

TO: Andrew P. Powers, City Manager

FROM: Kelvin Parker, Community Development Director

DATE: October 10, 2023

SUBJECT: **Municipal Code Amendment 2023-70004 Update to Inclusionary Housing Program and Nonresidential Development Linkage Fees**

RECOMMENDATION:

1. Read ordinance in title only, waive further reading, and if no objection, introduce ordinance to approve amendments to Chapter 10 of Title 9 of the Thousand Oaks Municipal Code.
2. Adopt resolutions setting the Inclusionary Housing In-lieu and Nonresidential Development Linkage fees and concurrently rescind Resolution Nos. 2012-071 and 2012-072.
3. Find that this Municipal Code Amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines.

FINANCIAL IMPACT:

No Additional Funding Requested. \$206,000 is included in the Adopted FY 2023-24 General Fund Budget for the Inclusionary Housing Program and Nonresidential Development Linkage Fee Update consultant contract.

BACKGROUND:

On February 28, 2023, City Council was presented the findings of the Inclusionary Housing Financial Evaluation Study, Nonresidential Development Linkage Fee Nexus Study and Financial Feasibility Analysis of Nonresidential Development Linkage Fees results (Reports) prepared by Keyser Marston Associates, Inc. (KMA). After consideration and general concurrence with the Reports' findings, City Council provided direction on completing updates to the Inclusionary Housing Program and Nonresidential Development Linkage Fees ordinance. City Council's

direction included not applying the linkage fee to industrial uses due to the limited value of potentially collecting nominal fees from only one non-residential land use.

Planning Commission Review

On September 11, 2023, the Planning Commission voted unanimously to approve a motion to recommend that City Council adopt the proposed ordinance with minor text adjustments. The Planning Commission's action included a change to the ordinance in Part 9, Section 9-10.306 (a) 1) iv., to be amended to clarify that City Council be made the decision-making authority for the allowance of rental developments with more than 20 dwelling units to pay an in-lieu fee. In addition, a commissioner inquired about the applicability of the ordinance to mixed-use projects and whether the language was acceptable as written. Staff maintains that the applicability of the ordinance applies to any type of project that proposes 10 or more units, whether that be residential or mixed-use. Finally, during the meeting, a motion to amend the Inclusionary Housing Program project size threshold of 10 units to six units failed by a vote of 1-4.

DISCUSSION/ANALYSIS:

This discussion provides a broad overview of the components of the updates to the Inclusionary Housing Regulations since the Municipal Code Amendment (MCA) follows the direction previously given by City Council. The Planning Commission staff report provides an outline and synopsis of the amendments to Chapter 10 Affordable Housing. Included in KMA's Inclusionary Housing analysis is the following: Policy Recommendations report, which provides a summary of the financial evaluation findings; Inclusionary Housing Program policy considerations; implementation recommendations; and case studies (Attachment #1). The policy recommendations are based on a combination of the results of the Inclusionary Housing Financial Evaluation Study previously presented to City Council and City Council's direction for an evaluation of the different fulfillment options that can be made to market rate residential developers. The Inclusionary Housing Policy Recommendations report also contains recommended administrative policies for implementation of the Inclusionary Housing Program that would be developed by staff post adoption. The MCA language is contained in the draft ordinance (Attachment #2).

Inclusionary Housing In-lieu Fee

As part of the policy recommendations, the proposed in-lieu fees remain consistent with what was presented to City Council on February 28, 2023, and are reflected in the attached resolution (Attachment #3). The resolution rescinds Resolution No. 2012-071, which set the in-lieu fees at \$0. The MCA specifies that the fees would be adjusted annually based upon the average increase in rents and sales prices

within Ventura County.

In-lieu Fees by Housing Type	
Housing Prototype	In-lieu Fee Amount
Apartments	\$25.70 per square foot of leasable area
Townhomes	\$14.60 per square foot of saleable area
Single Family Detached	\$16.80 per square foot of saleable area

This MCA and the in-lieu fees would apply to projects that have not received their discretionary approval from the City prior to the effective date of the Affordable Housing Ordinance. Projects not approved by that date would be required to provide inclusionary housing units or pay the in-lieu fee. The In-lieu fees would be payable at the time of building permit issuance for each applicable unit.

Nonresidential Development Linkage Fee Analysis and Recommendation

On February 28, 2023, City Council gave direction not to apply the linkage fee to industrial uses due to the limited value of potentially collecting nominal fees from only one non-residential land use. Though the linkage fee is currently set at \$0 per City Council Resolution No. 2012-072, a new resolution re-setting the fee at \$0 is necessary to set the policy based on City Council's consideration of the KMA Nexus Study and direction (Attachment #4). Therefore, staff's recommendation is to adopt a resolution re-setting the fee based on the current study and rescinding Resolution No. 2012-072.

Environmental Review

The proposed amendments are exempt from the requirements of the California Environmental Quality Act (CEQA) Guidelines in accordance with Section 15061(b)(3), also known as the "common sense" exemption that exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goals:

A. Create a more equitable, accessible, safe, welcoming, and inclusive government and community regardless of race, color, ethnicity, religion, sex, physical or mental ability, sexual orientation, gender identity and expression, age, language, education, and/or socio-economic status.

B. Provide municipal government leadership which is open and responsive to residents, and is characterized by ethical behavior, stability, promoting public trust, transparency, confidence in the future, and cooperative interaction among civic leaders, residents, business representatives, and staff, while recognizing and respecting legitimate differences of opinion on critical issues facing the City.

J. Implement high quality revitalization projects within Thousand Oaks Boulevard and Newbury Road Areas; Develop a pedestrian-oriented, viable, and self-sustaining "Downtown;" and, continue to support production of long-term affordable housing.

PREPARED BY: Iain Holt, Sr. Planner

Attachments:

Attachment #1 – September 11, 2023 Planning Commission Staff Report and Attachments Including Inclusionary Housing: Policy Recommendations

Attachment #2 – Ordinance Amending Municipal Code

Attachment #3 – Resolution for Inclusionary Housing In-lieu Fees

Attachment #4 – Resolution for Nonresidential Development Linkage Fees