

RESOLUTION NO. 2024-039

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROCKLIN ADOPTING AN AFFORDABLE HOUSING INCENTIVE PROGRAM FOR QUALIFIED AFFORDABLE HOUSING DEVELOPMENTS

WHEREAS, the City of Rocklin's Regional Housing Needs Allocation (RHNA) is a minimum projection of additional housing units needed to accommodate projected household growth at all income levels by the end of the Housing Element's statutory planning period; and

WHEREAS, the RHNA projects the need for a total of 1,911 Very Low Income units and 1,151 Low Income units; and

WHEREAS, the City of Rocklin is committed to meet the RHNA projections by working with housing developers to expand opportunities for affordable lower-income and workforce housing; and

WHEREAS, the Rocklin 2021-2029 Housing Element sets forth several goals and policies related to the development of affordable housing.

NOW, THEREFORE, the City Council of the City of Rocklin does resolve as follows:

Section 1. The recitals set forth above are true and correct.

Section 2. The City Council hereby establishes an Affordable Housing Incentive Program, attached as "Exhibit A".

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Exhibit A - City of Rocklin Affordable Housing Incentive Program

PASSED AND ADOPTED this 23rd day of January, 2024 by the following vote:

AYES: Councilmembers Bass, Broadway, Gayaldo, Halldin and Janda
NOTES: None
ABSENT: None
ABSTAIN: None



Greg Janda, Mayor

ATTEST:



Haley Reid, Acting City Clerk

EXHIBIT A

CITY OF ROCKLIN AFFORDABLE HOUSING INCENTIVE PROGRAM

Fee Reductions: On January 10, 2023, the Rocklin City Council adopted Ordinance Number 1159, which established a program for development projects to receive a reduction in development impact fees for deed restrict affordable units in the project. The reduction in fees would only be available for those units for sale or lease for people at 60% or less of the area median income. At that same meeting, the City Council also adopted a resolution that established the fee reduction rate of 40% calculated on an individual basis.

Low/Mod Income Housing Fund Contributions: Affordable housing projects require a combination of private equity, tax credits, affordable housing bond proceeds, and any other funds available necessary to make the projects buildable. Typically, these funding sources are very competitive with no guarantee of funding. Because of this, affordable housing projects often fall short of the necessary financing.

If LMIHAF dollars are available, private projects requesting a commitment of funding must first demonstrate a gap in funding by submitting pro-forma that is then verified by an independent third party selected by the City. Based on the analysis of the pro-forma, staff would recommend a dollar amount of \$40,000 per EL or VL unit to be developed. Any investment of the City's Low-Mod Fund would be in the form of a city loan, memorialized in an Affordable Housing Agreement between the developer and the City. The loan would be a residual receipts loan, which would carry an interest rate of 3% per year and would be repaid from 50% of the project's net annual cash flow, with any remaining balance due and payable at the end of 30-year term.

Fee Deferrals: This program would allow for the deferral of residential development fees for eligible low and very low-income housing projects constructed in the City of Rocklin. Fee deferral could be considered whether or not a project is also requesting LMIHAF dollars from the City. The housing development for which fee deferrals are requested under this program must be a "Qualified Residential Development Project", including: (1) at least 10% of units with Affordable Rents or Affordable Housing Costs for Very Low-Income Households; or (2) at least 49% of units with Affordable Rents or Affordable Housing Costs for Low Income Households. Any request for a Fee Deferral would require completing an application, preliminary title report, and execution of agreement, promissory note and deed of trust which may be subordinated to construction and acquisition financing. Fees become payable and interest penalties apply if the project does not provide the affordable housing units promised by Certificate of Occupancy, approximately 24-30 months after construction begins. This assumes the impact fee rates will be locked in at time of permit and not increase during the fee defer. The City may also consider imposing an Application Fee to cover staff and legal processing costs. To ensure compliance and payment of deferred fees, a deed of trust would be recorded against the property to secure the fee amount. Deferring payment of fees to allow for occupancy is a valuable incentive that offers significant savings, as developers would otherwise have to finance this expense, generally from equity, which requires a return once it is funded.