

ORDINANCE NO. 2024-XX

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS ADDING
CHAPTER 3.60 TO TITLE 3 REVENUE AND FINANCE OF THE LOS ALTOS
MUNICIPAL CODE ENACTING REGULATIONS FOR DEVELOPMENT IMPACT
AND IN-LIEU FEES**

WHEREAS, the mitigation Fee Act contained in Government Code Section 66000 permits the City to impose development impact fees on new development for the purposes of funding public facilities necessary to serve that new development; and

WHEREAS, the City of Los Altos has existing Development Impact Fees; and

WHEREAS, new development projects attract new residents and employees to the City, generating an increased demand for park, transportation, public safety and general government facilities; and

WHEREAS, the City of Los Altos has determined that City parks, transportation, public safety and general government facilities are reaching capacity, and that the city requires a cost-effective and efficient way of serving future residents and employees while maintain existing levels of service; and

WHEREAS, the City of Los Altos wishes to update existing Development Impact fees, and establish new Development Impact Fees in direct relationship to associated development within the City; and

WHEREAS, the City desires to adopt a Park Impact Fee on new development to fund the costs associated with increased demand for community parks and recreational facilities created by new development; and

WHEREAS, the City Council has determined additional funds are necessary for maintain and operating the City's Public Safety Infrastructure; and

WHEREAS, the City Council desires to acquire vehicles and transportation-related equipment and improve, replace and/or construct one or more public safety facilities to serve new development in the City; and

WHEREAS, the City Council has determined that the creation of a Public Safety Impact Fee on new development within the City would provide the necessary funding for police and fire services related to new development; and

WHEREAS, the City's General Plan and Complete Streets Master Plan calls for strategies to provide an efficient, reliable, and convenient transit system; improved bicycle routes; and a balanced street system to serve automobiles, pedestrians, bicycles, and transit; and

WHEREAS, it is appropriate for new development to pay for improvements and development to the transportation network proportionate to the demands the new development places on the City's transportation infrastructure; and

WHEREAS, the City desires to impose a Transportation Impact Fee on new development to fund the costs associated with maintaining adequate street and transportation facilities related to new development; and

WHEREAS, the City Council has determined additional funds are necessary for maintain and operating the City's General Government Infrastructure related to Municipal Operations; and

WHEREAS, the City Council desires to replace and/or construct new municipal facilities to serve new development in the City; and

WHEREAS, the City Council has determined that the creation of a General Government Impact Fee on new development within the City would provide the necessary funding for municipal operations related to new development; and

WHEREAS, the City Council has determined the physical development or funding of public art within the community is necessary; and

WHEREAS, the City Council has determined that the creation of a Public Art Development Fee on new development within the City would provide the necessary funding for public art within the community related to new development; and

WHEREAS, the City Council has determined funds are necessary for mitigating the impacts associated with non-residential development with the City; and

WHEREAS, the City Council has determined that the creation of a Commercial Linkage Fee on new development within the City would provide the necessary funding for the creation of affordable housing related to new development; and

WHEREAS, the City Council has determined funding the creation of affordable housing is necessary to further the City's Housing related goals; and

WHEREAS, the City Council has determined that the creation of an Affordable Housing Fee on new development within the City in-lieu of construction of affordable units onsite would provide the necessary alternatives in helping to construct more housing within the City; and

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 adopt an affordable housing in-lieu fee based on the feasibility study prepared; and

WHEREAS, on January 23, 2024, the City Council adopted an Inclusionary Housing In-Lieu Fee based on the results of the Inclusionary Housing Economic Feasibility Study completed by Bae Urban Economics; and

WHEREAS, Program 3.D of the Housing Element calls for the City of Los Altos to Evaluate and Adjust Impact Fees; and

WHEREAS, Program 3.D of the Housing Element expressly requires the modification of Development Impact Fees to be charged on a per square foot basis rather than per unit to encourage the development of higher densities and smaller, more affordable housing units; and

WHEREAS, Program 3.D of the Housing Element expressly requires the modification of Development Impact Fees to be completed no later than December 2024; and

WHEREAS, Government Code Section 66016 requires the City of Los Altos adopt a Nexus Study to support modifications to existing Development Impact Fees, and the establishment of new Development Impact Fees; and

WHEREAS, consultant Matrix Consulting Group, and subconsultants DKS Associates, and Strategic Economics on behalf of the City of Los Altos prepared the Development Impact Fee Nexus Study dated May 2024 (the “Nexus Study”); and

WHEREAS, the Nexus Study substantiates a methodology that will charge each new development project only for the costs necessary to mitigate the impacts expected to be caused by that development project; and

WHEREAS, there is a reasonable relationship between the Development Impact Fees and the development projects on which the Fees will be imposed because the Fees will only fund costs necessitated by each new development; and

WHEREAS, the Development Impact Fees will not exceed the estimated reasonable cost of providing the land and facilities for which the Fees are imposed; and

WHEREAS, the Development Impact Fees will not be levied, collected, or imposed for general revenue purposes, but are levied specifically to fund facilities of the types set forth in the Nexus Study; and

WHEREAS, the Nexus Study establishes proposed amounts and provides an evaluation of the need for new Development Impact Fees and establishes the nexus between the imposition of the new Fees and the estimated reasonable costs of providing the services for which the Fees are charged; and

WHEREAS, the Nexus Study identifies the City’s existing level of parks, transportation, public safety and general government services, identifies the level of service, and includes an explanation of why the level of service is appropriate; and

WHEREAS, the Nexus Study includes information that supports the City’s actions, as required by Government Code Section 66001(a); and

WHEREAS, the Nexus Study calculates the maximum justifiable Development Impact Fees that can be charged on new development, and therefore, the City Council may adopt reduced Development Impact Fees below the maximum justifiable amount identified within the Nexus Study if doing so effectuates a policy of the City; and

WHEREAS, on May 28, 2024, the City Council adopted a Nexus Study for Development Impact Fees in Compliance with Assembly Bill 602 (AB602) following a thirty-day public notice and review period; and

WHEREAS, the amendments were processed in accordance with the applicable provisions of the California Government Code and the Los Altos Municipal Code; and

WHEREAS, the City Council held a duly noticed public hearing on June 11, 2024, and June 25, 2024; and

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15378(b)(4) and 15273(a)(1) and (a)(2) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended; and

NOW, THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF TITLE 3 OF THE MUNICIPAL CODE. Chapter 3.60 is hereby added to the Los Altos Municipal Code as set forth in Appendix A to this Ordinance, underline indicates addition, strikethrough indicates deletion.

SECTION 2. CONSTITUTIONALITY; AMBIGUITIES. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions hereof. Any ambiguities in the Los Altos Municipal Code created by this Ordinance shall be resolved by the Development Services Director, in their reasonable discretion, after consulting the City Attorney.

SECTION 3. PUBLICATION. This Ordinance shall be published as provided in Government Code Section 36933.

SECTION 4. EFFECTIVE DATE. This Ordinance shall be effective upon the commencement of the sixty-first day following the adoption hereof.

The foregoing Ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on June 11, 2024, and was thereafter, at a regular meeting held on June 25, 2024, passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jonathan D. Weinberg, MAYOR

Attest:

Melissa Thurman MMC, City Clerk

APPENDIX A
AMENDMENTS TO CHAPTER 3.60