



City Council Staff Report

Subject: Inclusionary Housing In-Lieu Fee

Date: June 9, 2026

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

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 November 11, 2025, City Council adopted Ordinance 1195, which requires residential projects within the City to include affordable units as part of their development. In order to meet these obligations, projects can either construct the required percentage of affordable units or comply with the requirements in one of three alternate ways:

- Constructing affordable units offsite
- Paying an in-lieu fee
- Rehabilitating and converting existing market rate units to affordable units

As of today, there is no adopted in-lieu fee that developers can use as an alternative to building the required affordable units.

Since March of 2025, staff have been working with Keyser Marston and Associates to produce a report that recommends an inclusionary housing ordinance, an in-lieu fee, and a commercial linkage fee. On April 28, 2026 as part of a larger discussion about the City's Affordable Housing Inclusionary Program and Commercial Linkage Fee Analysis (the Report), staff presented to City Council three proposed options for an in-lieu fee:

- A \$5 per square foot fee as recommended by the Report
- A \$5 per square foot fee applied only to residential units above 3,000 square feet
- A graduated fee that increases as square footage increases for units

After reviewing an analysis of in-lieu fees for neighboring jurisdictions, City Council directed staff to return with a \$2.75 per square foot fee for residential development.

The Resolution before the City Council (Attachment 1) proposes a \$2.75 per square foot fee that residential developments can opt to pay in-lieu of constructing affordable housing units. The fee is allowed by-right, meaning developers can elect to pay the fee to satisfy the inclusionary obligations and the approval of the fee is a ministerial action; no further conditions would prevent the developer from meeting their obligation once the fee is paid.

This proposed fee does not propose any modifications to the existing Inclusionary Housing Ordinance. Staff continues to work with consultant Keyser Marston on proposed edits to the existing Inclusionary Housing Ordinance that incorporate the feedback provided at the April 28, 2026 City Council meeting.

Staff recommends adoption of this fee to allow residential developments more options to meet affordability requirements while the Inclusionary Housing Ordinance is being revised.

Additionally, based on the recommendations in the Report, staff recommends the fee be indexed to changes in the California Construction Cost Index and adjusted annually. Any future adjustments would be brought before the City Council for approval.

Fiscal Impact:

The adoption of this fee has the potential to create \$5 to \$15 million in total fee revenue based on the number of projects entitled and the density of the units in each project. This revenue will be budgeted in a separate fund to incentivize the creation of affordable housing.

ATTACHMENTS:

[1. Resolution](#)