

**In-Lieu Fee Structure:** The methodology to determine the in-lieu fee has changed. We now use the difference between the market rate and affordable rents to determine the affordability gap. The affordability gap is multiplied by the off-site affordable unit requirement (20%) for each income category and divided by the average unit size to convert to a per square foot basis. The in-lieu fee structure are adjusted based on geography for strong and moderate market areas. Additionally, the fee structure is further adjusted for projects building affordable units on-site.

**Schedule A. In-Lieu Fee for Rental Residential Developments Providing No Inclusionary Units On-Site**  
Per Net New Residential Square Footage in Residential Development

	Inclusionary Units On-Site	Adding 20 or More Units or 10 to 19 Units at less than 90% of General Plan density		Adding 10 to 19 Units at 90% or more of General Plan density	
		Strong Market Areas	Moderate Market Areas	Strong Market Areas	Moderate Market Areas
<b>With No Inclusionary Units On-Site</b>	none	\$43.00	\$18.70	\$21.50	\$9.35

**Schedule B. In-Lieu Fee for Rental Residential Developments Providing at least 5% Inclusionary Units On-Site**  
Per Net New Residential Square Footage in Residential Development

	Inclusionary Units On-Site	Adding 20 or More Units or 10 to 19 Units at less than 90% of General Plan density		Adding 10 to 19 Units at 90% or more of General Plan density	
		Strong Market Areas	Moderate Market Areas	Strong Market Areas	Moderate Market Areas
<b>With 5% Inclusionary Units On-Site</b>	5% at 100% AMI rents	\$18.70	\$11.87	\$9.35	\$5.94
	5% at 60% AMI rents	\$12.47	\$7.92	\$6.24	\$3.96
	5% at 50% AMI rents	\$10.07	\$6.39	\$5.04	\$3.20
<b>With 10% Inclusionary Units On-Site</b>	5% at 100% AMI and 5% at 60% AMI rents	\$10.55	\$6.70	\$5.28	\$3.35
	5% at 100% AMI and 5% at 50% AMI rents	\$8.15	\$5.17	\$4.08	\$2.59
	5% at 60% AMI and 5% at 50% AMI rents	\$1.92	\$1.22	\$0.96	\$0.61
	10% at 30% AMI rents	\$0.00	\$0.00	\$0.00	\$0.00

**Example #1: A developer is proposing to build a 100-unit rental development in a strong market area.**

<p><u>Compliance Option - Rental Inclusionary Units On-Site with In Lieu Fee Combination:</u></p> <p>5% of the apartment rents to be at <i>100% AMI</i> = 5 units on-site  <b>AND</b>          Pay an in-lieu fee at an adjusted rate, using the Total building square foot (100 units x 900sqft per unit) = 90,000 sqft multiplied by the adjusted rate of \$18.70 = <b>\$1,683,000</b></p>	<p><u>Compared to 100% In-Lieu Fee Only:</u></p> <p>Paying the in-lieu fee only and no inclusionary units, total building square of (100 units x 900sqft per unit) = 90,000 sqft multiplied by the rate of \$43 = <b>\$3,870,000</b></p>
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**Example #2: A developer is proposing to build a 100-unit rental development in a moderate market area.**

<p><u>Compliance Option - Rental Inclusionary Units On-Site with In Lieu Fee Combination:</u></p> <p>5% of the apartment rents to be at <i>60% AMI</i> = 5 units on-site  <b>AND</b>          Pay In-lieu fee at an adjusted rate, using the Total building square foot (100 units x 900sqft per unit) = 90,000 sqft multiplied by the adjusted rate of \$7.92 = <b>\$712,800</b></p>	<p><u>Compared to 100% In-Lieu Fee Only:</u></p> <p>Paying the in-lieu fee only and no inclusionary units, total building square of (100 units x 900sqft per unit) = 90,000 sqft multiplied by the rate of \$18.70 = <b>\$1,683,000</b></p>
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