

**RESOLUTION NO. 115-20**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND,  
CALIFORNIA, AMENDING INCLUSIONARY HOUSING IN-LIEU FEES AND  
ADOPTING NON-RESIDENTIAL LINKAGE FEES IN THE MASTER FEE SCHEDULE**

---

**WHEREAS**, the State of California has found that local governments have a responsibility to use the powers vested in them to facilitate the development of housing and to make adequate provision for the housing needs of all economic segments of the community (Government Code Section 65580(d)); and

**WHEREAS**, the City Council has determined that there is a critical shortage of housing opportunities available to very low, low, and moderate-income households. Goal #1 of the Housing Element of the General Plan is to achieve a balanced supply of housing available for all income groups. Increasingly, persons with very low, low and moderate incomes who work or live within the City are unable to locate housing at prices they can afford and are increasingly excluded from living in the City; and

**WHEREAS**, the City Council also finds that the high cost of newly constructed housing in Richmond does not, to any appreciable extent, provide housing affordable by very low, low, and moderate households, and that continued new residential and non-residential development that does not include nor contribute toward lower cost housing will serve to further aggravate the current housing problems by reducing the supply of developable land while generating additional needs for affordable housing; and

**WHEREAS**, Housing Element Programs H-1.3.1 and H-1.3.2 provide that the City will conduct an inclusionary housing ordinance study and will consider revisions to the inclusionary ordinance based on court decisions and the study, so long as those revisions do not constrain the overall production of housing in Richmond; and

**WHEREAS**, as provided in the Housing Element, Keyser Marston Associates has prepared the inclusionary housing ordinance study, consisting of three reports on the inclusionary ordinance, including a Financial Feasibility Analysis dated April 2019; and a Residential Nexus Analysis and a Non-Residential Jobs-Housing Nexus Analysis dated July 2016 (together the "Keyser Marston Reports"); and

**WHEREAS**, based on the Keyser Marston Reports, the City has adopted Section 15.04.603.070 of the Municipal Code of the City of Richmond, which provides that the City Council may by resolution establish fees in-lieu of the provision of on-site inclusionary housing; and

**WHEREAS**, based on the Keyser Marston Reports, the City has also adopted Section 15.04.603.090 of the Municipal Code of the City of Richmond, which provides that the City Council may by resolution establish non-residential linkage fees, which mitigate the impact of new non-residential development on the need for affordable housing; and

**WHEREAS**, to ensure that the inclusionary housing in-lieu fees and the non-residential linkage fees recommended by this Resolution do not exceed the actual affordable housing impacts attributable to the development projects on which the fee is imposed, the City Council has received and considered the Keyser Marston Reports, which demonstrate that the fees adopted by this Resolution do not exceed the affordable housing impacts attributable to the development projects on which the fees is imposed; and

**WHEREAS**, the Keyser Marston Reports used widely used, appropriate methodology to determine the maximum amount needed to fully mitigate the burdens created by residential and non-residential development on the need for affordable housing; and

**WHEREAS**, to ensure that development projects remain economically feasible, the recommended inclusionary housing in-lieu fees and non-residential linkage fees as shown in the attached Exhibit A and Exhibit B are lower than the maximum amount needed to fully mitigate the burdens created by new development on the need for affordable housing, as determined in the Keyser Marston Reports; and

**WHEREAS**, at least ten days prior to the date this Resolution is being heard, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the affordable housing for which the fee is being levied and the revenue sources anticipated to provide the affordable housing, in accordance with Government Code Section 66019; and

**WHEREAS**, at least fourteen days prior to the date this Resolution is being heard, notice was provided to any persons or organizations who had requested notice, in accordance with Government Code Section 66019; and

**WHEREAS**, notice of the hearing on the proposed fees was published twice in a newspaper of general circulation in the manner set forth in Government Code Section 6062a, in accordance with Government Code Sections 66004 and 66018; and

**WHEREAS**, a duly and properly noticed public hearing regarding the fees proposed in this Resolution was conducted by the City Council on October 20, 2020.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Richmond hereby adopts the inclusionary housing in-lieu fees as described in Exhibit A attached hereto and incorporated herein by this reference; adopts the non-residential linkage fees as described in Exhibit B attached hereto and incorporated herein by this reference; and directs that these fees be incorporated into the City's Master Fee Schedule; and

**BE IT FURTHER RESOLVED**, that this Resolution shall go into full force and effect on December 19, 2020, provided that the related ordinance is adopted; and

**BE IT FURTHER RESOLVED**, that this Resolution is not a project under the California Environmental Quality Act (CEQA), because a project does not include the creation of a governmental funding mechanism that does not involve any commitment to any specific project (CEQA Guidelines section 15378(b)(4)); and the Resolution commits no fees to any specific project; and

**BE IT FURTHER RESOLVED**, that the facts set forth in the recitals in this Resolution are true and correct and incorporated by reference. The recitals constitute findings in this matter and, together with the agenda report, other written reports, public testimony and other information contained in the record, are an adequate and appropriate evidentiary basis for the actions taken in this Resolution.

\*\*\*\*\*

I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held October 20, 2020, by the following vote:

AYES: Councilmembers Choi, Johnson, Martinez, Myrick, Willis, Vice Mayor Bates, and Mayor Butt.  
NOES: None.  
ABSTENTIONS: None.  
ABSENT: None.

PAMELA CHRISTIAN  
CLERK OF THE CITY OF RICHMOND  
(SEAL)

Approved:

THOMAS K. BUTT  
Mayor

Approved as to form:

RACHEL SOMMOVILLA  
Interim City Attorney

State of California            }  
County of Contra Costa        } : ss.  
City of Richmond               }

I certify that the foregoing is a true copy of **Resolution No. 115-20**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on October 20, 2020.

  
\_\_\_\_\_  
Pamela Christian, Clerk of the City of Richmond

**EXHIBIT "A"**

**Fees for Residential Development Projects In Lieu of Provision of On-Site Inclusionary Units**

<b>INCLUSIONARY HOUSING IN-LIEU FEES</b>	
<b>RESIDENTIAL DEVELOPMENT PROJECTS PROPOSED SOUTH OF I-580 AND ON THE POINT SAN PABLO PENINSULA</b>	
<b>Type of Project</b>	<b>Applicable Fee per Square Foot of Net New Residential Floor Area*</b>
Rental Residential Development	\$12/square foot
Ownership Residential Development	May not pay in-lieu fee
<b>OTHER RESIDENTIAL DEVELOPMENT PROJECTS</b>	
<b>Building Permits for Number of Residential Units Issued after the Resolution's Effective Date</b>	<b>Applicable Fee per Square Foot of Net New Residential Floor Area*</b>
0 – 370	\$0
371 – 741	\$3
742 – 1,111	\$6
1,112 – 1,482	\$9
More than 1,482	\$12

**\*NOTES:**

1. Fee applies to residential components of mixed-use projects.
2. Fee applies to fractional inclusionary unit requirement below 0.5 and to any required inclusionary units for which developer desires to pay an in-lieu fee. These fees shall be calculated by determining the in-lieu fee that would be due were the entire inclusionary requirement for the residential development project to be satisfied with in-lieu fees and then multiplying by the percentage of the total number of inclusionary units to be satisfied through an in-lieu fee payment.

**Example:** Assume that a 10 percent inclusionary requirement for 104 units equals 10.4 inclusionary units, and that an in-lieu fee of \$1.2 million would be required if in-lieu fees were used to satisfy the entire 10.4-unit requirement. The developer provides 10 on-site units. The fractional unit in-lieu payment would equal:  $0.4 \text{ [fractional unit]} / 10.4 \text{ [total inclusionary requirement]} \times \$1.2 \text{ million} = \$46,154$ .

**Example:** Assume in the previous example that the developer provides 6 on-site inclusionary units and desires to pay an in-lieu fee for the remaining 4.4 units. The in-lieu fee would equal:  $4.4 \text{ units} / 10.4 \text{ units} \times \$1.2 \text{ million} = \$507,692$ .

3. Fee amounts shall be adjusted once each year by the community development director based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California for the corresponding year.

4. Net new residential floor area shall be calculated based on the floor area of dwelling units in the building, excluding unheated unenclosed spaces such as balconies, patios, unfinished garages or outside storage lockers, areas used for off-street parking and loading, and common hallways and common areas
5. All in-lieu fees shall be paid for a dwelling unit prior to issuance of a building permit for that unit, unless the conditions of approval allow the fees to be paid at occupancy. Fees for fractional units shall be paid at issuance of the first building permit for the project.

**EXHIBIT "B"**

**Affordable Housing Linkage Fee for Non-residential Development Projects**

<b>Nonresidential Uses</b>	<b>Fee per Square Foot of Net New Gross Floor Area*</b>
Office Research & Development Retail/Service Warehouse/Distribution Hotel Industrial	\$2

**\*NOTES:**

1. Projects adding less than 5,000 sq. ft. of net new gross floor area are exempt from payment of the linkage fee.
2. Fee applies to non-residential components of mixed-use projects.
3. Fee amounts shall be adjusted once each year by the community development director based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California for the corresponding year.
4. Net new gross floor area shall be calculated as required by Richmond Municipal Code Section 15.04.103.090.
5. Fees for non-residential uses shall be paid only once prior to issuance of the first building permit for the space.