



Meeting Date: 2/07/06

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Ernest Whitaker *EW* Agenda Item No. N-2

Reviewed By: City Manager *[Signature]* City Attorney Holmberg *[Signature]* Finance *[Signature]* Other (Specify) _____

DATE: January 20, 2006

TO: City Council

FROM: Sal Gonzalez, Housing Director *[Signature]*
Housing Department

SUBJECT: Affordable Housing and In-Lieu Fee Ordinance

RECOMMENDATION

That City Council approve the first reading by title only and subsequent adoption of an ordinance amending Ordinance No. 2615 regarding in-lieu fees.

DISCUSSION

City Council gave direction to staff at its meeting of September 20, 2005 regarding proposed modifications to Affordable Housing and In-lieu Fee Ordinance No. 2615, which became effective January 3, 2003.

Council directed staff as follows:

- Establish a minimum in-lieu fee
- Set the fee at 1% of sales price
- Eliminate present in-lieu fee "triggers" of price and percentage of RHNA goals met
- Provide that City Council must approve requests for an in-lieu fee on a case by case basis

The proposed ordinance has been developed by staff members from Housing, City Attorney, Finance, Planning, and Development Services.

The key provisions of the proposed ordinance are as follows:

1. If a developer does not wish to build the affordable units on site, a written request to pay an in-lieu fee is to be submitted at the time of application for land use approvals. The City Manager places the request on a City Council agenda and the City Council determines whether or not the fee is to be paid, taking into consideration the criteria in the ordinance. The criteria include the price of the homes in the project, the City's progress toward meeting RHNA goals, and also includes the consideration of the nature of the project and feasibility of providing affordable housing on site.

2. If the request to pay the in-lieu fee is granted, the following conditions apply:
 - a. The minimum fee is \$5,000 for all units \$500,000 or less;
 - b. Over \$500,000, the fee is 1% of the estimated sales price, based on increments of \$50,000, i.e. if the sales price is from \$500,000 to \$550,000, the fee is \$5500; if the sales price is from \$551,000 to \$600,000, the fee is \$6,000; and so forth;
 - c. If the actual sales price exceeds the estimated sales price so as to place the unit in a higher increment, the developer must pay the difference to the City within 15 days of the close of escrow.
 - d. The in-lieu fee for apartments is \$4,590. This is the amount presented at the September 20, 2005 meeting. This amount will be adjusted every six months based on the Consumer Price Index (CPI).

The payment of the fee will be paid at the time building permits are pulled. The timing of the payment has been thoroughly discussed by staff, which believe that from a City administrative viewpoint this is the most appropriate time.

The Building Industry Association (BIA) has reviewed the ordinance and prefers that the fee be paid at the time of electrical hookup. BIA believes that the fee payment at the time of permitting ties up needed capital and will impact the cash flow and returns for the homebuilder. Payment at the time of the electrical hook up would provide the City with a more accurate pricing of the units. BIA also does not agree that upgrades selected by the buyers should be included in the fee.

Staff has considered BIA's concerns but still recommends payment at the time permits are drawn. Experience has shown that there is too much pressure by buyers to quickly move in at the time of electrical hook up. Staff's view is that this pressure places an unnecessary burden on staff when it is coupled with payment of the in-lieu fee.

Staff proposes to perform periodic monitoring of developer payments.

FINANCIAL IMPACT

There is no estimated financial impact to the current Fiscal Year budget (FY 2005-2006).

EW/em

Attachment #1 - Proposed Ordinance

CITY COUNCIL OF THE CITY OF OXNARD

ORDINANCE NO.

ORDINANCE OF THE CITY OF OXNARD, CALIFORNIA
AMENDING ORDINANCE NO. 2615, CONCERNING IN-LIEU FEES

The City Council of the City of Oxnard does ordain as follows:

Part 1. Part 10 of Ordinance No. 2615 is amended to read:

“Part 10. As part of the developer’s application for any land use approvals for a project that is subject to this ordinance, the developer may make a written request that instead of providing such affordable housing units within the proposed project or off site, the developer make an in-lieu Affordable Housing Payment (“Payment”) to the City’s Affordable Housing Trust Fund.

“(a) The City Council shall decide such requests, as follows:

- (i) The City Manager shall cause the request to be placed on a City Council agenda.
- (ii) The City Council shall consider the following factors in determining whether to grant a request:
 - a. the size, type and nature of the lots and homes and/or apartment buildings and units proposed for the development;
 - b. the prices for which the developer plans to sell the market rate homes or rent market rate apartment units;
 - c. the extent to which the proposed development may be designed or redesigned to allow the production of quality units at lower costs; and
 - d. the extent to which City is meeting the affordable housing goals of its general plan.

“(b) If the request is granted, the developer shall make a Payment of 1% of the sales price of each for sale unit in the project, as set out in subsections (c) and (d) of this Part 10, with a minimum Payment of \$5,000 for each for sale unit, and the developer shall make a Payment of \$4590 for each rental unit. Payment for each rental unit shall be made when the developer applies for a building permit for that unit.

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“(c) With regard to for sale units, the developer shall make a Payment based on the developer’s good faith estimate of the sales price of the unit. The Payment shall be \$5,000 for a unit for which the estimated sales price is \$500,000 or less. If the estimated sales price is over \$500,000, the Payment shall be 1% of the estimated sales price, based on increments of \$50,000. The Payment shall be \$5500 for a unit for which the estimated sales price is between \$500,000.01 and \$550,000.00, and the Payment shall be \$6,000 for a unit for which the estimated sales price is between \$550,000.01 and \$600,000.00, and so forth.

“(d) With regard to for sale units, including model units, the Payment shall be made at the time the developer applies for building permits. If the actual sales price is less than the estimated sales price, the developer shall receive no refund. If the actual sales price exceeds the estimated sales price so as to place the unit in a higher \$50,000 increment, the developer shall, within 15 days of the close of escrow on the unit, provide to the Development Services Manager evidence of the actual sales price of the unit and pay the difference between the Payment made on the estimated sales price and the Payment due on the actual sales price. The actual sales price shall include the total amount paid for the unit, including any fixtures and personal property.

“(e) The developer’s failure to timely pay the difference between the Payment made on the estimated sales price and the actual sales price shall subject the developer to a fines and penalties set out in City Code Section 1-10.

“(f) With regard to rental units, beginning on July 1, 2006, and every six months thereafter, Housing Director shall adjust the Payment by the percentage increase or decrease for the previous six months as determined by the Los Angeles Riverside-Orange County Consumer Price Index for All Urban Consumers.”

Part 2. Part 12 of Ordinance No. 2615 is repealed.

Part 3. Within fifteen days after passage, the City Clerk shall cause this ordinance to be published one time in a newspaper of general circulation within the City. Ordinance No. _____ was first read on _____, 2005, and finally adopted on _____, 2005, to become effective thirty days thereafter.

Part 4. This ordinance shall apply to applications for land use approvals that are filed after the effective date of this ordinance and to applications for land use approvals that have been filed but have not been accepted as complete as of the effective date of this ordinance.

AYES:

NOES:

ABSENT:

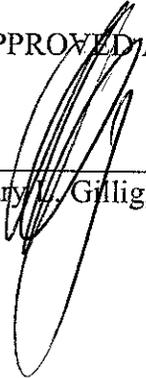
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Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Gary L. Gillig, City Attorney

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