

**RESOLUTION NO. 2024-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ESTABLISHING AN INCLUSIONARY HOUSING IN-LIEU FEE AND INTEGRATING  
THE FEES INTO THE MUNICIPAL FEE SCHEDULE**

**WHEREAS**, on January 24, 2023, the City Council approved the City’s Sixth Cycle Housing Element Update; and

**WHEREAS**, Program 2.B of the Housing Element calls for the establishment of an affordable housing in-lieu fee; and

**WHEREAS**, Program 2.B of the Housing Element requires the City of Los Altos to conduct a feasibility analysis to support the establishment of an affordable housing in-lieu fee for residential development; and

**WHEREAS**, Program 2.B of the Housing Element requires the City of Los Altos to adopted an affordable housing in-lieu fee based on the feasibility study prepared; and

**WHEREAS**, the City Council has considered the “Inclusionary Housing and In-Lieu Fee Financial Feasibility Study”, dated October 23, 2023, and prepared by Bae Urban Economics; and

**WHEREAS**, in accordance with Government Code Section 66001, the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study proposed establishing a new Inclusionary Housing In-Lieu Fee with the purpose of mitigating the impacts of new development on the need for affordable housing; and

**WHEREAS**, in accordance with Government Code Section 66001, the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study proposed using the fee to facilitate the construction of affordable dwelling units in the City of Los Altos to offset the new demand from market rate residential units; and

**WHEREAS**, in accordance with Government Code Section 66001, the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study demonstrates that there is rough proportionality between the fee imposed and the project to be constructed attributable to the development paying the in-lieu fee. The Inclusionary Housing and In-Lieu Fee Financial Feasibility Study computes the cost of providing each affordable unit and fees are collected proportionate to the incremental demand for affordable housing created by each new unit of market rate housing; and

**WHEREAS**, the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study demonstrated that, to fully mitigate the impacts of new-market units in for-sale and rental residential projects on the need for affordable housing, and inclusionary housing in-lieu fee of \$120 to \$211 per square foot of new market rate development would be needed; and

**WHEREAS**, in order to implement the affordable housing goals, objectives, policies and programs of the City’s Sixth Cycle Housing Element, the City Council desires to adopt the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study and implement the Inclusionary Housing In-Lieu Fee applicable to residential development; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee established by this resolution create a blended rate based on the findings of the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study by adding the findings of the Construction Cost methodology for Prototype #1 Higher-Density Multifamily Rental (\$120 per sqft.) and Prototype #2 Lower-Density Multifamily Rental (\$146 per sqft.) together and then divided by two which equates to \$133 per sqft for Multifamily Rental projects; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee established by this resolution create a blended rate based on the findings of the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study by adding the findings of the Construction Cost methodology for Prototype #3 Higher-Density Condominium (\$139 per sqft.) and Prototype #4 Lower-Density Condominium (\$148 per sqft.) together and then divided by two which equates to \$144 per sqft for Condominium projects; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee established by this resolution utilize the findings of the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study of the Construction Cost methodology for Prototype #5 Townhouse (\$211 per sqft.); and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee established by this resolution are set at eighty (80) percent of the maximum feasible fee computed utilizing the Construction Cost Methodology contained within the Inclusionary Housing and In-Lieu Fee Financial Feasibility Study and the blended rates established by this resolution for Multifamily Rental and Condominium projects; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee established by this resolution utilizing an eighty (80) percent threshold of the maximum feasible fee helps to account for the change in the market conditions; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee when allowed pursuant to Chapter 14.28 of the Los Altos Municipal Code shall be applied per square foot calculation; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee for residential development shall be determined based on the net square footage and shall be measured from the outside surface of the exterior walls and will include all finished living space and conditioned square footage; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee for residential development does not apply to vehicular parking areas, service areas, garbage collection facilities, or mechanical equipment facilities; and

**WHEREAS**, the Los Altos Municipal Code specifies that certain fees and charges shall be set by Resolution of the City Council; and

**WHEREAS**, all Inclusionary Housing In-Lieu Fees collected by the City of Los Altos shall be deposited into the City of Los Altos Affordable Housing Fund to be used only for the purposes of creating new affordable housing units and preserving existing affordable housing units; and

**WHEREAS**, the Inclusionary Housing In-Lieu Fee shall be updated on an annual basis and adopted by City Council resolution; and

WHEREAS, the Inclusionary Housing In-Lieu Fee shall be adjusted annually utilizing the Consumer Price Index (CPI); and

WHEREAS, this Resolution is exempt from environmental review pursuant to Section 15273; and

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby adopts the following Inclusionary Housing In-Lieu Fees:

<b>UNIT TYPE</b>	<b>FEE PER SQUARE FOOT</b>
Multifamily-Rental	\$106.00
Condominium-For Sale	\$115.00
Townhouse-For Sale	\$170.00

**BE IT FURTHER RESOLVED** that all other fees previously established by other City Council Resolution or Ordinance remain in effect.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the XX day of January 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Jonathan Weinberg, MAYOR

Attest:

\_\_\_\_\_  
Melissa Thurman MMC, City Clerk