



## City Council Staff Report

---

**Subject:** Inclusionary Housing Program and Commercial Linkage Fee Analyses

**Date:** March 24, 2026

**Submitted By:** Elizabeth Sorg, Assistant to the City Manager  
Aly Zimmermann, City Manager

**Department:** City Manager's Office

---

**Recommendation:**

Receive a report on the Inclusionary Housing Program and Commercial Linkage Fee Analyses, and provide direction to staff.

**Background:**

The City of Rocklin adopted its most recent Housing Element in 2021, covering the planning period from 2021 through 2029. This document outlines the City's housing goals, policies, and implementation strategies to meet the needs of both current and future residents. The proposed Inclusionary Housing Program and Commercial Linkage Fee help to support Program 19, which details that the City will explore the feasibility of an affordable housing impact fee to help offset the impact of new development on the need for affordable housing.

On March 5, 2024, the City Council and Planning Commission conducted a joint housing workshop on the City's current Regional Housing Needs Allocation (RHNA) obligations. One primary theme from the discussion was that while the market in Rocklin was producing new housing units, there remains a need for more affordable housing units to meet the City's Regional Housing Needs Allocation (RHNA) obligations. Policy 3.4 of the City's Housing Element encourages new developments to construct 10% of units as affordable, however, there is no mechanism in place to require affordable housing as part of a project. At the joint housing workshop, the City Council directed staff to pursue an affordable housing impact fee analysis that could encourage the construction of affordable units.

On October 15, 2024, the City released a request for proposal for firms to complete an inclusionary housing ordinance and the analysis to propose an in-lieu fee. On April 8, 2025, the City Council adopted a resolution to enter into a contract with Keyser Marston Associates (KMA) to conduct the research and analysis needed to establish an Inclusionary Housing Ordinance and In-Lieu Fee.

At the June 24, 2025 City Council meeting, the City Council discussed the current efforts underway to evaluate the potential Inclusionary Housing Ordinance and In-Lieu fee program and whether the existing process and timeline matched the urgency necessary to meet the City's affordable housing needs. Two pathways were identified: (1) direct staff to immediately undertake efforts to bring forward for consideration an Ordinance and In-Lieu fee recommendation at the earliest possible timeframe; or (2) proceed along a normal operating timeframe. Following this discussion, the City Council directed staff to bring back timelines for each alternative. Additionally, staff requested that KMA provide an updated accelerated project schedule and the applicable associated costs.

On August 12, 2025, staff returned to the City Council with an overview of three potential timeframes and alternatives for the consideration of an inclusionary housing program and requested that the City Council provide direction to staff for moving forward. The City Council directed staff to proceed with an interim ordinance to immediately establish inclusionary housing requirements within the Rocklin Municipal Code (RMC), while also continuing to proceed with KMA's efforts towards an Inclusionary Housing policy and the establishment of an In-Lieu fee.

On October 7, 2025, staff presented to the Planning Commission an Inclusionary Housing Ordinance (ZOA2025-0003) that established requirements for new residential developments to include a minimum number of affordable units as described below:

- A minimum of fifteen percent (15%) of all dwelling units be developed, offered to, and sold or rented to low-income households; or
- A minimum of ten percent (10%) of all dwelling units be developed, offered to, and sold or rented to very low-income households
- A minimum of five percent (5%) of all dwelling units be developed, offered to, and rented to extremely low-income households.
- Alternative methods of compliance:
  - Off-site construction (requires application by developer and approval by the city)
  - Rehabilitation (requires application by development and approval by the city)
  - In-lieu fee, but only when established by Resolution of the City Council

The Planning Commission recommended approval of the short-term Inclusionary Housing Ordinance to City Council by a vote of 4-0 with one member absent. The Ordinance was then introduced at the October 28, 2025 City Council meeting, adopted at the November 11, 2025 City Council meeting, and became effective on December 11, 2025 (Ordinance No. 1195). On January 13, 2026, the City Council discussed establishing an in-lieu fee; however, as of the current date no fee has been adopted.

Concurrent with the staff-led Inclusionary Housing Ordinance project, consultant KMA has been completing their technical analysis of the current market conditions in Rocklin for residential and commercial development, completing a nexus-based analysis to determine the impact of market rate housing on creating demand for affordable housing, and completing their feasibility study to test different methods to increase supply of affordable units in the city.

As part of this process, KMA and City staff conducted two public workshops and invited members of the development community to attend and provide feedback. The first meeting was held in person on August 5, 2025 to review the proposed housing prototypes; and the second meeting was held virtually on January 9, 2026 to discuss the feasibility of the housing

prototypes based on current market conditions. At each of these meetings, staff from KMA presented their preliminary findings and solicited feedback from attendees. After the meetings, KMA and City staff also shared meeting materials and solicited additional feedback via email, phone calls, and separate meetings with developers. KMA incorporated this feedback into their project.

The attached report marks the summary of a year-long effort to evaluate Rocklin's current development market, the impact of residential and commercial development on affordable housing demand, and Rocklin's state-mandated obligations to create affordable housing. The report concludes that the City should adopt a long-term inclusionary housing ordinance and a by-right in-lieu fee and a commercial linkage fee.

The report demonstrates that market rate housing and commercial development in the City drive affordable housing demand. The proposed In-Lieu and Commercial Linkage fees would provide the City with a source to fill the funding gap for 100% affordable developments, making affordable developments in the City more feasible. In addition, the City's current State imposed RHNA obligations require the City continuously make land available for affordable housing with the objective to increase the production of low, very low, and extremely low income units. Currently the City has minimal one time funding remaining from the dissolved Redevelopment Agency and no ongoing revenue source to help incentivize private developers to build affordable housing on RHNA sites. Given Rocklin is largely built out, without actual production of affordable housing, Rocklin risks loss of limited nonresidential land to state imposed rezoning if RHNA sites develop at market rate.

On March 3, 2026, staff and KMA presented the report to the Planning Commission. The Planning Commission provided the following feedback:

- The Commission recommends adoption of an in-lieu fee competitive with neighboring jurisdictions.
- The Commission recommends staff and KMA explore allowing single family residential developments to meet on-site inclusionary obligations with ADUs.

### Next Steps

The report and presentation are a summary of findings and recommendations intended to inform consideration of a long-term Inclusionary Housing Ordinance and In-Lieu fee. The purpose of the presentation tonight is to solicit City Council feedback and direction. Based on the discussion and direction, if warranted staff will return with proposed amendments to the existing Inclusionary Housing Ordinance and a Resolution establishing fees.

### **Fiscal Impact:**

There is no direct fiscal impact to provide direction to staff.

### **ATTACHMENTS:**

1. [Draft Affordable Housing Inclusionary Program and Commercial Linkage Fee Analysis](#)