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people.

P. “Very low income households” refers to the definition contained in Health and Safety Code Section 50105, including but not limited to an income limit of fifty percent (50%) of area median income, adjusted for family size and revised annually.

4.53.030 Commercial linkage affordable housing fee established.

A commercial linkage affordable housing fee is established to pay for housing affordable to households of extremely low, very low, and low income.

4.53.040 Payment of commercial linkage affordable housing fee.

Except as otherwise provided by this chapter, the fee imposed pursuant to this chapter shall be paid at or prior to the issuance of any building permit for any new commercial building. Calculation of the fee shall be determined in accordance with the Study and this chapter.

4.53.050 Exemptions.

The following types of projects are exempt from the provisions of this chapter:

- A. Development for public use on property owned by and serving federal, state, or local government, including park, school, and utility district purposes.
- B. Supportive services within the nonresidential portion of a mixed-use project that are linked to a supportive housing project.
- C. Parking garages, trash enclosures, equipment yards, external covered walkways, and atriums shall not count toward the gross square footage. Stairwells, elevator shafts, storage areas and similar spaces, however, shall count toward the gross square footage of a project.
- D. Any reconstruction of a building which was damaged or destroyed by fire or natural catastrophes so long as the gross square footage of the building is not increased.

4.53.060 Mixed-use projects.

When a mixed-use project is proposed, only the nonresidential portions of the project shall be subject to the provisions of this chapter, unless otherwise specified.

4.53.070 Alternatives to payment of commercial linkage affordable housing fee.

A. Production of Affordable Units. As an alternative to payment of all or part of the fee required under this chapter, an applicant may elect to produce affordable housing for lower-income households to mitigate the impacts of the development project. The units produced should generally be representative of affordable housing units produced over the past several years within Roseville in regard to square footage and number of bedrooms, as determined by the city's economic development director. Any applicant electing this alternative must demonstrate that it will construct or cause to be constructed new affordable housing units as determined by the following formula:

1. Number of gross square feet in nonresidential development project multiplied by the production rate equals the number of lower income housing units.
2. The production rate shall be the applicable fee amount per gross square foot in effect at the time of building permit issuance divided by 100,000.
 - a. Example: 150,000 gross square foot building X (\$1.39 / 100,000) = 2 lower-income affordable housing units.
3. Any units produced under this alternative shall be subject to execution of an affordable housing agreement or other form of affordability covenant acceptable to the city attorney prior to the issuance of a building permit.

4.53.080 Commercial linkage affordable housing fee amount.

The commercial linkage affordable housing fee shall be:

Land Use Category	Amount of Fee (per Gross Square Foot)
Commercial Office including Medical	\$1.41
Retail/Restaurant	\$1.39
Warehouse/Industrial	\$0.88
Lodging/Hotel	\$1.79
Nursing and Residential Care Facilities	\$1.50
Hospitals	\$1.41

4.53.090 Existing development.

No fee shall be charged for already existing commercial buildings occupied prior to the effective date, except as provided in this section.

A. Where the commercial building changes to a different land use type, it shall be charged the difference between the new land use type and the amount of what would have been charged for the existing land use type had it been subject to the fee prior to the effective date, provided by Section 4.53.040.

B. Where the commercial building expands, it shall be charged the appropriate fee as provided by Section 4.53.040; provided, however, that the fee shall be calculated only as to that portion of the commercial building which is expanded.

4.53.100 Inflationary adjustments.

The fee established by this chapter shall be adjusted annually July 1st beginning on July 1, 2023 by a percentage equal to the adjustment rate for the prior year for construction costs as determined by the director in the preceding June. The director's determination shall be based upon averaging the Construction Cost Index (CCI) for 20 cities and for San Francisco, as published in the Engineering News Record publication for the preceding 12 months ending in May. The resultant fee shall be rounded to the nearest dollar figure.

4.53.110 Administration and use of fee revenues.

- A. The director shall be responsible for administration and interpretation of this chapter.
- B. All fees collected pursuant to this chapter shall be deposited into the City of Roseville's affordable housing trust fund used solely to subsidize the production of new, regulated affordable housing units at the discretion of the city council.

4.53.120 Chapter is severable.

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect the other provisions of this chapter which can be given effect without the invalid provisions or its application, and to this end the provisions of this chapter are severable.

SECTION 2. This ordinance shall be effective July 1, 2022.

SECTION 3. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk