

# City of Sacramento

## Legislation Text

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**File #:** 2019-00680, **Version:** 1

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**Title:**

**Reduction of Existing Development Impact Fees for New Affordable Dwelling Units to a Zero-dollar Rate**

**File ID:** 2019-00680

**Location:** Citywide

**Recommendation:**

Adopt a Resolution: 1) rescinding Resolution 2018-0428; and 2) adopting reduction of certain development impact fee residential rates for new affordable dwelling units to a zero-dollar rate.

**Contact:** Greg Sandlund, Principal Planner, (916) 808-8931, Community Development Department

**Presenter:** None

**Attachments:**

1-Description/Analysis

2-Resolution

### Description/Analysis

**Issue Detail:** On October 30, 2018, the City Council adopted a resolution that would reduce certain development impact fee residential rates to a zero-dollar rate for qualified affordable units. The resolution required that any applicant requesting a reduction in city impact fees must have a recorded regulatory agreement between the City, the Sacramento Housing and Redevelopment Agency, or another local, state or federal agency.

Since the adoption of the resolution, staff has learned that certain developments that meet the intent of the resolution do not ensure affordability through regulatory agreements. For example, self-help housing organizations, such as Habitat for Humanity, utilize private agreements between the organization and homeowner that require the home to remain affordable for a period of at least 30 years. Another example is a facility that provides hospice care for homeless individuals for free. While there are not rent restrictions per se, there can be no argument that this housing is affordable.

to lower income residents of the City.

Staff recommends rescinding Resolution 2018-0428 and replacing it with another almost identical resolution that would allow the Planning Director the discretion to reduce certain development impact fee residential rates to a zero-dollar rate for qualified affordable units. The level of affordability, the 30-year minimum period of affordability, and specific fees that could be reduced as specified in the original resolution, have not been altered.

**Policy Considerations:** The proposed reduction in development impact fees is consistent with the City's goals and policies as established in the 2035 General Plan. These policies include:

**Housing-2.2.5 Review and Reduce Fees for Affordable Housing.** The City shall work with affordable housing developers as well as other agencies and districts to review and reduce applicable processing and development impact fees for very low and low-income housing units.

**Economic Considerations:** Reducing development impact fees for affordable dwelling units is expected to reduce barriers for the construction of qualified new affordable housing.

**Environmental Considerations:** The proposed resolution is exempt from the provisions of the California Environmental Quality Act (CEQA), consistent with section 15378(b)(4) of the CEQA Guidelines, which provides that the creation of government funding mechanisms or other government fiscal activities that do not involve commitment to any specific project are not subject to environmental review.

**Sustainability:** Affordable dwelling units may help to reduce long commutes and dependence on the use of the private automobile, reduce the use of fossil fuels and greenhouse gas emissions, and help meet air quality standards.

**Commission/Committee Action:** Not applicable

**Rationale for Recommendation:** The reduction of certain development impact fees imposed by the City would reduce costs for affordable dwelling unit construction. The City will evaluate the fee reduction after three years to determine if the zero-dollar rate is effectively incentivizing affordable housing development. The City would like additional flexibility to permit reduced impact fees for affordable housing development that can document how development will remain affordable for a period of at least 30 years.

**Financial Considerations:** Additional City funds may be needed to backfill fee losses due to the reduction of development impact fees for affordable housing units to a zero-dollar rate. It is estimated that an average of 100 affordable dwelling units will be constructed per year over the next

decade. It is assumed, therefore, that reduction in fees collected will be less than significant. The City will monitor the production of affordable dwelling units which qualify for zero-rate fees and evaluate potential impacts to affected finance plans annually.

**Local Business Enterprise (LBE):** No goods or services are being purchased in association with this report.