



City of Culver City

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Staff Report

File #: 22-35, **Version:** 1

Item #: C-6.

CC - Adoption of an Ordinance Adding Subchapter 15.06.400, Affordable Housing Commercial Development Linkage Fee, to the Culver City Municipal Code Establishing an Affordable Housing Commercial Development Linkage Fee of \$5 Per Net Leasable Square Foot, which will be Applied to New Non-Residential Development and Used to Create Affordable Housing.

Meeting Date: July 12, 2021

Contact Person/Dept: Todd Tipton CDD/Economic Development

Phone Number: 310-253-5783

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☐ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (07/07/2021); (Posted) City Website (07/07/2021)

Department Approval: Sol Blumenfeld, Community Development Director (07/01/2021)

RECOMMENDATION

Staff recommends the City Council adopt an Ordinance adding Subchapter 15.06.400, Affordable Housing Commercial Development Linkage Fee, to the Culver City Municipal Code establishing an Affordable Housing Commercial Development Linkage Fee of \$5 per net leasable square foot, which will be applied to new non-residential development and used to create affordable housing (Attachment 1).

BACKGROUND/DISCUSSION

The City Council has expressed interest in facilitating the production of low, moderate and workforce housing in the City to address the problem of housing affordability and satisfying state and regional affordable housing mandates. To date, the City Council adopted Rent Control and Tenant Protection Ordinances and recently adopted a Mixed-Use Inclusionary Ordinance to preserve existing affordable units and expand opportunities for new affordable unit development.

The City Council also expressed interest in pursuing Linkage Fees. With the wind down of

redevelopment agencies in 2012, most cities have struggled with facilitating affordable housing production and have turned to mandatory inclusionary housing requirements and affordable housing development impact fees, also called “Linkage Fees” to create new affordable housing. A proposed Linkage Fee was recommended for City Council consideration in the 2019 Housing Division workplan.

As a development impact fee, a Linkage Fee may only be established when there is a nexus (reasonable relationship) between the fee and a development’s impacts such as, in this case, the unmet housing need and employment growth in a community. In order to study the housing demand issues created by new Culver City employment, the City retained Economic & Planning Systems, Inc. (EPS) to prepare a linkage fee nexus study (Study) and conduct public outreach to gather input from community members and stakeholders. As set forth in the Study, the conceptual underpinning of the fee is that new non-residential development creates new jobs, with many jobs paying wages below what is required for a worker to afford a market-rate housing unit in the City.

On June 28, 2021, the City Council unanimously introduced the proposed Ordinance adding Subchapter 15.06.400, Affordable Housing Commercial Development Linkage Fee, to the Culver City Municipal Code establishing an Affordable Housing Commercial Development Linkage Fee of \$5 Per Net Leasable Square Foot, which will be Applied to New Non-Residential Development and Used to Create Affordable Housing. The proposed Ordinance is now presented for adoption.

FISCAL ANALYSIS

The purpose of the linkage fee established through the Study is to fund the development and preservation of affordable housing projects in the City required by the increase in local, lower wage workers employed by new nonresidential development. The businesses that occupy new nonresidential buildings will hire employees, many of whom will have difficulty finding suitable local housing they can afford. The use of fee, collected by the City, is to assist in the production or rehabilitation of affordable housing units and/or the acquisition of existing at-risk units, in the City. The fee may also fund the studies and administration to support the fee program. If the proposed Ordinance is adopted, an affordable housing linkage fee of \$5 per square foot applied to non-residential development could generate approximately \$1.15 million annually.

ATTACHMENTS

1. 2021-07-14_ATT 1_Proposed Ordinance adding Subchapter 15.06.400.

MOTION

That the City Council:

Adopt an Ordinance adding Subchapter 15.06.400, Affordable Housing Commercial Development Linkage Fee, to the Culver City Municipal Code establishing an Affordable Housing Commercial Development Linkage Fee of \$5 per net leasable square foot, which will be applied to new non-

residential development and used to Create Affordable Housing.