

**RESOLUTION NO. 11510**

**A RESOLUTION OF THE CITY COUNCIL ESTABLISHING INCLUSIONARY HOUSING IN-LIEU FEE AMOUNTS FOR FOR-SALE RESIDENTIAL DEVELOPMENT**

**WHEREAS**, the City of Folsom’s Inclusionary Housing Ordinance (IHO) codified in Chapter 17.104 of the Folsom Municipal Code plays a key role in promoting the development of affordable housing; and

**WHEREAS**, the City’s 2021–2029 Housing Element included Program H-9, which required the City to conduct an inclusionary housing fee study to evaluate fee levels, identify funding gaps, and improve the methodology for calculating the in-lieu fee; and

**WHEREAS**, to implement Program H-9, the City retained Economic & Planning Systems, Inc. (EPS) to conduct a comprehensive review of the existing fee program, with particular focus on exploring alternative fee calculation methods that better align with regional practices; and

**WHEREAS**, the EPS Study recommended replacing the methodology of calculating the in-lieu fee (previously set at 1% of the lowest-priced home in a subdivision) with a standardized square-footage-based fee structure, in order to simplify administration, align with regional practices, and ensure the financial viability of diverse housing types; and

**WHEREAS**, on January 13, 2026, the City Council adopted Ordinance No. 1359, amending the IHO to move to a square footage-based fee as recommended by EPS, and

**WHEREAS**, Section 17.104.060(F) (In-Lieu Fee) of the Folsom Municipal Code sets forth that procedures for the assessment, collection, and adjustment of the in-lieu fee shall be established by resolution of the City Council, and

**WHEREAS**, to encourage additional missing-middle, smaller, for-sale multifamily development, it is the policy of the City Council to exempt certain qualifying units from the inclusionary in-lieu fee

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom hereby adopts Resolution No. 11510, establishing the inclusionary housing in-lieu fee amounts as shown in Exhibit “A” attached hereto.

**BE IT FURTHER RESOLVED** that:

1. The updated inclusionary housing fees shall be listed on all applicable fees schedules and become effective February 12, 2026.
2. The inclusionary in-lieu fee shall be deposited into the Folsom Housing Fund (Fund 238) and administered consistent with the Inclusionary Housing Ordinance.

3. A minimum of 50% of the collected inclusionary in-lieu fees shall be allocated for the development of lower-income housing units.
4. The City will adjust the inclusionary in-lieu fee annually, commencing on July 1, 2026 and on every July 1 annually thereafter, based on changes to the Construction Cost Index (CCI).
5. A developer who has executed an Inclusionary Housing Agreement with the City prior to the effective date of this ordinance, and who previously elected to satisfy inclusionary housing requirements through payment of an in-lieu fee calculated as one percent (1%) of the sales price, may continue to pay the in-lieu fee established under the current Inclusionary Housing Agreement, or request the City Manager to allow payment of the in-lieu fee established under the current square-footage-based fee schedule. Such request can be processed by the Community Development Department without further action of the City Council.

**PASSED AND ADOPTED** this 13th day of January 2026, by the following roll-call vote:

**AYES:** Councilmember(s): Aquino, Kozlowski, Leary, Rohrbough, Raithel

**NOES:** Councilmember(s): None

**ABSENT:** Councilmember(s): None

**ABSTAIN:** Councilmember(s): None



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Justin Raithel, MAYOR

**ATTEST:**

*Christa Freemantle*

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Christa Freemantle, CITY CLERK

## Exhibit A

### INCLUSIONARY HOUSING IN-LIEU FEES

*Applicable to all **for-sale** residential development projects of 10 or more units that elect to satisfy the inclusionary housing requirement through an in-lieu fee.*

<b>Product Type</b>	<b>Fee Amount</b>	<b>Basis</b>
Units greater than 1,500 square feet	\$3.00	per sq. ft.*
Units 1,500 sq. ft. or less	\$0.00	per sq. ft.*

\*Excludes unconditioned areas such as garages, carports, unfinished basements, attics, and exterior patios. Also, excludes accessory dwelling units that are exempt from impact fees in accordance with state law.