


DRAFT 11/29/22 

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SUNNYVALE ADOPTING UPDATED HOUSING IMPACT FEES
FOR NON-RESIDENTIAL DEVELOPMENTS FOR AFFORDABLE
HOUSING PROJECTS AND PROGRAMS**

WHEREAS, the City has implemented Housing Mitigation Fees since 1983, when the City Council approved a program requiring specified industrial and commercial developments to pay housing impact fees that contribute towards mitigating the impact of industrial and commercial development on the need for affordable housing, and improving the jobs-housing ratio in Sunnyvale; and

WHEREAS, the City has updated the Housing Mitigation Fees periodically, and in 2015 expanded housing impact fees to additional types of non-residential development, as authorized by Sunnyvale Municipal Code section 19.75.030; and

WHEREAS, in 2021, Council directed staff to hire a consultant to prepare a new nexus study to review current fees for four common non-residential land uses, examine whether higher housing impact fees for non-residential development were justified and desirable, and conduct a feasibility analysis to determine the financial impact that new fees could have on non-residential development in the City; and

WHEREAS, the City has received and considered a report from BAE Urban Economics dated November 16, 2022, entitled “Non-Residential Housing Mitigation Fee Nexus Study” (“Nexus Study”); and

WHEREAS, the Nexus Study determined that to fully mitigate the impacts of new non-residential development on the need for affordable housing, the maximum nexus-supported housing impact fee rates would be equivalent to approximately \$190 per square foot for retail and restaurant uses, \$104 per square foot for office, research & development uses, \$35 for industrial uses, and \$58 per square foot for lodging uses (e.g., hotels and motels); and

WHEREAS, the findings from the Nexus Study supported the following recommendations: (1) make no changes to the Housing Mitigation Fee rates for retail and restaurant, lodging, or industrial uses; and (2) increase the Housing Mitigation Fee rates for office, research and development uses, up to a maximum of \$11 per square foot for the first 25,000 square feet and \$22 per square foot for all remaining square feet.

WHEREAS, the recommended changes to the fee structure will help the City meet affordable housing needs, while minimizing constraints for non-residential development; and

WHEREAS, to ensure that non-residential projects remain economically feasible, the recommended housing impact fees are lower than the amount needed to fully mitigate the impacts for each type of non-residential development, as shown in the Nexus Study; and

WHEREAS, the use of housing impact fees will be restricted to mitigate the affordable housing impacts of non-residential developments and will be deposited into the City's Housing Mitigation Fund to be used for affordable housing programs and projects; and

WHEREAS, at least ten (10) days prior to the date this Resolution is being considered, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including general fund revenues in accordance with Government Code section 66019; and

WHEREAS, no persons have requested notice of these fees in accordance with Government Code section 66019; and

WHEREAS, notice of the hearing on the proposed fees was published in the manner set forth in Government Code section 6062a, and was otherwise given in the manner required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE AS FOLLOWS:

1. The Council hereby amends the Master Fee Schedule and adopts the housing impact fees for non-residential development projects, as shown on Exhibit "A", attached hereto and incorporated by reference herein.
2. The Council finds that all of the housing impact fees adopted pursuant to this Resolution do not exceed the actual affordable housing impacts of the development projects to which those housing impact fees relate, as further set forth in the Nexus Study.
3. The housing impact fees adopted pursuant to this Resolution will be adjusted annually for inflation based on the Consumer Price Index for all urban consumers for the San Francisco-Oakland-San Jose area.
4. The establishment of fees herein is exempt from the requirements of the California Environmental Quality Act pursuant to California Code of Regulations, title 14, section 15378(b)(4), because it is related to the creation of government funding mechanisms or other fiscal activities which do not involve any commitment to any specific project.

Adopted by the City Council at a regular meeting held on _____, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
RECUSAL:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT A
CITY OF SUNNYVALE
FISCAL YEAR 2022/23
FEE SCHEDULE

	<u>Fiscal Year</u> <u>2022/23</u>	<u>Oracle</u> <u>Fund</u>	<u>Oracle</u> <u>Program</u>	<u>Natural</u> <u>Account</u>	<u>Natural Account</u> <u>Title</u>
<u>OTHER PLANNING ITEMS (cont'd)</u>					
Expanded Noticing Fee					
500-foot radius	\$402.00	6181	10410	430715	Major Permit Application Fees - Other
1,000-foot radius	\$1,263.00	6181	10410	430715	Major Permit Application Fees - Other
2,000-foot radius	\$2,586.00	6181	10410	430715	Major Permit Application Fees - Other
Consultant Provided Special Studies or Services	As needed	1001	00001		
Consultant Provided Special Studies or Services: Staff Review (% of consulting fee)	10% minimum of \$1,886.00	6181	10406	430715	Major Permit Application Fees - Other
TO BE ADDED AFTER ORDINANCE ADOPTION					
<u>4.02(i) DEVELOPMENT IMPACT FEES RELATED TO HOUSING</u>					
Legacy Housing Mitigation Fees for Industrial Projects SMC 19.22.035	\$13.00 per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
(For projects subject to 19.22.035 & approved on or before 9/13/15)					
Housing Impact Fee for Nonresidential Developments (SMC 19.75.030) Office/R&D Projects					
First 25,000 net new sq. ft. of project	\$11.00				
(parking structures & amenity buildings exempt)	per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
All remaining net new sq. ft. of project	\$22.00				
	per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
Office/Industrial/R&D Projects					
First 25,000 net new sq. ft. of project	\$9.80				
(parking structures & amenity buildings exempt)	per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
All remaining net new sq. ft. of project	\$19.50				
	per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
Retail/Lodging Projects	\$9.80				
Applies to all net new sq. ft. in project	per Applicable Sq. Ft.	2021	10503	432033	Housing Mitigation
Housing Impact Fee For Rental Housing (SMC 19.75.040) (Applies to net new habitable sq ft in rental projects approved between 9/14/15 and 11/7/2019)					