

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2014

A RESOLUTION TO AMEND THE EXISTING RENTAL HOUSING IMPACT FEE
SCHEDULE FOR NEW APARTMENT DEVELOPMENT, TO INCREASE
THE FEE FROM \$10.26 PER HABITABLE SQUARE FOOT
TO \$15.00 PER HABITABLE SQUARE FOOT

WHEREAS, the City Council adopts a Master Fee Schedule as a part of its annual budget, fixing and establishing fees, rates, and charges for goods and services provided by the City of Mountain View; and

WHEREAS, on December 9, 2014, the City Council approved Resolution No. 17748 adopting a Rental Housing Impact Fee on new rental housing development that became effective on February 9, 2013; and

WHEREAS, the Rental Housing Impact Fee may be updated or adjusted upon Council approval of a resolution; and

WHEREAS, on October 14, 2014, the City Council adopted the Housing Element of the General Plan in compliance with State law, which includes the goal of encouraging the development of affordable housing to meet the City's assigned share of the regional housing need and, to implement that goal, includes policies to collect affordable housing impact fees to provide housing units that are affordable to households with extremely low, very low, and low incomes; and

WHEREAS, to meet the affordable housing goals, policies, and objectives of the Housing Element for new rental housing development, the City Council has determined that it is necessary to adopt a rental housing impact fee to mitigate the impact of new rental development on the need for affordable housing in Mountain View; and

WHEREAS, land prices are a key factor preventing development of new affordable housing. New rental housing construction in Mountain View that does not include affordable units aggravates the existing shortage of affordable rental housing by absorbing the supply of available residential land. This reduces the supply of land for affordable housing and increases the price of the remaining residential land. At the same time, new market-rate rental housing development increases the demand for goods and services in the City, increasing local service employees, many of whom cannot afford housing in Mountain View; and

WHEREAS, the City Council has considered the “Nexus-Based Affordable Housing Fee Analysis,” dated September 29, 2011, and the memorandum entitled “Draft Technical Memorandum,” dated November 29, 2012, and prepared by Economic and Planning Systems, Inc. (together the “Nexus Study”), which demonstrated that to fully mitigate the impacts of new rental housing development on the need for affordable housing, a rental housing impact fee equivalent to \$41.00 to \$58.00 per square foot of new market-rate rental development would be needed; and

WHEREAS, the Nexus Study demonstrates that a reasonable relationship exists between the need for affordable housing and the deleterious impacts of new market-rate rental housing development within the City. A reasonable relationship also exists between the fee’s use and the impacts of new market-rate rental housing development. Development of new rental housing results in more residents living in the City. The residents who move into new rental housing developments will increase the demand for services provided by the public and private sectors. Some of the public and private sector employees needed to meet the needs of the new City residents earn incomes that only allow these employees to afford housing for moderate-, low-, very low-, and extremely low-income housing. This type of affordable housing is in very short supply within Mountain View, and other available housing are subsidies inadequate to meet the need created by new rental housing developments. The Rental Housing Impact Fee will be used to help increase the supply of affordable housing in the City to meet the increased need generated by new rental housing developments; and

WHEREAS, the City Council has considered Council reports on the rental housing fee dated December 9, 2014, October 14, 2014, and December 11, 2012; held a Study Session on October 14, 2014; and held a public hearing on December 9, 2014 to consider an increase to the Rental Housing Impact Fee; and

WHEREAS, to implement the affordable housing goals, policies, and objectives of the City’s Housing Element, the City Council has determined to increase the Rental Housing Impact Fee for all new market-rate rental housing developments; and

WHEREAS, to ensure that rental residential projects remain economically feasible, the City Council adopted a Rental Housing Impact Fee that is lower than the amount needed to fully mitigate the impacts of new rental housing development as shown in the Nexus Study; and

WHEREAS, all Rental Housing Impact fees shall be deposited into the City’s affordable housing fund to be used for affordable housing programs and projects for low-, very low-, and extremely low-income households; and

WHEREAS, at least 10 days prior to the date this resolution is to be considered, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the affordable housing for which the impact fee is levied and the revenue sources anticipated to provide the affordable housing, including General Fund revenues in accordance with Government Code Section 66019; and

WHEREAS, notice of the hearing on the proposed Rental Housing Impact fees was published twice in the manner set forth in Government Code Section 6062a as required by Government Code Section 66018;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View:

1. Definition: Rental Housing Development.

a. A Rental Housing Development is a development project involving the creation of one or more dwelling units that cannot be sold individually.

2. Adoption of Affordable Rental Housing Impact Fee. A Rental Housing Impact Fee of \$15.00 per habitable square foot for all new market-rate rental housing developments is hereby adopted as set forth in the schedule attached hereto as:

Exhibit A: Fee Schedule for Community Development Department—Rental Housing Impact Fee, as adopted December 9, 2014.

3. Calculation of Fees. Habitable square footage means the total occupied floor area of each rental unit in a project. The Rental Housing Impact Fee shall be calculated on the net new habitable floor area of new rental development that replaces existing rental units on the same site.

4. Fee Payment Due Date. All Rental Housing Impact fees shall be paid prior to issuance of the first Final Certificate of Occupancy for the development.

5. Annual Fee Adjustment. The Rental Housing Impact fees shall be increased annually by the percentage change in the Consumer Price Index for the San Francisco-Oakland-San Jose area for the previous year. In addition, the City Council may, from time to time, review and adjust the rental housing impact fee by resolution.

6. Consideration to Rescind Fee. If State legislation is adopted that reinstates the City's option of requiring developers of market-rate housing to provide affordable rental housing on-site to mitigate impacts, the Council shall consider amending the Master Fee Schedule to rescind this Rental Housing Impact Fee.

7. **Alternatives to Payment of Fee.** As an alternative to the payment of a Rental Housing Impact Fee, a developer of a residential rental project may submit a request to mitigate the impacts of such development through the construction of affordable rental housing units, the dedication of land, or provision of other resources. Such request may be granted in the sole discretion of the City Council if the City Council determines that such alternative will mitigate the impact of the project on the need for affordable housing and will further affordable rental housing opportunities in the City.

If the developer proposes to construct any rental affordable housing units as an alternative to the payment of the Rental Housing Impact Fee, the developer shall enter into a contract with the City consistent with the Costa Hawkins Act, agreeing to limitations on rent in consideration for assistance as specified in that Act. The rental affordable units shall be subject to a rent regulatory agreement with a term of 55 years and shall be required to be rented to low-income households at affordable rents consistent with Health and Safety Code Section 50053 and regulations adopted by the California Department of Housing and Community Development (California Code of Regulations Title 25, Sections 6910 through 6924).

8. **Effective Date.** This resolution shall take effect on February 7, 2015.

LL/7/RESO
860-12-09-14r-E-1

FEE SCHEDULE – COMMUNITY DEVELOPMENT DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
§66000		Rental Housing Impact Fee	\$10.26	\$15.00	Per Habitable Square Foot	02/07/15