

City Council Meeting: 10-2023

Santa Monica, California

RESOLUTION NUMBER _____ (CCS)

(City Council Series)

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF SANTA MONICA AUTOMATICALLY ADJUSTING
THE AFFORDABLE HOUSING UNIT BASE FEE FOR
NEW MARKET-RATE MULTIFAMILY DEVELOPMENT PURSUANT TO
SANTA MONICA MUNICIPAL CODE SECTION 9.64.070(B) BASED ON
CHANGES IN CONSTRUCTION COSTS AND LAND COSTS

WHEREAS, on November 8, 2005, the City Council amended Santa Monica Municipal Code Section 9.56.070, now renumbered Section 9.64.070, to provide that commencing on July 1, 2006, the Affordable Housing Unit Base Fee shall be automatically adjusted annually by City Council resolution based on changes in construction costs and land costs; and

WHEREAS, in order to implement the Council's decision, staff formulated a specific method of measuring changes in construction costs and land costs; and

WHEREAS, this proposed methodology was detailed in an April 24, 2006 letter prepared by Paul S. Silvern of HR&A Advisors, Inc. ("HR&A") on behalf of the City and approved by the Council on June 13, 2006; and

WHEREAS, pursuant to this methodology, on June 27, 2006, the City Council adopted Resolution No. 10149 (CCS) which established an affordable housing unit base

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fee for condominiums of \$28.15 per square foot and an affordable housing unit base fee for apartments of \$24.10 per square foot; and

WHEREAS, pursuant to this methodology, on July 24, 2007, the City Council adopted Resolution No. 10229 (CCS) which incrementally adjusted these base fees by \$1.41 per square foot for new market rate condominiums and \$1.21 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on July 23, 2008, the City Council adopted Resolution No. 10329 (CCS) which incrementally adjusted these base fees by \$1.33 per square foot for new market rate condominiums and \$1.14 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on September 8, 2009, the City Council adopted Resolution No. 10422 (CCS) which incrementally adjusted these base fees by \$0.80 per square foot for new market rate condominiums and \$0.69 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on September 28, 2010, the City Council adopted Resolution No. 10529 (CCS) which incrementally decreased these base fees by \$0.41 per square foot for new market rate condominiums and \$0.35 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on June 14, 2011, the City Council adopted Resolution No. 10578 (CCS) which incrementally adjusted these base fees by

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\$0.66 per square foot for new market rate condominiums and \$0.56 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on September 11, 2012, the City Council adopted Resolution No. 10705 (CCS) which incrementally adjusted these base fees by \$0.26 per square foot for new market rate condominiums and \$0.22 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 27, 2013, the City Council adopted Resolution No. 10763 (CCS) which incrementally adjusted these base fees by \$0.26 per square foot for new market rate condominiums and \$0.22 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 26, 2014, the City Council adopted Resolution No. 10833 (CCS) which incrementally adjusted these base fees by \$2.34 per square foot for new market rate condominiums and \$2.00 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 25, 2015, the City Council adopted Resolution No. 10902 (CCS) which incrementally adjusted these base fees by \$1.71 per square foot for new market rate condominiums and \$1.46 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 23, 2016, the City Council adopted Resolution No. 10985 (CCS) which incrementally adjusted these base fees by

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\$1.31 per square foot for new market rate condominiums and \$1.13 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 8, 2017, the City Council adopted Resolution No. 11069 (CCS) which incrementally adjusted these base fees by \$1.89 per square foot for new market rate condominiums and \$1.62 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 14, 2018, the City Council adopted Resolution No. 11130 (CCS) which incrementally adjusted these base fees by \$1.99 per square foot for new market rate condominiums and \$1.70 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 13, 2019, the City Council adopted Resolution No. 11191 (CCS) which incrementally adjusted these base fees by \$0.92 per square foot for new market rate condominiums and \$0.79 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on August 24, 2021, the City Council adopted Resolution No. 11356 (CCS) which incrementally decreased these base fees by \$1.15 per square foot for new market rate condominiums and \$0.99 per square foot for new market rate apartments; and

WHEREAS, pursuant to this methodology, on October 25, 2022, the City Council adopted Resolution No. 11478 (CCS) which incrementally decreased these base fees

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by \$1.15 per square foot for new market rate condominiums and \$0.99 per square foot for new market rate apartments; and

WHEREAS, Resolution No. 10149 (CCS), Resolution No. 10229 (CCS), Resolution No. 10329 (CCS), Resolution No. 10422 (CCS), Resolution No. 10529 (CCS), Resolution No. 10578 (CCS), Resolution No. 10705 (CCS), Resolution No. 10763 (CCS), Resolution No. 10833 (CCS), Resolution No. 10902 (CCS), Resolution No. 10985 (CCS), Resolution No. 11069 (CCS), Resolution No. 11130 (CCS), Resolution No. 11191 (CCS), and Resolution No. 11356 (CCS), and Resolution No. 11478(CCS) thereby established an affordable housing unit base fee for condominiums of \$ 45.70 per square foot and an affordable housing unit base fee for apartments of \$39.35; and

WHEREAS, in accordance with Santa Monica Municipal Code Section 9.64.070 and the City Council's approved methodology, staff has calculated the required incremental adjustment to these base fees based on the changes to construction costs and land costs that have occurred since the adjustment undertaken last year; and

WHEREAS, on, September 8, 2023, the City published a notice that at the October 10, 2023 City Council meeting, the City Council would consider a proposed resolution to incrementally adjust the affordable housing fee that private developers pay to the City for the production of affordable housing based on this methodology and that the staff analysis was available for review in the City Clerk's Office; and

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WHEREAS, the City republished this notice on September 22, 2023 and

WHEREAS, a copy of staff's analysis has been available in the City Clerk's Office for public review September 7, 2023; and

WHEREAS, based on this analysis, an increase in the amount of \$2.27 per square foot of the current Affordable Housing Unit Base Fee of \$39.12 for apartments and an increase in the amount of \$2.65 per square foot of the current Affordable Housing Unit Base Fee of \$45.70 for condominiums would be appropriate,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES RESOLVE AS FOLLOWS:

SECTION 1. The current Affordable Housing Unit Base Fee for new market rate condominiums of \$45.70 per square foot established by Resolution No. 10149 (CCS), Resolution No. 10229 (CCS), Resolution No. 10329 (CCS), Resolution No. 10422 (CCS), Resolution No. 10529 (CCS), Resolution No. 10578 (CCS), Resolution No. 10705 (CCS), Resolution No. 10763 (CCS), Resolution No. 10833 (CCS), Resolution No. 10902 (CCS), Resolution No. 10985 (CCS), Resolution No. 11069 (CCS), Resolution No. 11130 (CCS), Resolution No. 11191 (CCS), Resolution No. 111356 (CCS) and Resolution No. (CCS) 11478 shall be increased by \$2.65 per square foot of floor area.

SECTION 2. The current Affordable Housing Unit Base Fee for new market rate apartment of \$39.12 per square foot established by Resolution No. 10149 (CCS), Resolution No. 10229 (CCS), Resolution No. 10329 (CCS), Resolution No. 10422

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(CCS), Resolution No. 10529 (CCS), Resolution No. 10578 (CCS), Resolution No. 10705 (CCS), Resolution No. 10763 (CCS), Resolution No. 10833 (CCS), Resolution No. 10902 (CCS), Resolution No. 10985 (CCS), Resolution No. 11069 (CCS), Resolution No. 11130 (CCS), Resolution No. 11191, Resolution No. 111356 (CCS), and Resolution No. (CCS) 11478 shall be increased by \$2.27 per square foot of floor area.

SECTION 3. Resolution No. 10149 (CCS), Resolution No. 10229 (CCS), Resolution No. 10329 (CCS), Resolution No. 10422 (CCS), Resolution No. 10529 (CCS), Resolution No. 10578 (CCS), Resolution No. 10705 (CCS), Resolution No. 10763 (CCS), Resolution No. 10833 (CCS), Resolution No. 10902 (CCS), Resolution No. 10985 (CCS), Resolution No. 11069 (CCS), Resolution No. 11130 (CCS), Resolution No. 11191 (CCS), Resolution No. 11356 (CCS), and Resolution No. (CCS) 11478 shall remain in full force and effect and shall not be superseded or altered by this resolution in any way.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect on December 1, 2023.

APPROVED AS TO FORM:

City Attorney