



## City Council Staff Report

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**Subject:** Inclusionary Housing In-Lieu Fee

**Date:** January 13, 2026

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

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### **Recommendation:**

Conduct a Public Hearing and Consider the Following Action:

Adopt a Resolution of the City Council of the City of Rocklin, Establishing an Inclusionary Housing In-Lieu Fee.

### **Background:**

On October 28, 2025, the Rocklin City Council introduced Ordinance No. 1195, amending Title 17 of the Rocklin Municipal Code (RMC) to add Chapter 17.95. The ordinance was adopted on November 11, 2025, and was made effective on December 12, 2025. This chapter added inclusionary housing requirements to the RMC for new project construction of 10 or more units for sale or lease as follows:

- A minimum of fifteen percent (15%) of all dwelling units be developed, offered to, and sold or rented to low-income households.
- 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 sold or rented to extremely low-income households.

The background materials for this item are contained in the [October 28, 2025 City Council Meeting Staff Report](#), located on the City website.

The ordinance provides that an in-lieu fee may be established as an alternate method of compliance. At the November 11, 2025 City Council meeting, as part of the action to adopt the ordinance, staff was also directed to bring back an in-lieu fee at a later date.

As part of the multiple City Council meeting discussions on this topic, it has been noted that City staff is working with a consultant, Keyser Marston Associates (KMA) on a comprehensive Inclusionary Housing Study, Ordinance, and fee recommendations. As such, the current ordinance, and any fee, if adopted, may be temporary in nature as KMA continues the comprehensive technical project that has been underway since the spring of 2025.

**In-Lieu Fee Option:** As previously indicated, Ordinance No. 1195 allows for the adoption of an in-lieu fee as an alternative method of compliance with the inclusionary housing requirements of the ordinance. Staff has reviewed the current inclusionary housing programs that are in place in neighboring jurisdictions, throughout the SACOG region, and other cities of similar population, and there is no consistent methodology (fee per unit, fee per square foot, etc.) being used. Additionally, fees vary significantly, reflecting each jurisdictions' philosophy regarding the use of in-lieu fees related to inclusionary housing requirements. As such, staff was not able to determine any consistent method or practice to rely upon when recommending an in-lieu fee to accompany the current ordinance. Instead, following discussions with consultant KMA and review of their draft reports as they continue their work for the City, staff recommends the City Council consider adopting an in-lieu fee of \$10 per square foot for both For Sale and For Lease projects. The fee will be charged on the total square footage of all buildings and structures that are included as part of each housing development project, and be set aside to fund future affordable units in the City.

Developers will have the option to either:

1. Provide the required affordable units in the development; or
2. Pay the in-lieu fee

If developers opt to pay the fee in lieu of building the units, they will have no obligation to construct affordable units in the development.

The feasibility of this fee is based on a number of factors, including current interest rates, the health of the housing market, and the demand for housing. Preliminary reports from KMA indicate that this fee is financially feasible for several different housing types, although attached housing types like townhomes and apartments may be challenged to meet this fee in the current housing market. It is important to note that this fee is not required to be paid; per the City's inclusionary housing requirements, developers can opt to construct the units on-site instead if they find this fee is not feasible for their project.

Fees collected would be used in coordination with the City's Affordable Housing Incentive Program, which offers impact fee reductions, fee deferrals, and a loan of Low-Mod Funding (when available) for affordable developments with a demonstrated financial gap.

Staff recommends the City Council discuss and consider the establishment of an inclusionary housing in-lieu fee. A resolution has been included as Attachment 1 for the City Council's consideration.

### **Environmental Analysis:**

The adoption of the resolution establishing the In-Lieu Fee is not considered a project for purposes of the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations Section 15378 providing that the creation of a funding mechanism which does not involve any commitment to any specific project is not a project for CEQA purposes. The establishment of the proposed Inclusionary Housing In Lieu Fee provides a potential funding mechanism but no specific project is identified at this time. Any project funded with the proposed In-Lieu Fee will be subject to CEQA review at the time a project is determined.

**Fiscal Impact:**

There is no fiscal impact to the General Fund from the staff recommendation.

Any Inclusionary Housing In-Lieu Fee that is established and collected by the City would be deposited into the Low- and Moderate-Income Housing Asset Fund Fees to be used in coordination with the City's Affordable Housing Incentive Program, which offers impact fee reductions, fee deferrals, and a loan of Low-Mod Funding (when available) for affordable developments with a demonstrated financial gap.

**ATTACHMENTS:**

[1. Resolution](#)