

## RESOLUTION R2012 102

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, ADOPTING AFFORDABLE HOUSING IMPACT FEES FOR RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT

WHEREAS, Napa Municipal Code Section 15.94.030 establishes affordable housing impact fees, which are fees charged to both new residential and non-residential development to allow the City to ameliorate and mitigate the impacts created by different development types on the market for affordable housing; and

WHEREAS, as identified in greater detail in Napa Municipal Code section 15.94.010, the purpose of the affordable housing impact fees is to promote the achievement of policy goals identified in the Housing Element of the City's General Plan by imposing an affordable housing impact fee on both new residential and non-residential development. New residential and non-residential development creates a need for additional employees to provide goods and services to new residents and employees. City policies encourage programs to bridge the affordability gap between market rate and affordable units for lower wage earners. The City wishes to impose impact fees on new residential and non-residential development in order to provide both direct funding and subsidies and incentives for developers to construct housing units affordable to extremely low, very low and low income households. Federal and state housing assistance programs alone provide insufficient affordable housing and subsidies to satisfy the housing needs of extremely low, very low and low income households. The collection of these fees will allow the City to mitigate the impacts of market rate residential and non-residential development on the need for affordable housing in the City of Napa by generating monies that can be applied directly toward the production of affordable housing units; and

WHEREAS, the affordable housing impact fees set by this Resolution, along with any interest earned or collected thereupon, shall be used to increase, improve and preserve the supply of housing serving the workforce and residents of the City of Napa and which is affordable to extremely low, very low and low income households. Monies shall be used to construct affordable units, and applied towards real property acquisition for the development of affordable housing, unit conversions, preservation and rehabilitation of existing affordable housing inventory, to provide subsidies to developers who construct affordable housing, and to pay for reasonable administrative expenses related to the administration of the City's affordable housing program not reimbursed through regular processing fees; and

WHEREAS, pursuant to the requirements of the California Mitigation Fee Act, California Government Code section 66000 *et seq* ("the Act"), the City commissioned the preparation of a *City of Napa Commercial Development Housing Impact Fee Nexus Study* and an accompanying *Residential Development Housing Impact Fee Nexus Study* as well as an executive summary of both documents, *Commercial and Residential*

***Development Housing Impact Fee Nexus Studies: Summary Report and Policy Considerations*** (together, “the Nexus Studies”) in order to analyze and quantify the increase in demand for affordable housing that is caused by new residential and non-residential development; and

WHEREAS, as analyzed in greater detail in the Nexus Studies, there exists a reasonable relationship between the amount of fee imposed by this Resolution and the types of residential and non-residential development considered under the Nexus Studies; and

WHEREAS, as further outlined in the Nexus Studies, there is a reasonable relationship between the amount of the fees established by this Resolution and the costs of the affordable housing to be constructed, developed and administered under the City’s affordable housing program; and

WHEREAS, the Nexus Studies thus document a reasonable estimate of the cost differential between the actual cost of providing affordable housing and the amount that various income level households can afford to pay (to rent or to buy). The Nexus Studies establish that there is a reasonable relationship between the fee amounts they identify and the residential and non-residential development on which the fees are established under this Resolution, as required by the holding of Building Industry Association of Central California v. City of Patterson, (2009) 171 Cal.App. 4<sup>th</sup> 886; and

WHEREAS, pursuant to Sections 66016 and 66018 of the Act, the City has provided public notice and conducted a public hearing in accordance with the requirements of Government Code section 6062(a); and

WHEREAS, the City Council determines that there is no substantial evidence, in light of the whole record before the City Council, that the establishment of affordable housing impact fees by action of this Resolution, as analyzed in the Initial Study for the Affordable Housing Impact Fee Ordinance dated May 18, 2012 (PL 12-0045), will have a significant effect on the environment; and that accordingly, the City Council has adopted a Negative Declaration pursuant to CEQA Guidelines Section 15074; and

WHEREAS, the City Council hereby finds that the fee amounts identified in this Resolution will generate revenue to mitigate the impacts of market rate residential and non-residential development on the need for affordable housing in the City of Napa by generating monies that can be applied directly toward the production of affordable housing units. The City Council hereby finds that the fee amounts identified in this Resolution represent the estimated reasonable costs incurred by the City in providing the services and in constructing the affordable units for which the fees are imposed. The Council further finds that the fees are charges imposed as conditions of the development of property and that accordingly, the fees adopted by the resolution are not “taxes” as defined by Section 1(e) of Article XIII C of the California Constitution pursuant to California Constitution Article XIII C, Section 1(e)(6); and

**WHEREAS, the City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings.**

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

**1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.**

**2. The City Council hereby adopts the Nexus Studies, copies of which are on file with the City Clerk and hereby adopted by reference. The Nexus Studies establish the connection between the need for affordable housing that is caused by new residential and non-residential development and monetary fees established by this Resolution which contribute to the construction of new affordable units to meet that need.**

**3. The City Council hereby finds and determines that the Nexus Studies address the determinations required by California Government Code 66001(a)(1)-(4), specifically:**

- a. The Nexus Studies identify the purpose of the affordable housing impact fees. The City has identified a number of long-term policies to promote the provision of affordable housing for its residents and workforce. The City's 2009 update to the Housing Element of the General Plan, the City's 2010 Consolidated Plan, and 2010 "Analysis of Impediments to Fair Housing Choice" all identify policies aimed at the development of both ownership and rental units that will be affordable to lower income workers and residents. To meet these goals, the City relies on fees levied on new non-residential and residential development. The purpose of these fees is to mitigate and ameliorate the impacts of new development on the affordable housing market by requiring that applicants for new non-residential and residential development pay towards bridging the gap in affordability between what low income households can afford to pay (to rent or to purchase) and the actual costs of new residential development.**
- b. The Nexus Studies identify how the fees will be used. The Nexus Studies estimate the costs to develop new units of affordable housing. The City's affordable housing impact fee ordinance clarifies that the fees collected shall be applied to a variety of initiatives aimed increasing, improving and preserving the supply of housing serving the workforce and residents of the City of Napa and affordable to extremely low, very low and low income households. Monies collected will be utilized for, but are not limited to, the following purposes: new construction of affordable units, including any costs associated with planning, administration and design of the affordable units, acquisition of real property for the present or future development of**

affordable housing, conversion of existing market rate units to affordable units, preservation of existing affordable units, rehabilitation of affordable units at risk of loss, and providing subsidies for developers that will promote and encourage the development of affordable housing units or rental units affordable to extremely low, very low and low income households.

- c. The Nexus Studies demonstrate a reasonable relationship between the fees' use and the types of development projects on which the fees shall be imposed. The Nexus Studies demonstrate that there is a net gain in new employment that accompanies both new non-residential and residential construction. The ability of these new employees to pay for housing costs is linked to their occupations. The nexus studies demonstrate a reasonable relationship between the impacts of new non-residential and residential development on the market for affordable housing and the use of the fees to develop new units to offset those impacts.
- d. The Nexus Studies establish that a reasonable relationship exists between the need for affordable housing and the type of development project on which the fees will be imposed. The appendices to the Nexus Studies contain a thorough calculation of the housing affordability gap for both non-residential and residential development, and documentation justifying the connection between the projected influx of new residents anticipated under both types of development and the increased demand for affordable housing.
- e. The Nexus Studies establish a reasonable relationship between the amount of the fees and the costs of the affordable housing to be constructed, developed and administered under the City's affordable housing program. The Nexus Studies summarize housing unit information provided by the State of California Department of Finance based on set of housing prototypes and rely on cost data to estimate a reasonable estimate of the cost per square foot of generating needed affordable housing.

4. The City hereby adopts affordable housing impact fees for residential and non-residential development, as those terms are defined under Napa Municipal Code 15.94.020, in the amounts set forth in Exhibit A. Affordable housing impact fees for non-residential development shall be calculated according to into four use types: Office, Hotel, Retail and Industrial. In calculating the affordable housing impact fees for non-residential use types, the Chief Building Official shall make determinations regarding the applicable use type using the use determinations and categories set forth in Exhibit B. Affordable housing impact fees for residential development shall be calculated according to three use types: Rental, Condominium and Single Family.

5. This Resolution shall be effective on September 6<sup>th</sup>, 2012.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 24th day of July, 2012, by the following vote:

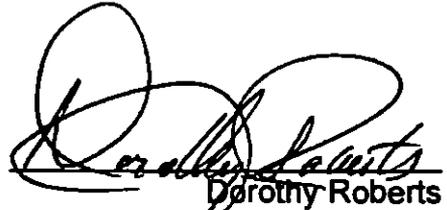
AYES: van Gorder, Mott, Inman, Techel

NOES: None

ABSENT: Krider

ABSTAIN: None

ATTEST:



Dorothy Roberts  
City Clerk

Approved as to form:



Michael W. Barrett  
City Attorney

**Exhibit "A"**

**Affordable Housing Impact Fees: Non-residential and residential development**

**Non-Residential Development Affordable Housing Impact Fees per Square Foot**

	<b>Office</b>	<b>Hotel</b>	<b>Retail</b>	<b>Industrial</b>
	<b>\$1.00</b>	<b>\$1.40</b>	<b>\$0.80</b>	<b>\$0.50</b>

**Residential Development Affordable Housing Impact Fees per Square Foot**

	<b>Rental</b>	<b>Condo</b>	<b>Single Family</b>
	<b>\$3.75</b>	<b>\$2.20</b>	<b>\$2.20</b>

**Note:** For the purposes of calculating fee amounts for non-residential development under this Resolution, "Office" shall mean both "Office, general" and "Office, medical" as those terms are defined under Napa Municipal Code section 17.06.030, and "Hotel" and "Retail" shall mean as those terms are defined under Napa Municipal Code 17.060.030. "Industrial" shall refer generally to a broad range of industrial uses including but not limited to manufacturing, wholesale distribution, warehousing, research and development, industrial manufacturing, assembly, processing, refining or packaging, fabrication, storage, equipment repair, construction and maintenance yards, trade and technical training facilities, recycling centers and similar facilities, as well as any uses involving wine production. In the event that a particular industrial use includes accessory restaurant or retail sales, the Director shall make a determination regarding the appropriate fee category based on the overall ratio of retail and or restaurant sales to industrial uses and the underlying zoning district.

For the purposes of calculating fee amounts for residential development under this Resolution, "Rental" shall refer to any development of four or more multi-family dwelling units, including studios, duplexes and triplexes, apartments and townhomes, that are held under common ownership. "Condo" shall mean as that term is defined under Napa Municipal Code 17.060.030. "Single-family" shall refer to single family attached and detached dwellings, including single family homes, townhomes, triplexes and duplexes, that are individually owner-occupied.

**Exhibit B**

**Non-Residential Development- Categorical Use Type Determinations for Application of Affordable Housing Impact Fees**

For the purposes of calculating the applicable affordable housing impact fee for non-residential development applications, the Chief Building Official shall use the following categorical determinations regarding use types:

The following uses shall be considered Office uses:

- Banking, savings and loans associations; professional, business and administrative offices.
- Medical/dental offices and clinics.

The following uses shall be considered Hotel uses:

- Hotels, motels and bed-and-breakfast inns.

The following uses shall be considered Retail uses

- General retail and personal service uses including integrated commercial centers.
- Furniture, appliance, household equipment; office equipment and sales, service and repair of bulk goods.
- Gas station, service/auto repair including paint and auto body shops.
- Eating and drinking establishments.
- Technical and adult education (business, beauty, barber, trade, technical, vocational and other similar uses).
- Nursery schools and daycare facility serving seven or more children.
- Funeral homes.
- Theaters.

The following uses shall be considered Industrial uses:

- Service commercial and heavy commercial uses (building materials, contractor yard, tool rental, bus terminals, print shops, auto parts shops, janitorial services, etc.).
- Commercial plant nurseries.
- Industrial/wholesale uses; self-storage uses.
- Wholesale and warehouse uses.
- General industrial uses.
- Research, development and testing uses.
- Wine storage.
- Wine tank and crush pads.