

REPORT TO CITY COUNCIL

DATE: JUNE 26, 2024

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: NATHAN HAMBURGER, CITY MANAGER

BY: DENICE THOMAS, COMMUNITY DEVELOPMENT DIRECTOR
GENE BURSE, SENIOR PLANNER

SUBJECT: CONDUCT A PUBLIC HEARING TO CONSIDER THE APPROVAL OF
RESOLUTION NO. 24-2078, AMENDING THE INCLUSIONARY
HOUSING IN-LIEU FEE SCHEDULE

The City Council initially adopted the Inclusionary Housing Ordinance (IHO) in 2000, requiring a certain number of affordable housing units be provided onsite as part of any market rate residential development greater than 10 dwelling units. Pursuant to the IHO, the City Council also adopted the in-lieu fee as an alternative to providing affordable housing units onsite. The in-lieu fee is an option available to the developer, whereby they may pay a fee for the required affordable housing instead or in-lieu of providing the units on-site. In 2008, the City Council amended the IHO and adopted a resolution updating the in-lieu fees. In 2018, the City Council amended the IHO and adopted a resolution updating the in-lieu fees based on a previous study of the City's inclusionary housing in-lieu fees. Since the 2018 study, changes in the market such as higher construction costs and the COVID-19 Pandemic impacted residential projects, prompting staff to initiate an analysis to update the inclusionary housing in-lieu fees to ensure they are representative of current market rates, fees, and construction material and land costs.

The analysis, conducted by Economic & Planning Systems, Inc. (EPS), estimates the financing gap or subsidy required to develop affordable units to quantify a maximum supportable inclusionary housing in-lieu fee as a basis for comparison to the existing fee (Attachment A). The financing gap approach begins with an analysis that compares the cost of developing affordable units to their value under income-based pricing restrictions. Where the development cost exceeds the unit value, there is an affordability gap that must be subsidized to support affordable unit development. This is a well-accepted methodology used in affordable housing in-lieu nexus studies to establish maximum supportable fees that may be charged to developers. The study also provides alternative approaches the City Council may consider using to index housing in-lieu fees to ensure they are keeping pace with market conditions. Indexing in this instance is the application of a benchmark, such as the Federal Consumer Price Index or a construction index to a set of fees which allows for them to be adjusted automatically to account for inflation.

The analysis by EPS considered two approaches that could potentially be used by the City when establishing an in-lieu fee, and it also evaluated a third option which is to keep the current fees. Each focused approach for rental units is referred to as an option in this report. Option 1 is the maximum supportable fee, Option 2 is the weighted average per unbuilt affordable unit, and Option 3 is to keep the existing in-lieu fee.

Section 9133 of the Agoura Hills Municipal Code (AHMC) requires all residential developments, where the lots or units will be offered for sale or for rent, to include inclusionary housing units equal to 15 percent (15%) of the total number of units in the project. The 15% requirement comprises 7% very low-income units, 4% low-income units, and 4% moderate-income units, as defined by the California Department of Housing and Community Development (HCD) Income Limits for Los Angeles County. The AHMC provides additional compliance methods to satisfy the inclusionary requirement beyond building the 15% affordable units on-site, which are:

- Paying an in-lieu fee for all affordable units; or
- Paying an in-lieu fee for low- and moderate-income units and providing very low-income units on-site; or
- Paying an in-lieu fee for very low- and moderate-income units and providing low-income units on-site; or
- Paying an in-lieu fee for moderate-income units and providing very low-income and low-income units on-site.

As mentioned previously, the in-lieu fee alternative to on-site construction allows a developer to pay a fee to satisfy inclusionary housing requirements. The City Council established the in-lieu fee amount as the development funding gap for each product type at each income level, which provides more flexibility for developers who choose to build units at certain income levels and pay the in-lieu fee for other income levels in the same development. As shown in the analysis conducted by EPS, the City's current in-lieu fee amounts are substantially less than the maximum supportable in-lieu fee proposed, which encourages developers to pay to meet the City's affordable housing goals rather than build affordable units on-site.

Table 1: Maximum Supportable Fee and Existing In-Lieu Comparison

Item	Maximum Supportable Fee and Existing In-Lieu Comparison		
	Maximum Supportable Fee [1]	2018 Fee [2]	Difference
Townhome [3]			
Very Low	\$360,720	-	-
Low	\$243,102	-	-
Moderate	\$164,964	-	-
Condominiums			
Very Low	\$389,520	\$307,872	\$81,648
Low	\$271,902	\$262,541	\$9,361
Moderate	\$193,764	\$130,159	\$63,605
Multifamily			
Very Low	\$600,210	\$285,336	\$314,874
Low	\$395,610	\$260,196	\$135,414
Moderate	\$304,410	\$134,498	\$169,912

If a developer elects to pay the inclusionary housing in-lieu fee rather than provide the affordable units in the market-rate project, the City will use the collected fees to subsidize affordable housing development or to produce affordable units elsewhere in the City.

In their analysis, EPS developed three prototypes representative of affordable housing units that may be constructed in the City pursuant to the IHO requirements. The prototypes help develop estimated unit costs, and were based on market research, the AHMC, and input from staff. Table 2 below shows the prototype assumptions.

Table 2: Market-Rate Housing Development Prototype Assumptions

Item	Agoura Hills Prototypes							
	Product Type	Construction Type	Unit Count	Density [1]	Unit Size	Unit Sq. Ft.	Parking Type [2]	
Prototype								
1	Residential-Medium Density: Attached Townhome [3]	For-Sale	Townhome	100	15 units/acre	3 Bedroom	1,870 sq. ft.	Attached garage
2	Residential-Medium Density: Condominium [4]	For-Sale	1-2-Story Wood Frame Condominium Building	100	15 units/acre	3 Bedroom	1,740 sq. ft.	Attached garage
3	Residential-High Density: Multifamily [5]	Rental	1-2-Story Wood Frame Apartment Building	100	20 units/acre	2 Bedroom	1,050 sq. ft.	2.5 spaces per unit (surface and carport)

Source: City of Agoura Hills; RedFin; CoStar; EPS.

[1] Residential prototype densities are based on the City of Agoura Hills 2021-2029 Housing Element, adopted August 10, 2022.

[2] Parking requirements per the City of Agoura Hills Municipal Code (accessed March 2023).

[3] The 2023 Study assumption data for Townhomes ownership product per Redfin (accessed April 2023), see Table A-3. Numbers have been rounded.

[4] The 2023 Study assumption data for Condominium ownership product per Redfin (accessed April 2023), see Table A-2. Numbers have been rounded.

[5] The 2023 Study assumption data for Multifamily rental product per CoStar (accessed April 2023), see Table A-1. Numbers have been rounded.

To determine a rental or sales price affordable to households at different income levels, EPS uses the HCD standard on housing affordability, which is published yearly for each income level adjusted for family size. Simply, an affordable unit is one where the household is paying no more than 30% of gross household income towards housing costs. For renter households, this means no more than 30% of gross household income is spent on rent and utilities, and for owner households, it means no more than 30% of gross household income is spent on mortgage, taxes, and insurance payments.

Table 3 demonstrates the 2023 maximum allowable income by household size at various income levels, as reported by HCD, and Table 4 calculates the maximum amount of monthly rent or mortgage payment, based on 2023 maximum allowable income by household size at various income levels. Income levels reported by HCD for Los Angeles County involve adjustments made by HCD because of the area's high housing costs relative to income, which results in the low-income threshold being higher than what would otherwise be expected.

Table 3: Los Angeles County Income Limits by Household Size

Item	Los Angeles County Income Limits Based on HH Size		
	3-Person Household	4-Person Household	
Income Group and Definition			
Very Low	>30% to ≤50% AMI + HUD adjustment [1]	\$56,750	\$63,050
Low	>50% to ≤80% AMI + HUD adjustment [1]	\$90,850	\$100,900
Median (Base)	>80% to ≤100% AMI	\$88,400	\$98,200
Moderate	>100% AMI to ≤120% AMI	\$106,050	\$117,850

Source: Los Angeles County, California Housing and Community Development (HCD); EPS.

[1] HUD applies adjustments to the median household income based on unusually high or low family income, uneven housing-cost-to income relationship, or other reasons.

Table 4: Maximum Monthly Rent or Mortgage Payment by Area Median Income for the City of Agoura Hills

Item	Maximum Monthly Rent or Mortgage Payment by Area Median Income (AMI)				
	% of AMI [1]	Maximum Annual HH Income (rounded) [2] [3]	Total Max. Annual Spending on Housing [4]	Monthly Spending on Other Housing Costs [5]	Maximum Monthly Rent or Mortgage Payment [6]
<i>Formula</i>		<i>a</i>	<i>b = a * 30%</i>	<i>c</i>	<i>d = (b / 12) - c</i>
INCOME CATEGORY & HOUSEHOLD (HH) SIZE					
Rental Units					
Very Low, 3-Person HH	50.0%	\$56,750	\$17,025	\$283	\$1,136
Low, 3-Person HH	60.0%	\$90,850	\$27,255	\$283	\$1,988
Moderate, 3-Person HH	110.0%	\$106,050	\$31,815	\$283	\$2,368
For-Sale Units					
Very Low, 4-Person HH	50.0%	\$63,050	\$18,915	\$463	\$1,113
Low, 4-Person HH	70.0%	\$100,900	\$30,270	\$742	\$1,781
Moderate, 4 Person HH	110.0%	\$117,850	\$35,355	\$722	\$2,225

Source: Los Angeles County Community Development Authority; California Housing and Community Development; EPS.

[1] Percent of AMI is based on City of Agoura Hills Ordinance 18-438.

[2] See Table 3.

[3] HUD adjusts the maximum incomes for very-low and low-income households in Los Angeles County up by 130%. This type of adjustment is made in counties with unusually high or low household incomes, uneven housing cost-to-income ratios, or other considerations. See Table 3.

[4] Assumes a housing cost to income ratio of 30 percent.

[5] For rental units, other housing costs include utility expenditures consistent with the Los Angeles County Community Development Authority limits for a 2-bedroom unit (assumes use of electricity for heating and cooking). Utility costs effective July 2022. For for-sale units, other housing costs include insurance, taxes, and HOA fees. The assumptions are based on the applicable prototypes and are shown on Table A-4.

[6] Maximum income available to pay for rent or mortgage after allowance for other housing costs.

The assumed price/value per unit is calculated based on HCD income limits by household size, for rental and for-sale projects, respectively. Based on the incomes and maximum housing costs, the revenues for the three prototypes are as follows:

Assumed Value of Affordable Units

- Prototype #1- attached townhome (for-sale)¹
 - \$195,980 per very low-income unit,
 - \$313,598 per low-income unit, and
 - \$391,736 per moderate-income unit.

- Prototype #2- condo (for-sale)
 - \$195,980 per very low-income unit,
 - \$313,598 per low-income unit, and
 - \$391,736 per moderate-income unit.

- Prototype #3- multifamily (rental)²
 - \$12,180 per very low-income unit,
 - \$216,780 per low-income unit, and
 - \$307,980 per moderate-income unit.

Assumptions used to estimate development costs for affordable units are based on data provided by CoStar, Redfin, Saylor, EPS, and conversations with local developers. The average costs for each unit by prototype are as follows:

Average Unit Cost by Prototype³

- Prototype #1- attached townhome (for-sale)
 - Costs = \$556,700

- Prototype #2- condo (for-sale)
 - Costs = \$585,600

- Prototype #3- multifamily (rental)
 - Cost = \$612,390

The estimated subsidy required for households at very low-, low-, and moderate-income levels, which is also known as the affordability gap, is calculated by subtracting the assumed value of affordable units by the average unit cost by prototype. The affordability gap per prototype is as follows:

Affordability Gap (Maximum Supportable In-Lieu Fee, Option 1)⁴

- Prototype #1- attached townhome (for-sale)
 - \$360,720 per very low-income unit;

¹ See EPS Report, Table 5 (Project Value for Affordable For-Sale Units, Page 10

² See EPS Report, Table 6 (Project Value for Affordable Rental Units), Page 11

³ See EPS Report, Table 7 (Project Cost by Prototype), Page 12

⁴ See EPS Report, Table 8 (Affordability Gap Analysis Summary), Page 14

- \$243,102 per low-income unit; and
- \$164,964 per moderate-income unit.
- Prototype #2- condo (for-sale)⁵
 - \$389,620 per very low-income unit;
 - \$271,902 per low-income unit; and
 - \$193,764 per moderate-income unit.
- Prototype #3- multifamily (rental)⁵
 - \$600,210 per very low-income unit;
 - \$395,610 per low-income unit; and
 - \$304,410 per moderate-income unit.

The maximum supportable in-lieu fees shown above represent the difference between the value and cost of each affordable unit and is considered Option 1, providing proportional in-lieu fees based on unit type. The maximum supportable in-lieu fee option is different from the weighted average option because it has a fee associated with each level for affordable units (e.g. very low-income, low-income, and moderate-income).

Option 2, or the weighted average per unbuilt affordable unit, attempts to simplify in-lieu fees for both the City and the developer by providing one fee per housing type (attached townhome, condominium and multifamily). The weighted average represents an average difference between the cost to construct an affordable unit and the value of an affordable unit. It is different from the maximum supportable fee because it only has one fee per housing type regardless of affordability level (e.g. very low-income, low-income, moderate-income).

Option 2: Weighted Average Per Unbuilt Affordable Unit⁵

- Prototype #1- attached townhome (for-sale)
 - \$277,154 per affordable unit
- Prototype #2- condo (for-sale)
 - \$305,954 per affordable unit
- Prototype # 3- multifamily (rental)
 - \$466,770

Staff does not recommend Option 2 because the IHO allows a developer to provide some of the required inclusionary units on-site, and to pay an in-lieu fee for others. This may result in an in-lieu fee that does not accurately reflect the affordability gap. For example, in a 100-unit-rental-multifamily development, if the developer chose to build the required low-income units on-site and pay an in-lieu fee for the very-low-income and moderate-income units, under Option 1 the affordability gap or maximum supportable in-lieu fee would result in an in-lieu fee of \$5,419,110. Under Option 2, which is the weighted

⁵ See EPS Report, Table 9 (In-Lieu Fee Calculation based on Affordability Gap by Income Level. Based on 15% Inclusionary Requirement), Page 16

average, the City would collect \$5,134,470 in in-lieu fees, which is \$284,640 less than Option 1 which would require either the City or a third party non-profit partner to make up that gap. This is due to the fact that the City requires 7% of the affordable units to be very low income versus the 4% required for low-income and moderate-income units. Additionally, the affordability gap for very low-income units is substantially higher than low-income and moderate-income units.

Option 1 vs Option 2: 100-Unit For-Rent Multifamily Development

Option 1 – $(\$600,210 \times 7) + (\$304,410 \times 4) = \$5,419,110$

Option 2 – $(\$466,770 \times 11) = \$5,134,470$

The City's Regional Housing Needs Allocation (RHNA) for the 2021-2029 Housing Element required the City to show zoning capacity for 127 very low-income units, versus just 72 low-income units and 55 moderate-income units. Because of this, staff believes it is very important to incentivize the production of very low-income units onsite. City staff recommends Option 1, because the alternative, Option 2, has the potential to incentivize developers to buy their way out of producing very low-income units on-site.

In addition, staff recommends indexing the City's in-lieu fees to ensure the in-lieu fee is responsive to market conditions. To index a fee, a jurisdiction must decide on the parameters for adjustments (i.e., the frequency at which the index should occur) and the mechanism by which that index should be adjusted (i.e., the rate that determines the increase [or decrease] of the fee). The analysis by EPS compares two jurisdictions in the Los Angeles region that have indexed their in-lieu fee. Both the City of Santa Monica and the City of Thousand Oaks adjust their fees periodically based on changes in construction costs. The City of Thousand Oaks uses the Engineering News Record/McGraw-Hill Construction Weekly (ENR) but leaves flexibility for the City Council to adopt a different substitute index by resolution if deemed appropriate.

FISCAL IMPACT

Meetings were held with the Finance Subcommittee (Subcommittee) on May 28, 2024, and June 3, 2024. The Subcommittee gave staff feedback that they were in support of Option 1, and recommended in-lieu fees be indexed annually on January 1st of each year using the Engineering News-Record [ENR] Construction Cost Index until a subsequent fee study is conducted and a subsequent resolution is adopted.

There is no fiscal impact to the City's 2023-2024 Budget. Additionally, the City does not anticipate receiving in-lieu fees for an inclusionary housing project during Fiscal Year 2023-24.

The project will have an impact on future budgets; however, it is not possible to predict which Fiscal Year housing development projects will be submitted or the total amount of in-lieu fees to be collected.

RECOMMENDATION

Staff respectfully recommends the City Council conduct a Public Hearing to consider the adoption of Resolution No. 24-2078, amending the Inclusionary Housing In-Lieu Fee Schedule to reflect the maximum supportable in-lieu fee, and to use the Engineering News- Record [ENR] Construction Cost Index to adjust the fees annually on January 1st each year until a successor resolution is adopted.

Attachments:

- Exhibit A: Resolution No. 24-2078
- Exhibit B: Economic & Planning Systems, Inc. (EPS) Inclusionary Housing In-Lieu Fee Update Analysis, April 24, 2024.
- Exhibit C: Resolution 18-1882 (Existing Inclusionary Housing Fees)

Exhibit A

Resolution No. 24-2078

RESOLUTION NO. 24-2078

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, AMENDING THE INCLUSIONARY HOUSING IN-LIEU FEE SCHEDULE

WHEREAS, Agoura Hills Municipal Code (“AHMC”) Section 9133 *et seq.* requires developers of residential projects of 10 or more rental or for-sale units to provide housing units affordable to very low, low, or moderate income households within the residential development;

WHEREAS, AHMC Section 9133 *et seq.* provides that the City’s Inclusionary housing requirements may be satisfied by payment of an in-lieu fee (instead of building the inclusionary units on-site);

WHEREAS, EPS, Inc., a consulting firm commissioned by the City, prepared an inclusionary housing fee study dated April 24, 2024, entitled “Memorandum: City of Agoura Hills Inclusionary Housing In-Lieu Fee Update Analysis” addressing the gap between market rate sales prices and rents for housing units in the City and sales prices and rents affordable to very low, low, and moderate income households (“Fee Study”). The Fee Study also contained detailed analysis for the estimated development funding gap related to constructing the affordable units on site. The Fee Study included a proposed in-lieu fee amount for townhome, condominiums, and multifamily residential projects necessary to fund 100% of the estimated cost or assistance needed to develop the affordable units at an off-site location;

WHEREAS, Section 9133 *et seq.* provides that all monies collected by the City in-lieu of constructing affordable units on-site shall be deposited in the inclusionary housing trust fund;

WHEREAS, a public hearing was duly held on June 26, 2024, at 6:00 p.m. in the Agoura Hills City Hall Council Chambers, 30001 Ladyface Court, Agoura Hills, California. Notice of the time, date, and place and purpose of the aforesaid was duly given;

WHEREAS, evidence, both written and oral, was duly presented to and considered by the City Council of the City of Agoura Hills at the aforesaid public hearing;

WHEREAS, after close of the public hearing, the City Council considered all public comments received both before and during the public hearing, the presentation by City staff, the staff report, the recommendations, and all other pertinent documents and associated actions regarding the proposed fee update; and

WHEREAS, the inclusionary housing in-lieu Fee Study and related fee schedule was reviewed and considered by the City Council in accordance with the provisions of the California Environmental Quality Act (CEQA), as amended, and the CEQA Guidelines promulgated thereunder. The inclusionary housing in-lieu Fee Study and fee schedule

resolution has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15601(b)(3) of the CEQA Guidelines, since it can be seen with certainty that there is no possibility that the activity of amending the inclusionary housing in-lieu fees will have the potential for causing a significant effect on the environment. Moreover, additional CEQA review would be required on a case-by-case basis prior to issuance of any approvals to construct dwelling units with the funds generated by the inclusionary housing in-lieu fees.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Agoura Hills, as follows:

Section 1. The City Council has reviewed and hereby approves the Fee Study prepared by EPS, Inc., and finds that the analysis therein supports the inclusionary housing in-lieu fees established by the resolution.

Section 2. The City Council hereby adopts the amended inclusionary housing in-lieu fee amounts stated in this resolution. To satisfy the inclusionary housing requirements of Agoura Hills Municipal Code Section 9133 *et seq.*, the total amount of the in-lieu fee for a residential development shall be calculated by multiplying the number of units that are required to be reserved for very low-, low-, and moderate-income households (but that are not built on-site) by the in-lieu fee amounts applicable to each townhome, condominium, and multifamily unit at the income levels stated in Table A below:

TABLE A

In-Lieu Fees for Townhome, Condominium and Multifamily Residential Developments
<p><u>In-Lieu Fee for Townhome Developments</u></p> <ul style="list-style-type: none"> • \$360,720 for each very low-income unit not built • \$243,102 for each low-income unit not built • \$164,964 for each moderate unit not built
<p><u>In-Lieu Fee for Condominium Developments</u></p> <ul style="list-style-type: none"> • \$389,520 for each very low-income unit not built • \$271,902 for each low-income unit not built • \$193,764 for each moderate unit not built
<p><u>In-Lieu Fee for Multifamily Developments</u></p> <ul style="list-style-type: none"> • \$600,210 for each very low-income unit not built • \$395,610 for each low-income unit not built • \$304,410 for each moderate unit not built

Section 3. The in-lieu fees set forth in this resolution shall be indexed to the Construction Cost Index published by Engineering News-Record (ENR) and adjusted annually after January 1 of each year to ensure fees continue to reflect actual costs of construction.

Section 4. Effective Date. The fees specified in this resolution shall take effect on June 26, 2024. All prior resolutions of the City Council establishing or modifying the inclusionary housing in-lieu fees are hereby repealed and replaced as of June 26, 2024.

PASSED, APPROVED, and ADOPTED this 26th day of June, 2024, by the following vote to wit:

AYES: (
NOES: (
ABSTAIN: (
ABSENT: (
)

Illece Buckley Weber, Mayor

ATTEST

Kimberly M. Rodrigues, City Clerk

Exhibit B

*Economic & Planning Systems, Inc. (EPS) Inclusionary
Housing In-Lieu Fee Update Analysis, April 24, 2024*

MEMORANDUM

To: Denice Thomas, Robby Nesovic, and Gene Burse
City of Agoura Hills

From: Darin Smith and Kate O'Beirne

Subject: City of Agoura Hills Inclusionary Housing In-Lieu
Fee Update Analysis; EPS #232001

Date: April 24, 2024

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) was retained in 2023 by the City of Agoura Hills (City) to update the calculation of the City's in-lieu fee that housing developers may choose to pay in place of providing onsite affordable units within their development projects. The previous analysis was conducted in August 2018, entitled, "Inclusionary Housing In-Lieu Fee Analysis," which proposed an in-lieu fee amount necessary to fund 100 percent of the estimated cost or assistance needed to develop the affordable units at an offsite location for apartment, condominium, and single-family residential projects. The in-lieu fees were adopted by the City Council on September 26, 2018. Since the previous study, recent changes in the market such as higher construction costs and the COVID-19 Pandemic impacted residential projects, prompting a critical update to the analysis to ensure the in-lieu fees are representative of current market rates, fees, and construction material and land costs.

This analysis characterizes the City's current options for meeting affordable housing requirements and calculates the existing in-lieu fee amount if a developer elects to not provide affordable units onsite. The analysis estimates the financing gap or subsidy required to develop affordable units to quantify a "maximum supportable inclusionary housing in-lieu fee" as a basis for comparison to the existing fee. The "financing gap" approach is a well-accepted methodology used in affordable housing in-lieu fee nexus studies to establish maximum supportable fees that may be charged to developers. Lastly, this analysis provides alternative approaches the City might consider using to index their housing in-lieu fees to ensure that the fees are keeping pace with market conditions.

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This memorandum and the analysis contained herein are intended to support the City’s decision-making process regarding affordable housing policy and to promote the construction of affordable housing development in the City.

Summary of Findings

Table 1 compares the potential maximum supportable in-lieu fee amount to the current in-lieu fee for three residential prototypes. As shown, the maximum supportable inclusionary in-lieu fee is approximately \$600,210 per unit, which greatly exceeds the City’s current inclusionary in-lieu fees estimated for all prototypes.

Table 1. Maximum Supportable Fee Comparison and Existing In-Lieu Fee: City of Agoura Hills

Item	Maximum Supportable Fee and Existing In-Lieu Comparison		
	Maximum Supportable Fee [1]	2018 Fee [2]	Difference
Townhome [3]			
Very Low	\$360,720	-	-
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Moderate	\$193,764	\$130,159	\$63,605
Multifamily			
Very Low	\$600,210	\$285,336	\$314,874
Low	\$395,610	\$260,196	\$135,414
Moderate	\$304,410	\$134,498	\$169,912

Source: Redfin; CoStar; RSG Inclusionary Housing In-Lieu Fee Analysis; City of Agoura Hills Municipal Code; EPS.

[1] See Table 8 for more detail.

[2] The 2018 in-lieu fees per the City of Agoura Hills Municipal Code (accessed March 2023).

[3] Townhomes were not modeled in the 2018 RSG Inclusionary Housing In-Lieu Fee Analysis.

The significant difference between the current in-lieu fee and the estimated maximum supportable in-lieu fee prompts a key policy consideration for the City. This analysis shows that the cost of the current in-lieu fee is much lower than the estimated developer subsidy required to develop onsite affordable units, as represented by the maximum supportable fee. Given the lesser amount of the current in-lieu fee option, developers are incentivized to pay the fee to meet the City's affordable housing requirement rather than construct affordable housing units onsite. Thus, the current in-lieu fee is estimated to result in fewer affordable housing units than the City may be seeking to facilitate.

This memorandum characterizes the City's current inclusionary ordinance requirements and details the methodology used to derive the maximum supportable inclusionary housing in-lieu fee amount.

Overview of Inclusionary Requirements

The City's Municipal Code Ordinance Chapter 18.438 Inclusionary Housing (Ordinance) states that all residential developments, where the lots or units will be offered for sale or for rent, shall include inclusionary housing units equal to 15 percent of the total number of units in the project. The 15 percent requirement comprises 7 percent "Very Low Income" units, 4 percent "Low Income" units, and 4 percent "Moderate Income" units, as defined by the Department of Housing and Community and Development (HCD) Income Limits for Los Angeles County.¹

The City also provides additional compliance methods to satisfy the inclusionary requirement beyond building the 15 percent affordable units onsite:

- In-lieu fee for all affordable units, or
- In-lieu fee for low and moderate income units, on-site construction for very low income units, or
- In-lieu fee for very low and moderate income units, on-site construction for low-income units, or
- In-lieu fee for moderate income units, on-site construction for very low and low income units.²

The in-lieu fee alternative to onsite construction allows a developer to pay a fee to satisfy inclusionary housing requirements. The City has established the in-lieu fee amount as the development funding gap for each product type at each income

¹ City of Agoura Hills Municipal Code, Chapter 18.438, Inclusionary Housing, October 10, 2018.

² Ibid.

level, which provides more flexibility for developers who choose to build units at certain income levels and pay the in-lieu fee for other income levels in the same development.³

With consideration to the existing inclusionary policy and established in-lieu fee amount, the subsequent section sets forth the technical calculations establishing a maximum supportable in-lieu fee.

Affordability Gap Analysis

If a developer elects to pay the inclusionary housing in-lieu fee rather than providing the affordable units in the market-rate project, the City will use the collected fee revenue to subsidize affordable housing development or to produce affordable units elsewhere in the City.

The existing Ordinance contains a “maximum supportable” in-lieu fee formula amount, which is based on estimating the cost of providing affordable housing units in Agoura Hills and retaining key elements of the existing Ordinance, including the 15 percent inclusionary housing requirement, comprising 7 percent “Very Low Income” units, 4 percent “Low Income” units, and 4 percent “Moderate Income” units.

The maximum supportable in-lieu fee calculations commence with an affordability gap calculation, an analysis that compares the cost of developing affordable units to their value under income-based pricing restrictions. Where the development cost exceeds the unit value, there is an affordability gap that must be subsidized to support affordable unit development. The affordability gap is then applied to the inclusionary requirements for market-rate housing development to derive a maximum supportable in-lieu affordable housing fee.

Each analytical element used in this calculation is detailed in the following sections.

Affordable Housing Prototypes

EPS developed three prototypes representative of affordable housing units that may be constructed in response to the inclusionary ordinance requirements. These prototypes are shown in **Table 2** and were developed based on market research, the City’s ordinance, and input from City Staff:

³ City of Agoura Hills Municipal Code, Chapter 18.438, Inclusionary Housing, October 10, 2018.

Table 2. Market-Rate Housing Development Prototype Assumptions: City of Agoura Hills

Item	Agoura Hills Prototypes							
	Product Type	Construction Type	Unit Count	Density [1]	Unit Size	Unit Sq. Ft.	Parking Type [2]	
Prototype								
1	Residential-Medium Density: Attached Townhome [3]	For-Sale	Townhome	100	15 units/acre	3 Bedroom	1,870 sq. ft.	Attached garage
2	Residential-Medium Density: Condominium [4]	For-Sale	1-2-Story Wood Frame Condominium Building	100	15 units/acre	3 Bedroom	1,740 sq. ft.	Attached garage
3	Residential-High Density: Multifamily [5]	Rental	1-2-Story Wood Frame Apartment Building	100	20 units/acre	2 Bedroom	1,050 sq. ft.	2.5 spaces per unit (surface and carport)

Source: City of Agoura Hills; RedFin; CoStar; EPS.

[1] Residential prototype densities are based on the City of Agoura Hills 2021-2029 Housing Element, adopted August 10, 2022.

[2] Parking requirements per the City of Agoura Hills Municipal Code (accessed March 2023).

[3] The 2023 Study assumption data for Townhomes ownership product per Redfin (accessed April 2023), see Table A-3. Numbers have been rounded.

[4] The 2023 Study assumption data for Condominium ownership product per Redfin (accessed April 2023), see Table A-2. Numbers have been rounded.

[5] The 2023 Study assumption data for Multifamily rental product per CoStar (accessed April 2023), see Table A-1. Numbers have been rounded.

- **Prototype #1: Medium-Density Attached Townhome (For-Sale).** This prototype is a townhome building with a density of 15 units per acre. The townhome prototype unit size is 1,870 square feet, with 3 bedrooms and an attached garage. Prototype assumptions are based on weighted averages of comparable project types. See **Table A-1** for market research details.
- **Prototype #2: Medium-Density Condominium (For-Sale).** This prototype is a condominium building with a density of 15 units per acre. The condominium prototype unit size is 1,740 square feet, with 3 bedrooms and an attached garage. Prototype assumptions are based on weighted averages of comparable project types. See **Table A-2** for market research details.
- **Prototype #3: High-Density Multifamily (Rental).** This prototype is an apartment building with a density of 20 units per acre. The apartment prototype unit size is 1,050 square feet, with 2 bedrooms and includes carport/surface parking. Prototype assumptions are based on weighted averages of comparable project types. See **Table A-3** for market research details.

Affordable Housing Revenues

To calculate the allowable rents for affordable housing units and, by extension, the values of affordable housing units and the subsidy needed to support their development, the applicable income levels are defined by the HCD on a countywide level and are based on the median income for that county (also called the area median income or AMI). For Agoura Hills, these income levels are based on the AMI for Los Angeles County. HCD provides maximum household incomes for a defined range of income levels, including "Extremely Low," "Very Low," "Low," and "Moderate," and for a range of household sizes.

To determine a rental or sales price affordable to households at different income levels, EPS uses the HCD standard on housing affordability.⁴ Specifically, an affordable unit is one where the household is paying no more than 30 percent of gross household income towards housing costs. For renter households, this means no more than 30 percent of gross household income is spent on rent and utilities, and for owner households, it means no more than 30 percent of gross household income is spent on mortgage, taxes, and insurance payments.

⁴ The HCD standard on housing affordability is defined as a household that pays no more than 30 percent of gross household income on housing costs.

Table 3 demonstrates the 2023 maximum allowable income by household size at various income levels, as reported by HCD, and **Table 4** calculates the maximum amount of monthly rent or mortgage payment, based on 2023 maximum allowable income by household size at various income levels. Note that the income levels reported by HCD for Los Angeles County involve adjustments made by HCD because of the area’s high housing costs relative to income, which results in the low-income threshold being higher than the median income, an incongruous result that does not reflect standard mathematics.

Table 3. Los Angeles County 2023 Income Limits

Item	Los Angeles County Income Limits Based on HH Size		
	3-Person Household	4-Person Household	
Income Group and Definition			
Very Low	>30% to ≤50% AMI + HUD adjustment [1]	\$56,750	\$63,050
Low	>50% to ≤80% AMI + HUD adjustment [1]	\$90,850	\$100,900
Median (Base)	>80% to ≤100% AMI	\$88,400	\$98,200
Moderate	>100% AMI to ≤120% AMI	\$106,050	\$117,850

Source: Los Angeles County, California Housing and Community Development (HCD); EPS.

[1] HUD applies adjustments to the median household income based on unusually high or low family income, uneven housing-cost-to income relationship, or other reasons.

Table 4. Maximum Monthly Rent or Mortgage Payment by Area Median Income: City of Agoura Hills (2023)

Item	Maximum Monthly Rent or Mortgage Payment by Area Median Income (AMI)				
	% of AMI [1]	Maximum Annual HH Income (rounded) [2] [3]	Total Max. Annual Spending on Housing [4]	Monthly Spending on Other Housing Costs [5]	Maximum Monthly Rent or Mortgage Payment [6]
<i>Formula</i>		<i>a</i>	$b = a * 30\%$	<i>c</i>	$d = (b / 12) - c$
INCOME CATEGORY & HOUSEHOLD (HH) SIZE					
Rental Units					
Very Low, 3-Person HH	50.0%	\$56,750	\$17,025	\$283	\$1,136
Low, 3-Person HH	60.0%	\$90,850	\$27,255	\$283	\$1,988
Moderate, 3-Person HH	110.0%	\$106,050	\$31,815	\$283	\$2,368
For-Sale Units					
Very Low, 4-Person HH	50.0%	\$63,050	\$18,915	\$463	\$1,113
Low, 4-Person HH	70.0%	\$100,900	\$30,270	\$742	\$1,781
Moderate, 4 Person HH	110.0%	\$117,850	\$35,355	\$722	\$2,225

Source: Los Angeles County Community Development Authority; California Housing and Community Development; EPS.

[1] Percent of AMI is based on City of Agoura Hills Ordinance 18-438.

[2] See Table 3.

[3] HUD adjusts the maximum incomes for very-low and low-income households in Los Angeles County up by 130%.

This type of adjustment is made in counties with unusually high or low household incomes, uneven housing cost-to-income ratios, or other considerations. See Table 3.

[4] Assumes a housing cost to income ratio of 30 percent.

[5] For rental units, other housing costs include utility expenditures consistent with the Los Angeles County Community Development Authority limits for a 2-bedroom unit (assumes use of electricity for heating and cooking). Utility costs effective July 2022. For for-sale units, other housing costs include insurance, taxes, and HOA fees. The assumptions are based on the applicable prototypes and are shown on Table A-4.

[6] Maximum income available to pay for rent or mortgage after allowance for other housing costs.

The assumed price/value is calculated based on HCD income limits by household size, as shown in **Table 5** and **Table 6**, for for-sale and rental projects, respectively. Based on these incomes and maximum housing costs, the revenues for the three prototypes are as follows:

- **Prototype #1: Medium-Density Attached Townhome (For-Sale).** For a 15-unit owner-occupied project, the assumed price/value by AMI is as follows:
 - \$195,980 per very low income unit,
 - \$313,598 per low income unit, and
 - \$391,736 per moderate income unit.
- **Prototype #2: Medium-Density Condominium (For-Sale).** For a 15-unit owner-occupied project, the assumed price/value by AMI is as follows:
 - \$195,980 per very low income unit,
 - \$313,598 per low income unit, and
 - \$391,736 per moderate income unit.
- **Prototype #3: High-Density Multifamily (Rental).** For a 20-unit renter-occupied project, the assumed price/value by AMI is as follows:
 - \$12,180 per very low income unit,
 - \$216,780 per low income unit, and
 - \$307,980 per moderate income unit.

Development Cost Assumptions

Assumptions used to estimate development costs for affordable units are based on data provided by CoStar, Redfin, Saylor, EPS, and conversations with local developers. **Table 7** details the construction cost assumptions. The average costs for each unit by prototype are as follow:

- **Prototype #1: Medium-Density Attached Townhome (For-Sale)** Costs = \$556,700.
- **Prototype #2: Medium-Density Condominium (For-Sale)** Costs = \$585,500.
- **Prototype #3: High-Density Multifamily (Rental)** Costs = \$612,390.

Table A-6 details the developer fee estimates based on the City's fee schedule as of June 2023.

Table 5. Project Value for Affordable For-Sale Units: City of Agoura Hills

Item	Ownership Product		
	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (110% AMI)
Prototype Unit Assumptions			
Number of Bedrooms	3	3	3
Number of Persons per Unit [1]	4	4	4
Maximum Supported Home Price			
Maximum Household Income [2]	\$63,050	\$100,900	\$117,850
Maximum Monthly Spending on Housing [3]	\$1,576	\$2,523	\$2,946
Other Housing Costs			
Mortgage Insurance as a % of Loan Amt. [4]	\$245	\$392	\$490
Annual Property Taxes and Homeowners Insurance [4]	\$327	\$523	\$653
HOA Fee	\$300	\$300	\$300
Maximum Monthly Mortgage Payment (after Other Housing Costs)	\$1,113	\$1,781	\$2,225
Mortgage Terms			
Down Payment	10.00%	10.00%	10.00%
Interest Rate (annual)	6.48%	6.48%	6.48%
Loan Term (years)	30	30	30
Total Supportable Unit Value [5]	\$195,980	\$313,598	\$391,736

Sources: Los Angeles County; California Housing and Community Development; EPS.

[1] For this analysis, EPS has assumed an average unit for income-qualified worker households would be either 2 or 3 bedrooms.

State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household, and a 3-bedroom unit should be assumed to be occupied by a 4-person household.

[2] Based on 2023 income limits for Los Angeles County. See Table 4.

[3] Assumes housing costs to be 30% of gross household income.

Maximum monthly payment for affordable units is inclusive of mortgage payment, insurance, and taxes.

[4] Assumes mortgage insurance and the property taxes and homeowners insurance equal to approximately 1.5% and 2.0% of sale price, respectively, divided by 12 months.

[5] The total supportable unit value is equivalent to the down payment plus total mortgage amount, assuming a mortgage with terms for interest rate, term, and payment as shown in table.

Table 6. Project Value for Affordable Rental Units: City of Agoura Hills

Item	Input Assumptions	Rental Product			
		Market Rate	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (110% AMI)
Prototype Unit Assumptions					
Number of Bedrooms		2	2	2	2
Number of Persons per Unit		3	3	3	3
Maximum Supported Rent					
Maximum Annual Household Income [1]		-	\$56,750	\$90,850	\$106,050
Maximum Monthly Spending on Housing [2]		\$3,100	\$1,136	\$1,988	\$2,368
Total Annual Revenue		\$37,200	\$13,629	\$23,859	\$28,419
Project Net Operating Income (NOI)					
Less Operating Costs [3]	35.0% /of gross rent	(\$13,020)	(\$13,020)	(\$13,020)	(\$13,020)
Less Vacancy for Market Rate Units [4]	5.0% /of gross rent	(\$1,860)	-	-	-
Annual NOI		\$22,320	\$609	\$10,839	\$15,399
Total Supportable Unit Value	5.0% Cap Rate	\$446,400	\$12,180	\$216,780	\$307,980

Source: Los Angeles County; California HCD; CoStar; National Apartment Association Survey (NAA); EPS.

[1] See Table 4.

[2] Based on CoStar data for market-rate, multi-family rental properties that currently exist and have been built since 2000 in Agoura Hills, Thousand Oaks, Oakpark, and Westlake Village. See Table A-3.

[3] EPS assumes operating and maintenance costs to be 35% of gross income based on NAA Survey. The affordable unit operating expense is based on the operating and maintenance cost of the market rate units.

[4] Assumes no vacancy for the affordable units, which typically have extensive waiting lists.

Table 7. Project Cost by Prototype: City of Agoura Hills

Item	Input Assumptions	For-Sale Prototype		Rental Prototype
		Residential-Medium Density: Attached Townhome	Residential-Medium Density: Condominium	Residential-High Density: Multifamily
Development Program Assumptions				
Acreage		6.67	6.67	5.00
Density/Acre		15	15	20
Total Unit Count [1]		100	100	100
Gross Unit Size [2]		1,870	2,047	1,235
Net Unit Size		1,870	1,740	1,050
Number of Bedrooms		3	3	2
Parking Spaces/Unit [3]		2.5	2.5	2.5
Cost Assumptions				
Land/Acre [4]		\$3,431,768	\$3,431,768	\$3,431,768
Land Value (rounded)		\$22,878,000	\$22,878,000	\$17,159,000
Land/Unit		\$228,780	\$228,780	\$171,590
<u>Direct Costs</u>				
Construction Costs/Gross SF [5]		\$135	\$135	\$269
Direct Construction Costs/Unit (rounded)		\$252,500	\$276,400	\$332,800
Surface Parking Construction Cost/Unit [6]	\$7,000 /space	—	—	\$7,000
Carport Parking Construction Cost/Unit [6]	\$8,000 /space	—	—	\$12,000
<i>Subtotal, Direct Costs/Unit</i>		<i>\$252,500</i>	<i>\$276,400</i>	<i>\$351,800</i>
<u>Indirect Costs</u>				
Indirect Costs/Unit (rounded) [7]	20% of direct costs	\$50,500	\$55,300	\$70,400
Impact Fees (rounded) [8]	per unit	\$24,900	\$25,000	\$18,600
Total Project Cost		\$55,670,000	\$58,550,000	\$61,239,000
Total Average Cost/Unit (rounded)		\$556,700	\$585,500	\$612,390

Source: Los Angeles County; California HCD; CoStar; Saylor Construction Cost 2020; Engineering News Record/McGraw-Hill Construction Weekly;

- [1] Based on inclusionary unit requirements as stated in City of Agoura Hills Ordinance 18-438. Ordinance says to round up to a whole unit when 0.5 and above, EPS assumed to round down when less than 0.5.
- [2] Gross size per unit includes garage for townhomes and condominiums and common areas for high-density multifamily (assumed efficiency ratio of 85%).
- [3] Parking assumption is consistent with the City's parking requirements for the product type.
- [4] Land value assumption based on data from CoStar for projects located in Agoura Hills. See Table A-5.
- [5] Construction cost estimates for townhome and condominium ownership product is based on conversations with developers. Construction cost estimate for multifamily rental product is based on 2020 Saylor Construction Cost data and adjusted for inflation.
- [6] Assumes 1.5 parking spots are covered and assumes 1 parking spot is surface as stated in City of Agoura Hills Municipal Code parking requirements.
- [7] Includes estimated costs for architecture and engineering; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.
- [8] See Table A-6 for more detail.
- [9] See unit value estimate for for-sale affordable housing on Table 5.
- [10] Townhome ownership product is based on Redfin data for townhomes ownership product that have been sold within the last five years and have been built since 2000 within Agoura Hills, Oakpark, and Westlake Village. See Table A-1. Condominium ownership product is based on Redfin data for townhomes ownership product that have been sold within the last five years and have been built since 2000 within Agoura Hills, Oakpark, and Westlake Village. See Table A-2.
- [11] See unit value estimate for rental affordable housing on Table 6.
- [12] Based on CoStar data for market-rate, multi-family rental properties that currently exist and have been built since 2000 in Agoura Hills, Thousand Oaks, Oakpark, and Westlake Village. See Table A-3.

In-Lieu Fee Calculation

Affordability Gap Analysis Results

Table 8 reflects the subsidy required for households at very low, low, and moderate income levels, which is also known as the affordability gap, and the results are as follows:⁵

- **Prototype #1: Medium-Density Attached Townhome (For-Sale).** For a 15-unit owner-occupied project, the affordability gap by income level is as follows:
 - \$360,720 per very low income unit;
 - \$243,102 per low income unit; and
 - \$164,964 per moderate income unit.
- **Prototype #2: Medium-Density Condominium (For-Sale).** For a 15-unit owner-occupied project, the affordability gap by income level is as follows:
 - \$389,620 per very low income unit;
 - \$271,902 per low income unit; and
 - \$193,764 per moderate income unit.
- **Prototype #3: High-Density Multifamily (Rental).** For a 20-unit renter-occupied project, the assumed affordability gap by income level is as follows:
 - \$600,210 per very low income unit;
 - \$395,610 per low income unit; and
 - \$304,410 per moderate income unit.

⁵ This reflects the average subsidy per unit required if a developer were to provide onsite inclusionary affordable housing units.

Table 8. Affordability Gap Analysis Summary: City of Agoura Hills

Item	Affordability Gap by Income Level per Unit		
	Very Low Income	Low Income	Moderate Income
UNIT TYPE [1]			
Required Inclusionary Percentage	7%	4%	4%
Attached Townhome			
Unit Value	\$195,980	\$313,598	\$391,736
Unit Cost	\$556,700	\$556,700	\$556,700
Development Funding Gap	(\$360,720)	(\$243,102)	(\$164,964)
Condominium			
Unit Value	\$195,980	\$313,598	\$391,736
Unit Cost	\$585,500	\$585,500	\$585,500
Development Funding Gap	(\$389,520)	(\$271,902)	(\$193,764)
Multifamily			
Unit Value	\$12,180	\$216,780	\$307,980
Unit Cost	\$612,390	\$612,390	\$612,390
Development Funding Gap	(\$600,210)	(\$395,610)	(\$304,410)

Source: EPS.

[1] See Table 5 for more detail on for-sale project value, see Table 6 for more detail on rental project value, and see Table 7 for more detail on project costs for both tenure types.

Maximum Supportable Fee

There are various ways the maximum supportable fee can inform the City's update of their in-lieu fee:

- **Maximum Supportable Fee by Income Level.** This format could apply to a developer willing to build a portion of the units, though not all the units. It could also apply to a project that has a fractional unit requirement such as being required to build 2.7 affordable units, in which case, they would build 2 units and pay a fee for the 0.7 remaining.
- **Weighted Average per Unbuilt Affordable Unit.** This simplifies the in-lieu fee calculation for both the City and the developer by providing one in-lieu fee per prototype for a developer.
- **Weighted Average per Market-Rate Unit.** Many jurisdictions provide their in-lieu fee on a per-market-rate-unit basis, thus making the in-lieu fee comparable across jurisdictions.
- **Weighted Average per Market-Rate Unit per Square Feet.** The State of California recently signed into law Assembly Bill (AB) 602, which mandates that impact fees must be calculated on a square footage basis. This is intended to ensure small-scale projects are not charged disproportionate fees.⁶ While an in-lieu fee is legally different from an impact fee and thus is not mandated by the Legislature to calculate fees on a per-square-foot basis, the underlying principle of proportionality can still be viewed as applicable to in-lieu fees.

⁶ AB 602 includes the following language: A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.

Table 9. In-Lieu Fee Calculation based on Affordability Gap by Income Level, Based on 15% Inclusionary Requirement: City of Agoura Hills

Item	Affordability Gap by Income Level per Unit			Weighted Average Per Unbuilt Affordable Unit	Weighted Average Per Market Rate Unit	Weighted Average Per Sq. Ft. [2]
	Very Low Income	Low Income	Moderate Income			
UNIT TYPE [1]						
Required Inclusionary Percentage	7%	4%	4%			
Attached Townhome						
Required Units	7	4	4			
Unit Value	\$195,980	\$313,598	\$391,736	\$279,546		
Unit Cost	\$556,700	\$556,700	\$556,700	\$556,700		
Development Funding Gap	(\$360,720)	(\$243,102)	(\$164,964)	(\$277,154)	(\$41,573)	(\$22.23)
Condominium						
Required Units	7	4	4			
Unit Value	\$195,980	\$313,598	\$391,736	\$279,546		
Unit Cost	\$585,500	\$585,500	\$585,500	\$585,500		
Development Funding Gap	(\$389,520)	(\$271,902)	(\$193,764)	(\$305,954)	(\$45,893)	(\$26.38)
Multifamily						
Required Units	7	4	4			
Unit Value	\$12,180	\$216,780	\$307,980	\$145,620		
Unit Cost	\$612,390	\$612,390	\$612,390	\$612,390		
Development Funding Gap	(\$600,210)	(\$395,610)	(\$304,410)	(\$466,770)	(\$70,016)	(\$66.68)

Source: EPS.

[1] See Table 5 for more detail on for-sale project value, see Table 6 for more detail on rental project value, and see Table 7 for more detail on project costs for both tenure types.

[2] Based on a per market rate unit basis. Assumes 1,870 net square feet for townhomes, assumes 1,740 square feet for condominiums, and assumes 1,050 square feet for multifamily projects.

Table 9 above estimates the cost to provide the same number of affordable units as the subject development would have needed to provide onsite. However, by funding only 15 affordable units and allowing 100 market-rate units, those 15 affordable units thus represent only 15 out of 115 total units—or 13 percent of the total—thus falling short of the goal of the inclusionary policy. Moreover, the City has expressed an interest in encouraging the production of units within projects (rather than the payment of the in-lieu fee) by making the in-lieu fee less financially attractive than providing units onsite.

To address these concerns and objectives, EPS has calculated an in-lieu fee reflecting a requirement that projects providing units offsite or paying the in-lieu fee must meet a higher goal, at 18 percent, while developers providing units onsite may provide the base 15 percent. As shown in **Table 10**, an 18 percent inclusionary requirement would produce an equivalent in-lieu fee ranging from \$49,261 per market-rate Attached Townhome unit to \$83,018 per market-rate Multifamily unit.

Table 10. In-Lieu Fee Calculation based on Affordability Gap by Income Level, Based on 18% Inclusionary Requirement: City of Agoura Hills

Item	Affordability Gap by Income Level per Unit			Weighted Average Per Unbuilt Affordable	Weighted Average Per Market Rate Unit	Weighted Average Per Sq. Ft. [2]
	Very Low Income	Low Income	Moderate Income			
UNIT TYPE [1]						
Required Inclusionary Percentage	8%	5%	5%			
Attached Townhome						
Required Units	8	5	5			
Unit Value	\$195,980	\$313,598	\$391,736	\$283,028		
Unit Cost	\$556,700	\$556,700	\$556,700	\$556,700		
Development Funding Gap	(\$360,720)	(\$243,102)	(\$164,964)	(\$273,672)	(\$49,261)	(\$26.34)
Condominium						
Required Units	8	5	5			
Unit Value	\$195,980	\$313,598	\$391,736	\$283,028		
Unit Cost	\$585,500	\$585,500	\$585,500	\$585,500		
Development Funding Gap	(\$389,520)	(\$271,902)	(\$193,764)	(\$302,472)	(\$54,445)	(\$31.29)
Multifamily						
Required Units	8	5	5			
Unit Value	\$12,180	\$216,780	\$307,980	\$151,180		
Unit Cost	\$612,390	\$612,390	\$612,390	\$612,390		
Development Funding Gap	(\$600,210)	(\$395,610)	(\$304,410)	(\$461,210)	(\$83,018)	(\$79.06)

Source: EPS.

- [1] See Table 5 for more detail on for-sale project value, see Table 6 for more detail on rental project value, and see Table 7 for more detail on project costs for both tenure types.
- [2] Based on a per market rate unit basis. Assumes 1,870 net square feet for townhomes, assumes 1,740 square feet for condominiums, and assumes 1,050 square feet for multifamily projects.

Indexing the In-Lieu Fee

To ensure the in-lieu fee is responsive to market conditions, jurisdictions have begun to index their in-lieu fee. To index a fee, a jurisdiction must decide on the parameters for adjustments (i.e., the frequency at which the index should occur) and the mechanism by which that index should be adjusted (i.e., the rate that determines the increase [or decrease] of the fee, such as the Engineering News-Record [ENR] Construction Cost Index). **Table 11** highlights two jurisdictions in the Los Angeles region that have indexed their in-lieu fee.

Table 11. In-lieu Fee Index Case Studies

Jurisdiction	Adjustment Parameters	Adjustment Mechanism
City of Santa Monica	Set by City Council resolution and may be adjusted on July 1st of each fiscal year based on changes in construction costs and land costs	Doesn't specify within ordinance
City of Thousand Oaks	Set by City Council resolution and may be adjusted biennially in an amount equal to the corresponding change, if any, in the construction cost index for Los Angeles for the corresponding period of time	Engineering News Record/McGraw-Hill Construction Weekly or any substitute index that the City Council may adopt by resolution

Sources: City of Santa Monica Municipal Code; City of Thousand Oaks Municipal Code; EPS.

Recommendation

Based on EPS's experience consulting on inclusionary housing programs and, more specifically, in-lieu fees, EPS believes the City should consider requiring an annual adjustment to their fees based on an index such as ENR's Construction Cost Index. This allows fees to remain in line with economic changes in the real estate market such as land and building materials that impact cost factors. The City should also consider requiring a comprehensive review of the fees every 5 years.

APPENDIX A

Table A-1	Townhome Market Comparables (2 pages)
Table A-2	Condominium Market Comparables
Table A-3	Apartment Rental Market Comparables
Table A-4	Los Angeles County Utility Allowances per Month, Multi Family Unit Size
Table A-5	Land Sale Comparables
Table A-6	City of Agoura Hills Estimated Development Fees



Table A-1
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Townhome Market Comparables

Townhomes

Item	Year Built	Sale Date	Beds	Townhome Market Comparables [1]		Sale Price/ Sq. Ft.
				Unit Sq. Ft.	Sale Price	
Property Address						
918 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-24-2022	4	2,199	\$809,500	\$368
902 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-24-2022	3	2,172	\$978,500	\$451
946 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-24-2022	3	2,171	\$810,000	\$373
936 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-29-2022	3	2,171	\$799,500	\$368
916 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-24-2022	3	2,171	\$799,500	\$368
934 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-25-2022	4	2,150	\$790,500	\$368
938 Warwick Ave, Thousand Oaks, CA, 91360	2021	April-19-2022	4	2,127	\$850,000	\$400
942 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-29-2022	4	2,127	\$765,500	\$360
914 Warwick Ave, Thousand Oaks, CA, 91360	2021	March-31-2022	4	2,127	\$759,500	\$357
3236 Royal Oaks Dr #3, Thousand Oaks, CA, 91362	2019	February-19-2021	3	1,887	\$670,000	\$355
3236 Royal Oaks Dr #4, Thousand Oaks, CA, 91362	2019	March-12-2021	3	1,887	\$680,000	\$360
3236 Royal Oaks Dr #1, Thousand Oaks, CA, 91362	2019	February-18-2021	3	1,883	\$680,000	\$361
3236 Royal Oaks Dr #5, Thousand Oaks, CA, 91362	2019	April-28-2021	3	1,806	\$700,000	\$388
1200 Vista Heights Ct #1200, Thousand Oaks, CA, 91320	2018	September-17-2019	3	2,523	\$645,000	\$256
1200 Newbury Rd #1198, Newbury Park, CA, 91320	2018	October-1-2019	3	2,418	\$620,000	\$256
1200 Newbury Vista Rd #302, Newbury Park, CA, 91320	2018	September-10-2019	3	2,200	\$632,500	\$288
309 Newbury Vista Ln #309, Newbury Park, CA, 91320	2018	September-11-2019	3	2,020	\$597,000	\$296
1200 Newbury Rd #1206, Newbury Park, CA, 91320	2018	October-8-2019	3	2,014	\$605,000	\$300
1200 Newbury #1204, Newbury Park, CA, 91320	2018	August-19-2019	2	1,947	\$547,800	\$281
1200 Newbury Rd #55, Thousand Oaks, CA, 91320	2018	May-18-2018	3	1,798	\$580,000	\$323
1200 Newbury Rd #288, Newbury Park, CA, 91320	2018	August-9-2019	3	1,795	\$555,000	\$309
1218 Vista Heights Ct, Newbury Park, CA, 91320	2018	May-7-2021	3	1,681	\$690,000	\$410
329 Newbury Vista Ln, Newbury Park, CA, 91320	2018	October-21-2020	3	1,681	\$605,000	\$360
352 Newbury Vista Ln, Newbury Park, CA, 91320	2017	September-24-2020	3	2,010	\$650,000	\$323
324 Newbury Vista Ln, Newbury Park, CA, 91320	2017	June-22-2021	3	1,798	\$707,500	\$393
1200 Newbury Road Rd #53, Newbury Park, CA, 91320	2017	April-23-2018	3	1,798	\$595,000	\$331
43 Jensen Ct, Thousand Oaks, CA, 91360	2017	July-8-2021	3	1,496	\$683,000	\$457
73 Jensen Ct, Thousand Oaks, CA, 91360	2017	February-12-2021	3	1,496	\$627,500	\$419
35 Jensen Ct, Thousand Oaks, CA, 91360	2017	October-25-2019	3	1,496	\$625,000	\$418
33 Jensen Ct, Thousand Oaks, CA, 91360	2017	October-24-2019	3	1,496	\$549,950	\$368
50 Secret Hollow Ln #12, Newbury Park, CA, 91320	2015	June-28-2018	3	1,734	\$572,000	\$330
42 Secret Hollow Ln, Newbury Park, CA, 91320	2015	March-30-2023	3	1,611	\$732,000	\$454
56 Secret Hollow Ln #81, Newbury Park, CA, 91320	2015	July-23-2020	3	1,562	\$640,000	\$346
55 Secret Hollow Ln, Newbury Park, CA, 91320	2015	November-27-2018	3	1,562	\$575,000	\$368
48 Secret Hollow Ln #11, Newbury Park, CA, 91320	2015	November-13-2020	3	1,562	\$567,000	\$363
40 Secret Hollow Ln, Newbury Park, CA, 91320	2015	October-22-2018	3	1,562	\$575,000	\$368
1586 Silver Shadow Dr, Thousand Oaks, CA, 91320	2013	September-22-2021	3	1,562	\$645,000	\$413
1168 Vista Canyon Ln, Newbury Park, CA, 91320	2013	January-22-2019	3	1,527	\$540,000	\$354
1158 Vista Canyon Ln, Newbury Park, CA, 91320	2013	August-16-2021	3	1,527	\$665,000	\$435
1172 Vista Canyon Ln, Newbury Park, CA, 91320	2013	December-27-2019	2	1,478	\$510,000	\$345
1178 Vista Canyon Ln, Newbury Park, CA, 91320	2013	June-11-2021	3	1,445	\$620,000	\$429
1510 Silver Shadow Dr, Newbury Park, CA, 91320	2012	September-23-2022	3	1,562	\$730,000	\$467
1503 Silver Shadow Dr, Newbury Park, CA, 91320	2012	August-28-2020	3	1,562	\$580,000	\$371
1204 Vista Canyon Ln #10, Newbury Park, CA, 91320	2012	April-7-2022	3	1,441	\$700,000	\$486
720 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	July-5-2018	3	2,426	\$685,000	\$282
726 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	October-29-2020	3	2,426	\$710,000	\$293
370 Hilltop Way, Thousand Oaks, CA, 91362	2011	December-10-2018	3	2,061	\$634,900	\$308
792 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	September-12-2018	3	2,018	\$635,000	\$315
782 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	April-7-2021	3	2,018	\$740,000	\$367
794 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	December-18-2018	5	1,847	\$617,000	\$334
750 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	September-8-2021	3	1,847	\$699,999	\$379
780 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	December-2-2020	3	1,847	\$645,000	\$349
740 Tennis Club Ln, Thousand Oaks, CA, 91360	2011	August-6-2019	3	1,847	\$570,000	\$309
363 E Hilltop Way, Thousand Oaks, CA, 91362	2011	August-22-2022	3	1,846	\$740,000	\$401
316 E Hilltop Way, Thousand Oaks, CA, 91362	2011	September-25-2019	3	1,836	\$609,000	\$332
372 E Hilltop Way, Thousand Oaks, CA, 91362	2011	March-16-2022	3	1,762	\$715,000	\$406
399 E Hilltop Way, Thousand Oaks, CA, 91362	2011	August-20-2021	3	1,762	\$715,000	\$406
374 E Hilltop Way, Thousand Oaks, CA, 91362	2011	December-2-2020	3	1,762	\$600,000	\$341
1553 Silver Shadow Dr, Newbury Park, CA, 91320	2010	November-25-2020	3	1,611	\$625,000	\$388
1555 Silver Shadow Dr, Newbury Park, CA, 91320	2010	April-26-2019	3	1,562	\$580,000	\$371
1533 Silver Shadow Dr, Newbury Park, CA, 91320	2009	July-22-2022	3	1,734	\$745,000	\$430
1541 Silver Shadow Dr, Newbury Park, CA, 91320	2009	January-3-2019	3	1,611	\$572,000	\$355
1537 Silver Shadow Dr, Newbury Park, CA, 91320	2009	April-4-2023	3	1,611	\$750,000	\$466
1540 Silver Shadow Dr, Newbury Park, CA, 91320	2009	June-11-2021	3	1,562	\$640,500	\$410
1562 Silver Shadow Dr, Newbury Park, CA, 91320	2009	March-5-2021	3	1,562	\$620,000	\$397
1572 Silver Shadow Dr, Thousand Oaks, CA, 91320	2009	June-10-2022	3	1,562	\$775,000	\$496
2399 Chiquita Ln, Thousand Oaks, CA, 91362	2007	November-19-2019	4	2,206	\$571,000	\$259
2411 Chiquita Ln, Thousand Oaks, CA, 91362	2007	March-30-2023	4	2,167	\$799,000	\$369
2407 Chiquita Ln, Thousand Oaks, CA, 91362	2007	November-4-2020	3	1,703	\$585,000	\$344
2351 Chiquita Ln, Thousand Oaks, CA, 91362	2006	March-27-2020	4	2,206	\$589,000	\$267
5241 Colodny Dr #204, Agoura Hills, CA, 91301	2006	April-5-2021	3	1,800	\$689,000	\$383
5241 Colodny Dr #101, Agoura Hills, CA, 91301	2006	March-24-2021	3	1,800	\$610,000	\$339
5241 Colodny #403, Agoura Hills, CA, 91301	2006	April-13-2018	3	1,740	\$570,000	\$328
5241 Colodny Dr #103, Agoura Hills, CA, 91301	2006	June-1-2021	3	1,740	\$720,000	\$414
5241 Colodny Dr #203, Agoura Hills, CA, 91301	2006	February-18-2022	3	1,740	\$775,000	\$445
5241 Colodny Dr #105, Agoura Hills, CA, 91301	2006	March-16-2023	3	1,740	\$760,000	\$437
2363 Chiquita Ln, Thousand Oaks, CA, 91362	2006	February-15-2019	4	1,631	\$485,000	\$297

Table A-1
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Townhome Market Comparables

Townhomes

Item	Townhome Market Comparables [1]						Sale Price/ Sq. Ft.
	Year Built	Sale Date	Beds	Sq. Ft.	Unit	Sale Price	
Property Address							
4791 Via Altamira, Newbury Park, CA, 91320	2005	July-29-2020	3	1,784		\$540,000	\$303
240 Via Antonio, Newbury Park, CA, 91320	2005	January-18-2023	3	1,784		\$715,000	\$401
230 Via Antonio, Newbury Park, CA, 91320	2005	August-12-2021	3	1,669		\$662,500	\$397
78 Via Katrina #18, Newbury Park, CA, 91320	2005	June-30-2020	3	1,669		\$585,000	\$351
200 Via Antonio, Newbury Park, CA, 91320	2005	September-23-2022	3	1,669		\$730,000	\$437
108 Via Katrina, Newbury Park, CA, 91320	2005	April-23-2021	3	1,669		\$630,000	\$377
110 Via Katrina, Newbury Park, CA, 91320	2005	November-1-2019	3	1,597		\$555,000	\$348
109 Via Aldea, Newbury Park, CA, 91320	2005	July-6-2018	3	1,597		\$575,000	\$360
89 Via Aldea, Newbury Park, CA, 91320	2005	July-24-2020	3	1,597		\$563,000	\$353
87 Via Aldea, Newbury Park, CA, 91320	2005	July-28-2021	3	1,597		\$640,000	\$401
209 Via Antonio, Newbury Park, CA, 91320	2005	March-18-2022	3	1,597		\$710,000	\$445
111 Via Aldea, Newbury Park, CA, 91320	2005	June-12-2020	3	1,597		\$557,000	\$349
203 Via Antonio, Newbury Park, CA, 91320	2005	May-2-2022	3	1,597		\$710,000	\$445
112 Via Katrina, Newbury Park, CA, 91320	2005	February-27-2020	3	1,597		\$550,000	\$344
142 Via Katrina, Newbury Park, CA, 91320	2005	July-30-2020	3	1,597		\$570,000	\$357
232 Via Antonio, Newbury Park, CA, 91320	2005	December-24-2020	3	1,597		\$594,000	\$372
3215 Royal Oaks Dr #7, Thousand Oaks, CA, 91362	2005	April-7-2022	3	1,553		\$710,000	\$457
68 Fairview Rd, Thousand Oaks, CA, 91362	2005	July-2-2019	3	1,526		\$550,000	\$360
176 Via Katrina, Newbury Park, CA, 91320	2005	June-10-2021	3	1,524		\$629,000	\$413
128 Via Katrina, Newbury Park, CA, 91320	2005	February-10-2023	3	1,524		\$700,000	\$459
123 Via Aldea, Newbury Park, CA, 91320	2005	July-12-2022	3	1,524		\$720,000	\$472
129 Via Aldea, Newbury Park, CA, 91320	2005	June-30-2020	3	1,524		\$555,000	\$364
182 Via Katrina, Newbury Park, CA, 91320	2005	February-10-2021	3	1,524		\$599,000	\$393
274 Via Antonio, Newbury Park, CA, 91320	2005	October-13-2021	3	1,524		\$650,000	\$427
219 Via Antonio, Newbury Park, CA, 91320	2005	July-3-2018	3	1,524		\$560,000	\$367
158 Via Katrina, Newbury Park, CA, 91320	2005	December-9-2020	3	1,524		\$575,000	\$377
248 Via Antonio, Newbury Park, CA, 91320	2005	July-28-2020	3	1,524		\$530,000	\$348
99 Via Aldea, Newbury Park, CA, 91320	2005	May-1-2018	3	1,524		\$569,000	\$373
320 Eric Pl, Thousand Oaks, CA, 91362	2004	May-5-2021	3	1,859		\$690,000	\$371
327 Eric Pl, Thousand Oaks, CA, 91362	2004	November-5-2021	3	1,831		\$735,000	\$401
326 Eric Pl, Thousand Oaks, CA, 91362	2004	February-19-2021	3	1,824		\$650,000	\$356
308 Eric Pl, Thousand Oaks, CA, 91362	2004	January-27-2021	3	1,824		\$645,000	\$354
344 Eric Pl, Thousand Oaks, CA, 91362	2004	August-17-2022	3	1,804		\$759,000	\$421
386 Eric Pl, Thousand Oaks, CA, 91362	2004	September-28-2021	3	1,804		\$745,000	\$413
1353 Ashton Park Ln, Newbury Park, CA, 91320	2003	September-11-2020	3	1,744		\$608,000	\$349
1400 Ashton Park Ln, Newbury Park, CA, 91320	2003	July-20-2020	3	1,744		\$630,000	\$361
1380 Ashton Park Ln, Newbury Park, CA, 91320	2003	January-24-2020	3	1,744		\$635,000	\$364
1332 Ashton Park Ln, Newbury Park, CA, 91320	2003	June-12-2018	3	1,574		\$565,000	\$359
1368 Ashton Park Ln, Newbury Park, CA, 91320	2003	November-8-2019	3	1,574		\$575,000	\$365
327G Los Robles Rd, Thousand Oaks, CA, 91362	2003	October-4-2021	3	1,551		\$575,000	\$371
1389 Ashton Park Ln, Newbury Park, CA, 91320	2003	April-4-2022	3	1,447		\$690,000	\$477
1424 Ashton Park Ln, Newbury Park, CA, 91320	2003	March-15-2019	3	1,447		\$559,900	\$387
351 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	August-2-2019	4	2,420		\$599,000	\$248
347 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	April-29-2022	4	2,263		\$875,000	\$387
382 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	September-20-2019	4	2,263		\$628,875	\$278
378 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	November-21-2018	3	1,901		\$575,000	\$302
2668 Morning Grove Way, Thousand Oaks, CA, 91362	2001	May-10-2021	4	1,801		\$750,000	\$416
335 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	July-19-2019	3	1,773		\$611,000	\$345
2654 Morning Grove Way, Thousand Oaks, CA, 91362	2001	February-22-2021	4	1,659		\$717,000	\$432
354 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	June-10-2019	3	1,645		\$474,000	\$288
371 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	January-17-2020	3	1,426		\$550,000	\$386
2306 Heatherbank Ct, Thousand Oaks, CA, 91361	2000	March-2-2022	4	3,758		\$2,600,000	\$692
2330 Heatherbank Ct, Lake Sherwood, CA, 91361	2000	May-15-2019	4	3,758		\$1,800,000	\$479
2342 Heatherbank Ct, Thousand Oaks, CA, 91361	2000	April-15-2021	4	3,758		\$2,365,000	\$629
2361 Heatherbank Ct, Thousand Oaks, CA, 91361	2000	February-22-2021	4	3,730		\$1,900,000	\$509
2387 Waldemar Dr, Thousand Oaks, CA, 91361	2000	August-29-2019	4	3,466		\$1,600,000	\$462
Total/Weighted Average	-	-	3	1,872		\$759,736	\$406

Source: RedFin; EPS.

[1] The 2023 Study assumption data for Townhomes ownership product per Redfin (accessed April 2023). Data was filtered by properties that have been sold within the last five years and have been built since 2000 within Agoura Hills, Oakpark, and Westlake Village.

Table A-2
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Condominium Market Comparables

Condominiums

Item	Condominium Market Comparables [1]					
	Year Built	Sale Date	Bed	Unit Sq. Ft.	Sale Price	Price/ Sq. Ft.
Property Address						
3236 Royal Oaks Dr #2, Thousand Oaks, CA, 91362	2019	December-10-2020	3	1,887	\$660,000	\$350
1200 Vista Heights Ct #1200, Thousand Oaks, CA, 91320	2018	September-17-2019	3	2,523	\$645,000	\$256
311 Newbury Vista Ln, Newbury Park, CA, 91320	2018	May-16-2022	3	2,200	\$795,000	\$361
1200 Newbury Rd #3, Newbury Park, CA, 91320	2018	October-5-2018	3	1,798	\$585,000	\$325
1222 Vista Heights Ct, Newbury Park, CA, 91320	2018	January-27-2021	3	1,681	\$606,500	\$361
286 Newbury Vista Ln, Newbury Park, CA, 91320	2018	July-9-2021	3	1,681	\$695,000	\$413
289 Newbury Vista Ln, Newbury Park, CA, 91320	2018	-	3	1,540	\$560,000	\$364
291 Newbury Vista Ln, Newbury Park, CA, 91320	2018	December-10-2018	3	1,540	\$569,000	\$369
349 Newbury Vista Ln, Newbury Park, CA, 91320	2017	May-9-2022	3	2,200	\$840,000	\$382
361 Newbury Vista Ln, Newbury Park, CA, 91320	2017	March-31-2022	3	1,798	\$730,000	\$406
331 Newbury Vista Ln, Newbury Park, CA, 91320	2017	April-5-2021	3	1,681	\$650,000	\$387
83 Jensen Ct, Thousand Oaks, CA, 91360	2017	September-23-2022	3	1,496	\$742,000	\$496
42 Secret Hollow Ln #15, Newbury Park, CA, 91320	2015	-	3	1,611	\$732,000	\$454
64 Secret Hollow Ln, Newbury Park, CA, 91320	2015	-	3	1,562	\$540,000	\$346
1504 Silver Shadow Dr, Newbury Park, CA, 91320	2013	August-31-2018	3	1,734	\$588,000	\$339
1188 Vista Canyon Ln #14, Newbury Park, CA, 91320	2013	-	3	1,384	\$643,500	\$465
1204 Vista Canyon Ln #10, Newbury Park, CA, 91320	2012	-	3	1,441	\$700,000	\$486
342 E Hilltop Way, Thousand Oaks, CA, 91362	2011	July-13-2018	3	1,846	\$615,000	\$333
397 E Hilltop Way, Thousand Oaks, CA, 91362	2011	June-8-2020	3	1,811	\$590,000	\$326
655 Clearwater Creek Dr, Newbury Park, CA, 91320	2007	-	4	2,703	\$860,000	\$318
626 Clearwater Creek Dr, Newbury Park, CA, 91320	2007	May-24-2019	4	2,058	\$695,000	\$338
2391 Chiquita Ln, Thousand Oaks, CA, 91362	2007	May-1-2019	3	1,741	\$605,000	\$348
2415 Chiquita Ln, Thousand Oaks, CA, 91362	2007	March-11-2020	3	1,741	\$587,000	\$337
2367 Chiquita Ln, Thousand Oaks, CA, 91362	2006	-	4	2,206	\$760,000	\$345
2371 Chiquita Ln, Thousand Oaks, CA, 91362	2006	February-24-2023	3	1,888	\$786,000	\$416
5241 Colodny Dr #106, Agoura Hills, CA, 91301	2006	July-11-2022	3	1,800	\$785,000	\$436
5241 Colodny Dr #104, Agoura Hills, CA, 91301	2006	December-8-2021	3	1,740	\$715,000	\$411
2355 Chiquita Ln, Thousand Oaks, CA, 91362	2006	March-24-2020	3	1,631	\$572,000	\$351
4725 Via Altamira, Newbury Park, CA, 91320	2005	February-7-2022	3	1,754	\$700,000	\$399
143 Via Aldea, Newbury Park, CA, 91320	2005	-	3	1,597	\$549,000	\$344
238 Via Antonio, Newbury Park, CA, 91320	2005	April-9-2021	3	1,597	\$620,000	\$388
4731 E Via Altamira, Newbury Park, CA, 91320	2005	June-1-2022	3	1,597	\$699,000	\$438
4781 Via Altamira, Newbury Park, CA, 91320	2005	-	3	1,597	\$530,000	\$332
3215 Royal Oaks Dr Unit C7, Thousand Oaks, CA, 91362	2005	-	3	1,553	\$710,000	\$457
92 Via Katrina, Newbury Park, CA, 91320	2005	March-15-2021	3	1,524	\$610,000	\$400
64 Fairview Rd, Thousand Oaks, CA, 91362	2005	October-5-2018	3	1,456	\$549,000	\$377
157 Via Aldea, Newbury Park, CA, 91320	2005	May-23-2018	2	1,366	\$493,000	\$361
172 Via Katrina, Newbury Park, CA, 91320	2005	August-3-2018	2	1,366	\$514,900	\$377
121 Via Aldea, Newbury Park, CA, 91320	2005	July-26-2019	2	1,223	\$457,500	\$374
130 Via Katrina, Thousand Oaks, CA, 91320	2005	September-6-2022	2	1,223	\$625,000	\$511
160 Via Katrina, Newbury Park, CA, 91320	2005	June-21-2019	2	1,223	\$480,000	\$392
4737 Via Altamira, Newbury Park, CA, 91320	2005	December-22-2021	2	1,223	\$590,000	\$482
5276 Colodny Dr Unit B, Agoura Hills, CA, 91301	2005	October-27-2021	2	1,078	\$565,000	\$524
390 Eric Pl, Thousand Oaks, CA, 91362	2004	April-14-2020	3	1,804	\$618,000	\$343
3270 Los Robles Rd, Thousand Oaks, CA, 91362	2003	August-16-2021	3	1,551	\$625,222	\$403
1337 Ashton Park Ln, Newbury Park, CA, 91320	2003	-	3	1,447	\$529,000	\$366
1341 Ashton Park Ln, Thousand Oaks, CA, 91320	2003	October-22-2019	3	1,401	\$520,000	\$371
2923 Arbella Ln, Thousand Oaks, CA, 91362	2001	November-6-2020	4	2,734	\$950,000	\$347
391 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	July-1-2022	3	1,699	\$675,000	\$397
367 Westlake Vista Ln, Thousand Oaks, CA, 91362	2001	September-27-2021	3	1,426	\$650,000	\$456
3937 Angeline St, Newbury Park, CA, 91320	2000	January-11-2019	3	2,126	\$725,000	\$341
556 Fallbrook Ave, Newbury Park, CA, 91320	2000	April-1-2021	3	1,969	\$850,000	\$432
Total/Weighted Average	-	-	3	1,741	\$663,170	\$381

Source: RedFin; EPS.

[1] The 2023 Study assumption data for Condominium ownership product per Redfin (accessed April 2023). Data was filtered by properties that have been sold within the last five years and have been built since 2000 within Agoura Hills, Oakpark, and Westlake Village.

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Apartment Rentals

Table A-3
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Apartment Rental Market Comparables

Apartment Rental Market Comparables [1]										
Item	Property Address	Year Built	Number Of Units	# of Studios Units	# of 1 Bedrooms Units	# of 2 Bedrooms Units	# of 3 Bedrooms Units	Average Unit Sq. Ft.	Effective Monthly Rent	Average Rent Per Sq. Ft.
Property Name										
1710 on the BLVD	1710 E Thousand Oaks Blvd, Thousand Oaks, CA 91362	2021	36	-	8	26	2	996	\$3,454	\$3.47
Old Agoura Apartments	5250 Chesebro Rd, Agoura Hills, CA, 91301	2018	18	-	-	1	17	1,613	\$3,840	\$2.38
YOLO Thousand Oaks Apartments	51-81 Maegan Pl, Thousand Oaks, CA, 91362	2017	36	-	-	36	-	896	\$2,702	\$3.02
-	859 Pierce Ct, Thousand Oaks, CA, 91360	2016	4	-	-	2	2	-	-	-
-	90 N Oakview Dr, Thousand Oaks, CA, 91362	2014	10	-	-	10	-	1,030	-	-
-	5310 Colodny Dr, Agoura Hills, CA, 91301	2014	5	-	-	-	5	1,700	\$3,292	\$1.94
-	1769 Los Feliz Dr, Thousand Oaks, CA, 91362	2011	6	-	2	4	-	933	-	-
Avalon Oak Creek	29128 Oak Creek Ln, Agoura Hills, CA, 91301	2004	336	1	143	192	-	1,085	\$3,224	\$2.97
Avalon Thousand Oaks Plaza	235 Conejo School Rd, Thousand Oaks, CA, 91362	2002	148	-	82	66	-	953	\$3,112	\$3.27
Total/Weighted Average		-	599	-	-	-	-	1,047	\$3,090	\$2.95

Source: CoStar; EPS.

[1] The 2023 Study assumption data for Multifamily rental product per CoStar (accessed April 2023). Data was filtered by market-rate properties that currently exist and have been built since 2000 in Agoura Hills, Thousand Oaks, Oakpark, and Westlake Village.

Table A-4
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Los Angeles County Utility Allowances per Month, Multi Family Unit Size

Item	2-Bedroom Apartment
Electricity [1]	\$80
Other Allowances	
Air Conditioning	\$21
Other Electric	\$44
Water/Sewer	\$86
Trash	\$37
Range	\$7
Refrigerator	<u>\$8</u>
Subtotal, Other Allowances	\$203
Total Utility Allowance per Month	\$283

Sources: Los Angeles County Community Development Authority Utility Allowances (effective July 2022); EPS.

[1] Assumes use of electricity for space heating, cooking, and water heating.

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Land Sales

Table A-5
City of Agoura Hills
Inclusionary Housing In-Lieu Fee Study; EPS #232001
Land Sale Comparables

Item	Property Name	Last Sale Date	Land Sale Comparables		
			Acres	Total Sale Price	Total Sale Price per Acre
Property Address					
30856 Agoura Rd, Agoura Hills, CA, 91301	The Lexington	September-13-22	15.4	\$87,300,000	\$5,684,667
24106 Calabasas Rd, Calabasas, CA, 91302		January-24-17	0.3	\$1,353,067	\$4,395,929
5250 Chesebro Rd, Agoura Hills, CA, 91301	Old Agoura Apartments	August-30-19	0.9	\$11,500,000	\$12,234,043
5307-5315 Colodny Dr, Agoura Hills, CA, 91301		August-9-16	1.0	\$5,200,000	\$5,344,845
5310 Colodny Dr, Agoura Hills, CA, 91301		February-15-21	0.3	\$2,944,000	\$9,150,246
3200-3240 Foothill Dr, Westlake Village, CA, 91361	The Verona	April-14-20	1.6	\$8,150,000	\$4,969,512
603 Hampshire Rd, Westlake Village, CA, 91361	The Meadows at Westlake Village	August-17-16	13.7	\$88,250,000	\$6,446,311
5758 Las Virgenes Rd, Calabasas, CA, 91302	Malibu Canyon	September-8-20	51.9	\$87,550,692	\$1,685,937
Weighted Average Sales Price Per Acre			85.2	\$83,677,337	\$3,431,768

Source: CoStar; EPS.

[1] The 2023 Study assumption data for land sales per CoStar (accessed June 2023). Data was filtered by land that has been sold within the last ten years with an intended use for multifamily development within Agoura Hills, Oakpark, and Westlake Village.

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Table A-6
 City of Agoura Hills
 Inclusionary Housing In-Lieu Fee Study; EPS #232001
 City of Agoura Hills Estimated Development Fees

Item	Input Assumptions	For-Sale Prototype		Rental Prototype
		Residential-Medium Density: Attached Townhome	Residential-Medium Density: Condominium	Residential-High Density: Multifamily
Development Program Assumptions				
Total Unit Count [1]		100	100	100
Gross Building Size per Unit [1]		1,870	2,047	1,235
Net Unit Size [1]		1,870	1,740	1,050
Valuation Assumptions				
Valuation Per Square Feet [2]		\$178	\$178	\$156
Total Valuation/Unit		\$332,243	\$363,701	\$192,644
Total Valuation		\$33,224,290	\$36,370,094	\$19,264,412
<i>Current as of [3]</i>				
		<i>Jun-23</i>	<i>Jun-23</i>	<i>Jun-23</i>
Building Permit Fees [4]				
	<i>per unit</i>	<i>per unit</i>	<i>per unit</i>	<i>per unit</i>
Planning Review Fee		\$68	\$68	\$68
Permit Issuance Fee		\$35	\$35	\$35
General Plan Fee	\$1.41 /\$1,000 valuation	\$468	\$513	\$272
Plan Check Fee				
General Fee		\$2,467	\$2,655	\$1,631
Energy Fee		\$254	\$273	\$172
Green Building Fee	\$1.00 /\$1,000 valuation	\$332	\$364	\$193
Permit Fees				
General Fee		\$2,071	\$2,266	\$1,205
Miscellaneous Fees				
Technology Surcharge Fee	\$1.27 /\$1,000 valuation	\$422	\$462	\$245
Strong Motion Impact (SMIP) Residential Fee	\$0.00013 * valuation per unit	\$43	\$47	\$25
SB 1473	\$1.00 /\$25,000	\$13	\$15	\$8
Subtotal Development Fees		\$6,174	\$6,698	\$3,853
Engineering/Public Works Traffic Fees [4] [5]				
Transpiration Impact Fee		\$1,516	\$1,516	\$1,516
Encroachment Permit Fees		\$1,782	\$1,782	\$1,782
Traffic Control Plan Review		\$1,772	\$1,772	\$1,772
Traffic Engineering Consultant Deposit		\$4,286	\$4,286	\$4,286
Subtotal Engineering/Public Works Traffic Fees		\$9,356	\$9,356	\$9,356
School Impact Fee [4]	\$4.08 /Sq. Ft.	\$7,630	\$7,099	\$4,284
Fire Fees [4] [6]	\$0.92 /Sq. Ft.	\$1,725	\$1,888	\$1,139
Total Impact Fees per unit		\$24,885	\$25,041	\$18,632

Source: City of Agoura Hills; International Code Council; EPS.

[1] See Table 2 for more detail.

[2] International Code Council Building Valuation Data dated February 2023. Assumes that all development projects are categorized as VA, assumes townhomes are considered one- and two-family, also assumes condominiums and multi-family are considered multiple family.

[3] Based on Agoura Hill's fee schedule dated May 2017, the most readily available data provided by the City.

[4] According to City of Agoura Hills, all fees are based on all contract evaluation.

[5] Assumes that townhome, condominium, and multifamily developments are considered multi-family.

[6] Assumes that 100 percent of floor area is new floor area.

Exhibit C

*Resolution No. 18-1882
(Existing Inclusionary Housing Fees)*

RESOLUTION NO. 18-1882

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, ESTABLISHING A FEE SCHEDULE PURSUANT TO SECTION 9133 (INCLUSIONARY HOUSING) OF THE CITY OF AGOURA HILLS MUNICIPAL CODE

WHEREAS, Agoura Hills Municipal Code Section 9133 *et seq.* requires developers of residential projects of 10 or more units to provide housing units affordable to very low, low, or moderate income households within the residential development;

WHEREAS, Agoura Hills Municipal Code Section 9133 *et seq.* provides that the City's inclusionary housing requirements may be satisfied by payment of an in-lieu fee (instead of building the inclusionary units on-site);

WHEREAS, Agoura Hills Municipal Code Section 9133 *et seq.* provides that the City Council shall adopt a resolution setting forth the amount of the in-lieu fee;

WHEREAS, RSG, Inc., a consulting firm commissioned by the City, prepared a study dated August 29, 2018 entitled "Inclusionary Housing In-Lieu Fee Analysis" addressing the gap between market rate sales prices and rents for housing units in the City and sales prices and rents affordable to very low, low, and moderate income households. The study also contained detailed analysis for the estimated development funding gap related to constructing the affordable units on site. The study included a proposed in-lieu fee amount for apartment, condominium, and single family residential projects necessary to fund 100% of the estimated cost or assistance needed to develop the affordable units at an off-site location. The study also included a reduced fee option at 40% of the estimated cost or assistance needed to develop an affordable single family residential project at an off-site location;

WHEREAS, Section 9133 *et seq.* provides that all monies collected by the City in-lieu of constructing affordable units on-site shall be deposited in the inclusionary housing trust fund;

WHEREAS, a public hearing was duly held on September 26, 2018 at 6:00 p.m. in the Agoura Hills City Hall Council Chambers, 30001 Ladyface Court, Agoura Hills, California. Notice of the time, date, and place and purpose of the aforesaid was duly given;

WHEREAS, evidence, both written and oral, was duly presented to and considered by the City Council of the City of Agoura Hills at the aforesaid public hearing;

WHEREAS, after close of the public hearing, the City Council considered all public comments received both before and during the public hearing, the presentation by City staff, the staff report, the recommendations, and all other pertinent documents and associated actions regarding the proposed ordinance amendment and fee update; and

WHEREAS, the in-lieu fee schedule resolution was reviewed and considered by the City Council in accordance with the provisions of the California Environmental Quality Act (CEQA), as amended, and the CEQA Guidelines promulgated thereunder. The inclusionary housing in-lieu fee schedule resolution has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines, since it includes the amendment to government funding mechanisms and fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment. Moreover, additional CEQA review would be required on a case-by-case basis prior to issuance of any approvals to construct units with the funds generated by the in-lieu fees.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Agoura Hills as follows:

Section 1. The City Council has reviewed and approved the study prepared by RSG, Inc., and finds that the analysis therein supports the in-lieu fees established by this resolution.

Section 2. The City Council hereby adopts the inclusionary housing in-lieu fee amounts stated in this resolution. To satisfy the inclusionary housing requirements of Agoura Hills Municipal Code Section 9133 *et seq.*, the total amount of the in-lieu fee for a residential development shall be calculated by multiplying the number of units that are required to be reserved for very low, low, and moderate income households (but that are not built onsite) by the in-lieu fee amounts applicable to each apartment, condominium, and single family units at the income levels stated in Table A below:

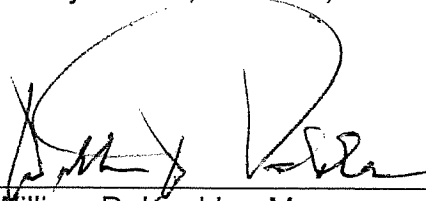
TABLE A

In-Lieu Fees for Apartment, Condominium and Single Family Residential Developments
<u>In-Lieu Fee for Apartment Developments:</u> <ul style="list-style-type: none">• \$285,336 for every very low income unit not built• \$260,196 for every low income unit not built• \$134,498 for every moderate income unit not built
<u>In-Lieu Fee Condominium Developments</u> <ul style="list-style-type: none">• \$307,872 for every very low income unit not built• \$262,541 for every low income unit not built• \$130,159 for every moderate income unit not built
<u>In-Lieu Fee Single Family Residential Developments</u> <ul style="list-style-type: none">• \$508,849 for every very low income unit not built• \$487,943 for every low income unit not built• \$427,002 for every moderate income unit not built

Section 3. Effective Date. The fees specified in this resolution shall take effect on January 1, 2019. Any and all prior resolutions of the City Council establishing or modifying the inclusionary housing in-lieu fees are hereby repealed and replaced as of January 1, 2019. Notwithstanding the preceding language, only those development applications that are deemed complete by the City no later than December 31, 2018 shall be subject to the fees set forth in Resolution No. 08-1488, previously adopted on July 9, 2008. Any development applications deemed complete by the City on or after January 1, 2019 shall be subject to the new fees set forth in this Resolution 18-1882.

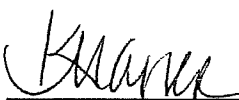
PASSED, APPROVED AND ADOPTED this 26th day of September, 2018, by the following vote to wit:

AYES: (5) Koehler, Northrup, Buckley Weber, Schwarz, Weber
NOES: (0)
ABSENT: (0)
ABSTAIN: (0)



William D. Koehler, Mayor

ATTEST:



Kimberly M. Rodrigues, MMC
City Clerk

