



MARIN COUNTY COMMUNITY DEVELOPMENT AGENCY

BRIAN CRAWFORD, DIRECTOR

To: Brian C. Crawford, Director
 From: Leelee Thomas, Principal Planner, Housing and Redevelopment
 Re: Update to the In-Lieu Fee for provision of low and moderate income housing
 Date: December 19, 2008

Marin County is experiencing a severe shortage of affordable housing for people earning low and moderate-incomes. In an effort to increase the stock of affordable housing, an In-Lieu Participation Fee was established in Section 22.22.080 of the Marin County Code (Affordable Housing Regulations), and as required by the County's Inclusionary Zoning Ordinance (Ordinance).

The Ordinance requires that all projects proposing 2 or more units dedicate 20% of the project to affordable housing for low and very low income households. In cases where the project results in less than 0.5 of a unit, the developer is required to pay the In-Lieu Participation Fee to satisfy the inclusionary requirement (please see the example below).

Examples of project sizes and Inclusionary requirements

Project Size	Units Required	Fee Required
1	N/A	N/A
2	0	\$92,808
3	1	None
4	1	None
5	1	None
6	1	\$46,404
7	1	\$92,808
8	2	None
9	2	None
10	2	None

The amount of the updated In-Lieu Participation Fee was established through a report commissioned by the Marin County Community Development Agency entitled, "Inclusionary Zoning In-Lieu Fee Analysis" (available on-line at www.marinhousinghelp.org). The report identifies the "housing affordability gap" based on an analysis of the following factors: (1) the construction costs of new residential development in Marin County; (2) the price of modest housing in Marin County; and, (3) the amount that low-income households can afford to pay for housing. The updated In-Lieu Participation Fee is currently **\$232,020.00** based on the information provided in the analysis.

On September 16, 2008 the Board of Supervisors accepted the report and the proposed update of the In-Lieu Participation Fee in order to ensure that "Payment of in-lieu fees or for fractional unit requirement shall be at a rate adequate to create the affordable units off-site."

The Inclusionary Zoning Ordinance stipulates that the County shall adjust the In-Lieu Participation Fee annually. The annual adjustment of the In-Lieu Participation Fee will prevent large, one-time increases in the future and will ensure that the In-Lieu Participation Fee correctly reflects the current costs of residential development. The annual adjustment mechanism will evaluate the Shelter category of the Consumer Price Index and the Building and Construction Cost Index published in the Engineering News Record, and update the fee based on which index provides a higher figure.