



Item No. 3 Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: SUNG H. KWON, TOWN PLANNER

DATE: APRIL 19, 2023

SUBJECT: ACCEPT THE SCOPE OF WORK FOR THE INCLUSIONARY STUDY AS DIRECTED BY THE ADOPTED HOUSING ELEMENT; DIRECT THE CITY ATTORNEY TO PREPARE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR THE WORK; AND ADOPT THE ATTACHED BUDGET AMENDMENT RESOLUTION TO APPROPRIATE FUNDS WITHIN THE FY 2022/23 BUDGET TO COMPLETE THE STUDY

RECOMMENDATION

Accept the Scope of Work for the Inclusionary Study as directed by the Adopted Housing Element; direct the City Attorney to prepare and authorize the City Manager to execute an agreement for the work; and adopt the attached Budget Amendment Resolution to appropriate \$97,200 within the FY 2022/23 Budget to complete the Study.

BACKGROUND

As part of the Housing Element adoption on January 31, 2023, the City Council directed the implementation of a variety of programs to meet the State mandates. One of the programs directed was the adoption of an Inclusionary Zoning Ordinance. As part of developing this Ordinance, the Town is required to complete a Nexus Study.

Program 3.814 Adoption of an Inclusionary Zoning Ordinance

Inclusionary Fee. Adopt a new inclusionary ordinance for multifamily development and housing fee for all new single family housing construction and additions. The Town will complete a nexus study and develop an inclusionary housing ordinance that would require 20% affordable units with new multifamily development and a new fee for single family development and additions. The fee will provide an option to provide affordable deed restricted ADU or JADU on-site in-lieu of paying the fee. Funds generated by this fee will be used to support affordable housing in Atherton which may include subsidizing new multifamily housing development, an ADU rental program

and supporting affordable housing opportunities in the Town. The Town will develop a program on the use of funds.

FINDINGS | ANALYSIS

Completion of the Nexus and Feasibility Study is required as a precursor to determining the fee to be applied. The timeline for completion of the Study is one (1) year following adoption of the Housing Element. Staff recommends moving forward with the Nexus and Feasibility Study to complete the analysis required to guide the development of the Inclusionary Zoning Ordinance.

BAE's scope and budget for this Study is included as Attachment 2.

POLICY FOCUS

The purpose of inclusionary housing policy review and in-lieu fees is to allow for the development of affordable housing as part of housing development. Implementation of this program will provide an alternative way for housing developers to provide affordable housing as required by state law.

FISCAL IMPACT

The overall fiscal impact to the General Fund would be \$97,200. Funds would be allocated from the Unallocated General Fund Balance.

GOAL ALIGNMENT

Goal A- Maintain Fiscal Responsibility

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENT

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| Attachment 1: | Resolution of the City Council of the Town of Atherton budget adjustment for the inclusionary study |
| Attachment 2: | Scope and Budget for fiscal analysis/nexus study by BAE. |