

RESOLUTION NO. 2025-48

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COTATI APPROVING
ELIMINATION OF DEVELOPMENT IMPACT FEES FOR DEED RESTRICTED
AFFORDABLE HOUSING IN MULTI-FAMILY DEVELOPMENT, OVER A THREE-
YEAR PILOT TERM**

WHEREAS, the City Council adopted a Development Impact Fee Nexus Study Update (Nexus Study) on August 12, 2025 at a duly noticed public hearing; and

WHEREAS, the adopted Nexus Study updated a variety of Development Impact Fees (DIF), including the Parks and Recreation Fee, Traffic Impact Fee, Water and Sewer Connection Fees, adding a General Plan fee and rescinding the Downtown Specific Plan Fee; and

WHEREAS, the adopted DIFs are now uniformly square footage based, in accordance with prior City Council direction and recent State law; and

WHEREAS, at the DIFs were adopted at the maximum justifiable rates to ensure that new development continues to pay their fair share for the infrastructure needed to accommodate the development, set to go into effect 60 days following the adoption of the Nexus Study (October 13, 2025), in accordance with State law; and

WHEREAS, as part of the adoption of the Nexus Study, the City Council had a lengthy discussion about options for lowering or eliminating DIFs as a tool to achieve long-standing policy objectives for economic development, specifically as it relates to new high quality lodging projects and also options to encourage inclusionary housing projects to move from entitlement to construction; and

WHEREAS, statewide and locally, there is a critical shortage of housing, including the affordable housing options necessary to keep younger adults and families in the community; and

WHEREAS, the City has a 15% inclusionary housing program and has entitled or re-entitled numerous market rate housing developments, many of which have not yet gone into construction, presenting a significant challenge in meeting the City's housing goals, including the Regional Housing Needs Allocation (RHNA) requirements; and

WHEREAS, housing development has been lackluster for a variety of reasons, but most importantly the total cost of development versus the expected return on the investment; and

WHEREAS, the City Council provided direction to return prior to the new DIFs becoming effective (within 60 days) with a refined policy proposal to eliminate DIFs for lodging

of a defined quality and eliminate DIFs for affordable housing with a three-year pilot period that focused on multi-family inclusionary projects; and

WHEREAS, where it can be determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review. This general rule can be applied to activities which could be subject to the CEQA process, but which logic dictates should not be subject to CEQA review. Therefore, based on the information provided above, the proposed resolution is exempt from CEQA pursuant to Section 14.03.021 of the CEQA Guidelines in that there is no possibility that the activity may have a significant impact on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City of Cotati City Council, hereby finds, determines and resolves as follows:

Section 1. The foregoing recitals are hereby declared to be true and correct and to be findings of the City Council of the City of Cotati and are made a part of this Resolution.

Section 2. The City Council hereby eliminates (set to zero) the following DIFs for certain qualifying deed restricted affordable housing units (Affordable Units), as defined below:

Land Use	Parks & Recreation	Water Capacity	Sewer Capacity	Traffic	General Plan	Water Conserv.	Fire Impact
Affordable Units	\$0.00/SF	\$0.00/SF	\$0.00/SF	\$0.00/SF	\$0.00/SF	\$0.00/unit	\$0.00/SF

SF: Square feet

Narrative Criteria

- Eligible Development Type:
 - o ¹ multi-family dwelling (MFD) projects with a minimum of 10 or more residential units, including the MFD portions of mixed-use projects. Detached single family and affordable housing projects are not eligible under this policy.
 - o Limited to no more than approximately 25% of the total number of units in a project (included rounding of fractional Units).
 - o Must be deed restricted affordable for a minimum of 55 years. If the unit is converted to market rate at the end of the term of the deed restriction, the relevant impact fees, at the then current rate, shall be due. This provision is subject to the review and approval of the City Attorney.
 - o Up to 1,500 square feet of conditioned space per eligible Affordable Unit. Larger Affordable Units pay the incremental cost of applicable DIFs.
- Term:
 - o Policy effective for permits issued on or after October 13, 2025, for up to a three (3) year pilot period.
 - o 24-month program commitment by the City from the date of a project’s final entitlement. All building permits must be issued to complete the Affordable Units

¹ As defined by the City Municipal Code, Chapter 17.31.040 (Standards for Inclusionary Units).

within the program commitment term to guarantee the impact fee elimination.
The term of the program commitment can only be extended by the City Council.

- General Conditions:
 - Must satisfy an unmet need in the City's Regional Housing Needs Allocation (RHNA).
 - There are sufficient funds in the Inclusionary Housing or Linkage Funds to backfill the loss of impact fees. This includes City fire impact fees, collected on behalf of the Rancho Adobe Fire District.
 - Fees eliminated on a unit-by-unit basis (not by project).
 - Value of eliminated fees accounted for by the City at time of building permit issuance (vertical construction).

Each year, concurrent with the housing Annual Production Report, staff will provide a summary of the program to the City Council, including recommendations to adjust, extend or end the pilot program as applicable.

Section 3. The City Council directs the City Manager to create administrative procedures, as needed, to implement these programs.

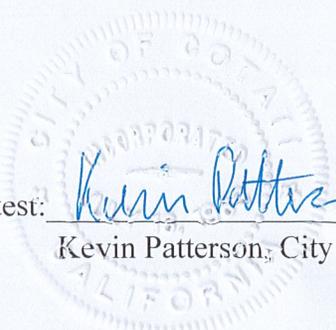
Section 4. Where it can be determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review. This general rule can be applied to activities which could be subject to the CEQA process, but which logic dictates should not be subject to CEQA review. Therefore, based on the information provided above, the proposed resolution is exempt from CEQA pursuant to Section 14.03.021 of the CEQA Guidelines in that there is no possibility that the activity may have a significant impact on the environment.

IT IS HEREBY CERTIFIED that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Cotati held on the 26th day of August, 2025, by the following vote, to wit:

RESULT:	Adopted [5-0]
MOVER:	Susan Harvey, Councilmember
SECONDER:	Sylvia Lemus, Vice Mayor
AYES:	Ford, Lemus, Harvey, Sparks, Savage
NAYS:	None

Approved: Ben Ford
Mayor

Attest: Kevin Patterson
Kevin Patterson, City Clerk



Approved as to form:



City Attorney

