Item Number C5.

ROCKLIN
CALIFORNIA

City Council
Staff Report

Subject: Contract for Inclusionary Housing and In-Lieu Fee Assessment

Date: April 8, 2025

Submitted By: Elizabeth Sorg, Assistant to the City Manager
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Department: City Manager's Office

Recommendation:
Adopt a Resolution of the City Council of the City of Rocklin Authorizing the City Manager to Execute a Contract with Keyser Marston Associates for the Creation of an Inclusionary Housing Ordinance and Establishment of an In-Lieu Fee.

Background:
The City's 2021-2029 Housing Element outlines programs to address the City's identified housing needs. One of these identified housing needs includes the creation of new housing, particularly affordable housing for those who make at or below the area median income. As required by the California Department of Housing and Community Development (HCD), the City adopted goals to address the identified housing needs in the Housing Element. Goal 19 of the Housing Element, which is listed below, addresses the need for an affordable housing impact fee:

> **19. AFFORDABLE HOUSING IMPACT FEE**
> The City will explore the feasibility of an affordable housing impact fee. This would help offset the impact of new development on the need for affordable housing. The City will explore both Commercial linkage fees and residential impact fee options.
> **Objective**: Conduct a nexus study to evaluate the extent to which new development projects contribute to the need for affordable housing.

The City Council and Planning Commission held a joint Housing Workshop on March 5, 2024, where they received an update about the City's current Regional Housing Needs Allocation (RHNA) obligations. Although the City is constructing housing units, there is still a need for more affordable housing units to meet the community's need and the City's RHNA obligations. Currently, there is language in the House Element that encourages new developments to construct 10% of units as affordable. However, there is no mechanism in place to require developers to include affordable housing as part of a project. Subsequently, by consensus, the City Council directed staff to pursue an affordable housing impact fee analysis to encourage the construction of affordable units.

On October 15, 2024 the City released a request for proposals for firms to complete an inclusionary housing ordinance and the analysis to complete an in-lieu fee. Five firms submitted proposals which were reviewed by staff from the City Manager's Office, Community Development Department, and the Finance division.

Keyser Marston Associates (KMA) was selected from the proposers to move forward with an interview. At the conclusion of the interview, staff negotiated a contract for services, which is what is being brought forward today as Attachment 2. KMA’s proposal provides information about the research and analysis to be completed for the City with the final goal of bringing forward an inclusionary housing policy and corresponding in-lieu fee.

The Resolution (Exhibit 1) does not adopt the inclusionary housing ordinance or in-lieu fee; it only grants the City Manager the authority to execute a contract to conduct the research and analysis needed to establish these items. At the conclusion of this project, an Inclusionary Housing Ordinance and In-Lieu Fee will be brought back to City Council for review and approval.

Fiscal Impact:
There is no additional impact to the General Fund. Sufficient funds were approved by the City Council on February 25 2025 for this project, and are available in the Fiscal Year 2024/25 Operating Budget in the General Fund (Fund 100) to support the recommendation.

ATTACHMENTS:
1. Resolution
2. Resolution Exhibit A - Contract with Keyser Marston Associates
3. KMA Proposal