Approved as to form:

By: _____ *for*
Veronica A.F. Nebb
City Attorney

RESOLUTION NO. ____ N.C.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO AMENDING THE MASTER FEE SCHEDULE TO ADD INCLUSIONARY HOUSING IN-LIEU FEES

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WHEREAS, the City of Vallejo's 2023-2031 Housing Element includes Program B 2.1.1, which directs the City to seek housing developer input, conduct the necessary economic analysis, and consider an Inclusionary Housing Ordinance addressing project thresholds, affordability levels, compliance options, incentives, construction timing, and administration; and

WHEREAS, to implement Housing Element Program B 2.1.1, the City retained Economic & Planning Systems, Inc. (EPS) to conduct developer outreach and prepare an economic feasibility analysis of potential inclusionary housing requirements and in-lieu fees; and

WHEREAS, on September 9, 2026, the Planning Commission adopted Resolution PC26-17 recommending that the City Council add Chapter 16.216, Affordable Housing Requirements, to the Vallejo Municipal Code (VMC) and consider and adopt revisions to the proposed ordinance, directing annual reporting to the Commission, and recommending that Council direct a feasibility analysis approximately two years after enactment; and

WHEREAS, on October 27, 2026, the City Council held a public hearing on the Inclusionary Housing Ordinance and directed staff to revise the ordinance to reflect the Planning Commission's recommended 10-unit applicability threshold and affordability requirements and to make the ordinance effective 90 days after final passage; and

WHEREAS, on November 10, 2026, the City Council adopted Ordinance No. 1892 N.C.(2d), adding VMC Chapter 16.216, Affordable Housing Requirements, with an effective date of February 8, 2027; and

WHEREAS, Section 16.216.05 of the Ordinance authorizes payment of an in-lieu fee as an alternative to providing some or all required affordable units, requires the City Council to establish the amount of the fee by resolution, and provides for payment before issuance of building permits and deposit into a separate City fund designated for affordable housing; and

WHEREAS, notice of the December 8, 2026 public hearing on the proposed in-lieu fee schedule and related CEQA determination was published as a one-eighth-page display advertisement in the Times-Herald, a newspaper of general circulation, on November 22 and 29, 2026. The first publication occurred at least 14 calendar days before the hearing pursuant to VMC Section

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16.602.08(D) and (E), and the two publications were spaced consistent with Government Code Sections 66018(a) and 6062a. Notice was also mailed on November 23, 2026, pursuant to Government Code Section 66019(b), to all interested parties who had filed written requests for mailed notice of meetings on new or increased fees; and

WHEREAS, the proposed resolution, including the in-lieu fee schedule and supporting economic analysis, were made available for public review beginning November 22, 2026 on the City's Inclusionary Housing and Commercial Linkage project webpage and at the Planning and Development Services Department, 555 Santa Clara Street, Vallejo; and

WHEREAS, after giving all public notices required by State law and the VMC, the City Council conducted a duly noticed public hearing on December 8, 2026, to consider and receive public testimony on the proposed in-lieu fee schedule and related CEQA determination.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF VALLEJO, CALIFORNIA, DOES HEREBY DECLARE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Recitals.

The foregoing recitals are true and correct, and the same are incorporated herein by reference.

SECTION 2. Record.

The Record of Proceedings ("Record") upon which the City Council bases its decision includes but is not limited to: (1) the staff reports, City files and records, the EPS Feasibility Analysis of Inclusionary Housing Requirements, Planning Commission Resolution PC26-17 and its exhibits, written public comments, and other documents prepared for the Inclusionary Housing Ordinance and this Resolution; (2) the evidence, facts, findings, and other determinations set forth in this Resolution; (3) the Vallejo General Plan 2040 and its Final Environmental Impact Report; (4) the Addendum to the General Plan 2040 Final Environmental Impact Report adopted for the 2023-2031 Housing Element; (5) the VMC and its related environmental documents; (6) all documentary and oral evidence received at public meetings and hearings, or otherwise submitted to the City, relating to the Inclusionary Housing Ordinance and this Resolution; and (7) all other matters of common knowledge to the City Council including, but not limited to, City, State, and federal laws, policies, rules, regulations, reports, records, and projections related to development within the City of Vallejo and its surrounding areas.

The location and custodian of the records is the Office of the City Clerk, 555 Santa Clara Street, Vallejo, California 94590.

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SECTION 3. CEQA.

Based on the record described above, the City Council finds that adoption of this Resolution is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3), the common-sense exemption.

This Resolution establishes the in-lieu fee schedule for an alternative means of compliance authorized by VMC Chapter 16.216. Existing land use designations, density limits, and development standards continue to govern residential development subject to the fee schedule. Adoption of the fee schedule does not approve any development or commit the City to fund, construct, or approve any particular affordable housing project. Any future project proposed for funding with fee revenues will be subject to CEQA review as applicable.

Based on the record, the City Council finds with certainty that adoption and implementation of the fee schedule have no possibility of causing a significant effect on the environment, either directly or through reasonably foreseeable indirect effects.

SECTION 4. Fee Basis and Adoption.

The City Council hereby (1) adopts the Inclusionary Housing In-Lieu Fee Schedule set forth in Exhibit A, attached hereto and incorporated herein by reference; and (2) amends the "Development Impact Fees and Excise Tax" portion of the Master Fee Schedule to include the adopted fees, as shown in Exhibit B, attached hereto and incorporated herein by reference.

The in-lieu fees in Exhibit A are drawn from Option B in Tables 9 and 10 of the EPS Feasibility Analysis of Inclusionary Housing Requirements. That analysis evaluated the financial impact of providing affordable housing units on-site for representative rental and ownership residential developments. The affordability percentages shown in Option B correspond to the requirements established in VMC Section 16.216.04. The fee schedule in Exhibit A applies the fees derived from the economic feasibility analysis to the applicable development categories and project-size thresholds established by VMC Chapter 16.216. The fees shall be calculated based on the market-rate residential floor area of each development, as shown in Exhibit A.

SECTION 5. Collection and Use.

In-lieu fees shall be paid before issuance of building permits and deposited into a City fund designated for the development of affordable housing pursuant to VMC Chapter 16.216. Unexpended balances shall remain in the fund at the close of each fiscal year. Any interest and investment earnings attributable to the fund, including earnings allocated through any pooled investment program, shall be credited to the fund and used solely for its authorized purposes. Revenues shall be used for affordable housing development in the City of Vallejo, including land acquisition, predevelopment activities, and construction, and for reasonable costs of

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administering City affordable housing programs, consistent with VMC Chapter 16.216 and applicable law.

The Planning and Development Services Director, in coordination with the Finance Director, shall recommend proposed uses of the fund to the City Council. Expenditures shall require City Council approval through the adopted budget, a midyear budget adjustment, or a separate Council action appropriating funds, and shall be consistent with VMC Chapter 16.216 and this Resolution. The City Manager, or designee, may administer approved expenditures and execute implementing agreements within the authority provided by the City's purchasing and contracting requirements.

The Finance Director, in coordination with the Planning and Development Services Director, shall maintain financial records for the fund and monitor expenditures for consistency with its authorized purposes. An annual report shall be provided to the City Council identifying receipts, earnings, expenditures, outstanding commitments, the remaining fund balance, and activities supported by the fund. This information may be incorporated into the City's General Plan Annual Progress Report (APR) submitted to the California Department of Housing and Community Development and the Governor's Office of Land Use and Climate Innovation by April 1st of each year. The City shall also post information on its website concerning inclusionary housing in-lieu fee collections and uses as required by Government Code Section 65906.6.

SECTION 6. Implementation and Future Changes.

The Planning and Development Services Director and Finance Director shall implement the amendment to the Master Fee Schedule adopted pursuant to Section 4 of this Resolution. The City Manager, or designee, shall develop, adopt, and publish administrative procedures for calculating and administering the fees consistent with VMC Chapter 16.216 and this Resolution.

The procedures shall address application of the adopted fee schedule, including floor-area measurement and documentation, allocation of shared residential areas, projects containing multiple development categories, partial compliance through a combination of affordable units and fee payment, and fractional affordable-unit obligations eligible for fee payment under VMC Section 16.216.04(B). The procedures shall establish the calculation methods and supporting documentation necessary for consistent implementation. The procedures shall be completed before the fees become operative. The administrative procedures shall implement, and shall not amend, the adopted fees, development categories, floor-area definitions, or requirements of VMC Chapter 16.216.

The inclusionary housing in-lieu fees shall not be subject to automatic fee escalators or service-fee surcharges otherwise applicable under the City's Master Fee Schedule. Any adjustment to the adopted fees or application of a surcharge shall require express City Council authorization.

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SECTION 7. Effective and Operative Dates.

This Resolution takes effect upon adoption for administrative implementation. The Master Fee Schedule amendment and fees shall become operative 60 days after adoption of this Resolution. The City shall begin imposing and collecting the fees on or after that operative date, subject to VMC Chapter 16.216 and applicable law.

SECTION 8. Severability.

If any section, subsection, sentence, clause, phrase or word of this Resolution is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The City Council hereby declares that it would have passed and adopted this Resolution, and each and all provisions hereof, irrespective of the fact one or more provisions may be declared invalid.

* *

PASSED AND ADOPTED at a regular meeting of the City of Vallejo City Council on the 8th day of December 2026 by the following vote, to-wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
ANDREA SORCE, MAYOR

ATTEST:

_____
DAWN G. ABRAHAMSON, CITY CLERK

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Exhibit A

Inclusionary Housing In-Lieu Fee Schedule

Table 2 establishes inclusionary housing in-lieu fees per square foot of market-rate residential floor area corresponding to the affordability requirements summarized in Table 1. Applicability, exemptions, and alternative means of compliance are governed by Vallejo Municipal Code (VMC) Chapter 16.216 (Affordable Housing Requirements).

Table 1: Inclusionary Requirements

Project Type	**Inclusionary Requirement**
Rental, 10 or more units	4% total 2% VLI + 2% LI
Ownership, 10-100 units	7% total 4% LI + 3% MOD
Ownership, more than 100 units	10% total 6% LI + 4% MOD
Source: *VMC Section 16.216.04.* ***Notes:*** *VLI = Very Low Income. LI = Low Income. MOD = Moderate Income.*	

Table 2: Inclusionary Housing In-Lieu Fee Schedule

Development Category	**Project Size**	**In-Lieu Fee Per Square Foot**
Lower-Density Rental Apartments (Less than 65 dwelling units per acre)	10 or more units	$8.94
Higher-Density Rental Apartments (65 dwelling units per acre or greater)	10 or more units	$9.92
Single-Family Detached Ownership (Other than small-lot development approved pursuant to VMC Section 16.202.05)	10-100 units	$12.87
Single-Family Small-Lot Detached Ownership (Approved under VMC Section 16.202.05)	10-100 units	$11.26
Multifamily Condominium Ownership	10-100 units	$23.70
Single-Family Detached Ownership (Other than small-lot development approved pursuant to VMC Section 16.202.05)	More than 100 units	$18.59
Single-Family Small-Lot Detached Ownership (Approved under VMC Section 16.202.05)	More than 100 units	$16.33
Multifamily Condominium Ownership	More than 100 units	$34.17
Source: *EPS Feasibility Analysis, Tables 9 and 10, Option B. The project-size bands shown are those in VMC Chapter 16.216. The fees apply to market-rate residential floor area as specified below.*		

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Full Compliance by Fee. When the developer pays a fee in lieu of all required affordable units, the fee shall equal the applicable square-foot fee multiplied by the market-rate residential floor area of the covered project. For projects containing multiple adopted development categories, the City shall apply the corresponding fee to the floor area allocated to each category and sum the amounts.

Floor-Area Basis. Solely for calculating the inclusionary housing in-lieu fees established by this Resolution, market-rate residential floor area shall be determined as follows:

1. Single-Family Detached Ownership, including Single-Family Small-Lot Detached Ownership: All enclosed space attributable to market-rate dwellings, excluding garages.

2. Multifamily Condominium Ownership: All enclosed space reserved for the exclusive use of residents of market-rate dwellings, excluding shared hallways, lobbies, stairwells, and other common areas, and excluding parking space in any configuration.

3. Rental Apartments, including both lower-density and higher-density categories: All enclosed residential space, including shared hallways, lobbies, stairwells, and other enclosed residential common areas, excluding parking space in any configuration.

Floor area attributable to affordable dwellings and nonresidential uses shall be excluded from the fee base. Where the applicable category includes shared residential areas, only the share attributable to market-rate dwellings shall be charged. Administrative procedures shall establish measurement documentation and allocation methods consistent with the adopted definitions and supporting economic analysis.

Partial Compliance and Fractional Obligations. Fees for projects satisfying their affordable housing requirements through a combination of affordable units and fee payment, and fees for fractional affordable-unit obligations eligible for payment under VMC Section 16.216.04(B), shall be calculated pursuant to the administrative procedures adopted under Section 6 of this Resolution. Those procedures shall implement the adopted fee schedule consistently with VMC Chapter 16.216 and this Resolution and account for qualifying affordable units provided toward the project's requirements.

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Exhibit A

Development Impact Fees and Excise Tax Portion of the Master Fee Schedule reflecting the Fee Schedule in Exhibit A

City of Vallejo Master Fee Schedule FY 2026-2027 Development Impact Fees and Excise Tax				
Line No.	Service Name	Fee Description	FY 2026-2027 Current Fee	Footnotes
		IMPACT FEES & EXCISE TAX		
Development Impact Fees (Collected by Building Division)				
Inclusionary Housing In-Lieu Fee for Rental Projects (10 or more units):				
14	Lower-Density Rental Apartments (Less than 65 du/ac)	Per square foot	$8.94	no annual escalation
15	Higher-Density Rental Apartments (65 du/ac or greater)	Per square foot	$9.92	no annual escalation
Inclusionary Housing In-Lieu Fee for Ownership Projects (10-100 units):				
16	Single-Family Detached	Per square foot	$12.87	no annual escalation (Other than small-lot development approved pursuant to VMC Section 16.202.05)
17	Single-Family Small-Lot Detached	Per square foot	$11.26	no annual escalation (Approved under VMC Section 16.202.05)
18	Multifamily Condominium	Per square foot	$23.70	no annual escalation
Inclusionary Housing In-Lieu Fee for Ownership Projects (More than 100 units):				
19	Single-Family Detached	Per square foot	$18.59	no annual escalation (Other than small-lot development approved pursuant to VMC Section 16.202.05)
20	Single-Family Small-Lot Detached	Per square foot	$16.33	no annual escalation (Approved under VMC Section 16.202.05)
21	Multifamily Condominium	Per square foot	$34.17	no annual escalation

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