

## RESOLUTION NO. 16014

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY UPDATING HOUSING IMPACT FEES FOR SPECIFIED NONRESIDENTIAL DEVELOPMENT PROJECTS

**WHEREAS**, on June 25, 2018, the City Council of the City of Redwood City (the "City Council") adopted Ordinance 1130-375, the Affordable Housing Ordinance, set forth in Article 29 of the Redwood City Zoning Code (the "Ordinance"); and

**WHEREAS**, the purpose of the Ordinance is to: (1) increase the supply of affordable housing by imposing an inclusionary requirement for residential development projects; (2) ensure that smaller-size developments continue to be encouraged as an important component of the City of Redwood City's (the "City") housing strategy; and (3) implement the City's Housing Element by creating a mechanism to provide affordable housing, intended to meet the needs of all community members; and

**WHEREAS**, impacts of California's housing crises are creating tremendous pressure on the local housing market. Displacement pressures have increased over the last decade for lower income households in the City given the combination of (1) rapid increase in housing prices and rents since 2010, (2) lack of production or limited housing stock available to lower income households; and (3) wage stagnation for lower income workers; and

**WHEREAS**, stability of housing for the City's low income residents is critical to the overall wellbeing of the community; and

**WHEREAS**, the City desires to increase the impact fee for specified nonresidential developments in an effort to increase the supply of affordable housing in the City; and

**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 adopted Resolution 15462 establishing housing impact fees for residential and nonresidential development projects and established a standardized list of uses and exemptions with respect to the payment of nonresidential housing impact fees; and

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

"Nexus Study") that 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**, the housing impact fees adopted in 2015 applicable to nonresidential development projects were significantly lower than the maximum amount needed to fully mitigate the housing 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 increase the housing impact fees applicable to nonresidential development projects within the scope of justified fees pursuant to the Nexus Study for nonresidential development projects to further mitigate burdens created by new nonresidential development on the need for affordable housing as authorized by the Ordinance; and

**WHEREAS**, these 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 Municipal Zoning Code Section 29.5 authorizes the City Council from time to time to adopt by resolution housing impact fees for residential and nonresidential development, and the City Council desires to do so; and

**WHEREAS**, notice was provided to any persons or organizations who had requested notice, in accordance with Government Code Section 66019; and

**WHEREAS**, a notice of the hearing on the fee increase 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 December 20, 2021.

**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. In December 2015, City Council adopted Resolution Number 15462 permitting City Council to 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. The housing impact fees have not been adjusted since 2015 to account for the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California.

5. The City Council hereby adopts the amendments to the housing impact fees for nonresidential development projects shown on Exhibit "B", and attached hereto and incorporated by reference herein. No changes are being made to the housing impact fees for residential developments; the fees show in the attached Exhibit "A" reflect those originally adopted under Resolution 15462 and are included herein solely for reference.

6. 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).

7. The City Council finds that the amended housing impact fees for nonresidential developments 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.

8. 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)).

9. Under Resolution 15462, the City Council made the determination that the chart below (included in this Resolution for reference and convenience) illustrates the number of affordable units needed to mitigate the impacts of nonresidential development on the need for affordable housing:

<b>Required Affordable Units per 100,000 sf in a Nonresidential Project</b>				
	<b>Moderate Income</b>	<b>Low Income</b>	<b>Very Low Income</b>	<b>Total</b>
Office, Medical Office and Research and Development Uses	3	5	2	<b>10</b>
Retail, Restaurants and Services	--	2	2	<b>4</b>
Hotel	--	2	2	<b>4</b>

10. Under Resolution 15462, the City Council adopted the "Land Use Exemptions". The Land Use Exemptions shown in the attached Exhibit "C" reflect those originally adopted under Resolution 15462 and are included herein solely for reference and convenience.

11. Under Resolution 15462, the City Council adopted a fee for processing applications for waivers or modifications of requirements under the Affordable Housing Ordinance. The fees shown in the attached Exhibit "D" reflect those originally adopted under Resolution 15462 and are included herein solely for reference and convenience.

12. This Resolution shall take effect sixty (60) days after the date of its adoption.

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## EXHIBIT "A"

### Housing Impact Fees for Residential Development Projects

(CONTENTS COPIED FROM RESOLUTION 15462; INCLUDED FOR REFERENCE AND CONVENIENCE)

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.

<b>Type of Residential Unit</b>	<b>Fee per Square Foot of Net New Residential Floor Area</b>
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. As used in the Nexus Study, the commercial use types are broadly categorized as i) commercial hotel, ii) retail/restaurants/services, or iii) office/R&D/medical office. In calculating the housing impact fee for the gross floor area of net new commercial construction, a credit based on existing permitted commercial use type shall be given for the square footage of the existing commercial building that: i) were legally constructed on the same parcel as the new commercial project; and ii) the planning application for the new commercial development project is submitted: (a) within one (1) year of the damage or destruction by fire or other calamity (as specified in Section 29.5(C)(5)), or (b) within two (2) years of the demolition (as specified in Section 29.5(C)(6)); or (c) within two (2) years of the occupied permitted use of an abandoned structure (as specified in Section 29.5(C)(7)). If and to the extent there is a change in the permitted use or an increase in the square footage, then the housing impact fee shall be calculated based on the net new square footage at the rate applicable to the type of permitted use (residential or non-residential).

<b>Nonresidential Use</b>	<b>Fee per Square Foot of Net New Gross Floor Area</b>
Hotel	\$5.91
Retail, Restaurants and Services	\$5.91
Office, Medical Office and Research and Development Uses	\$23.62

**EXHIBIT "C"**  
**Land Use Exemptions**

(CONTENTS COPIED FROM RESOLUTION 15462; INCLUDED FOR REFERENCE AND CONVENIENCE)

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**

(CONTENTS COPIED FROM RESOLUTION 15462; INCLUDED FOR REFERENCE AND CONVENIENCE)

Waivers and Modifications of Requirements of Affordable Housing Ordinance:

Initial Deposit of \$1,500, subject to requirement to replenish funds on deposit if necessary

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.

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 20<sup>th</sup> day of December, 2021 by the following votes:

AYES: Aguirre, Espinoza-Garnica, Gee, Howard, Reddy, Smith  
and Mayor Hale

NOES: None

ABSENT: None

ABSTAINED: None

RECUSED: None



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Giselle Hale  
Mayor of the City of Redwood City

Attest:



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Pamela Aguilar, CMC  
City Clerk of Redwood City

I hereby approve the foregoing resolution this  
21<sup>st</sup> day of December 2021.



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Giselle Hale  
Mayor of the City of Redwood City

RESO. # 16014  
MUFF # 501