

Housing Impact Fee Nexus Study

Community Meetings September/October 2013



Agenda: Meeting Outline

1. San Jose Housing Department
2. Overview of housing needs
3. Decline in affordable housing resources
4. Impact fee uses & requirements
5. Timeline to-date
6. Draft nexus study results
7. Options
8. Next steps

San Jose Housing Department: **Who We Are**

- Formed in 1988 to address San Jose's housing needs
- Mission: strengthen and revitalize our community through housing and neighborhood investment
- Core Impacts
 - Housing for all
 - Build great places
 - Invest in people
- Implement variety of programs, including inclusionary housing

Background: Housing Needs Growing

- Lack of affordable housing options
- Highest rents ever
- For-sale prices near pre-recession highs
- Growing number of seniors, homeless
- Divided workforce

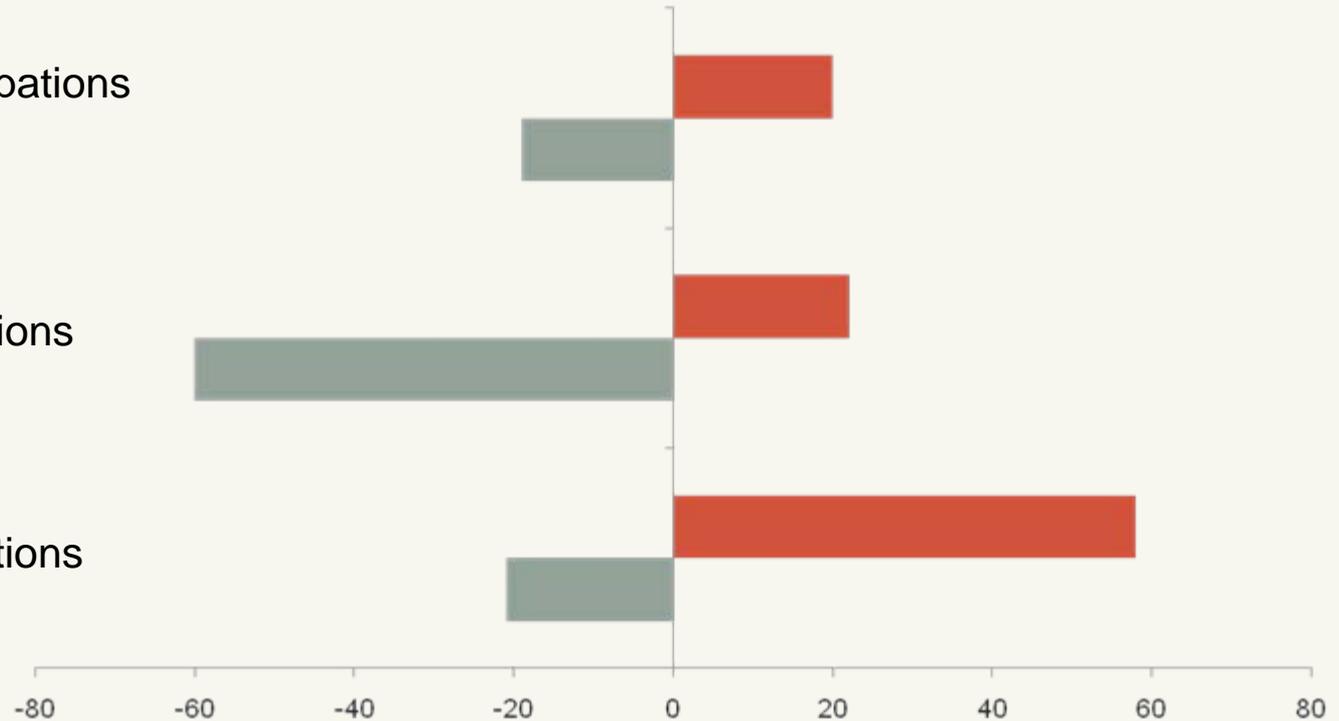
Economic Recovery: **Primarily Low-Wage Jobs**

■ % of Recession Job Losses ■ % of Recovery Job Growth

Higher-Wage Occupations
(\$21 - \$55/hr)

Mid-Wage Occupations
(\$14-\$21/hr)

Low-Wage Occupations
(\$8 - \$13/hr)



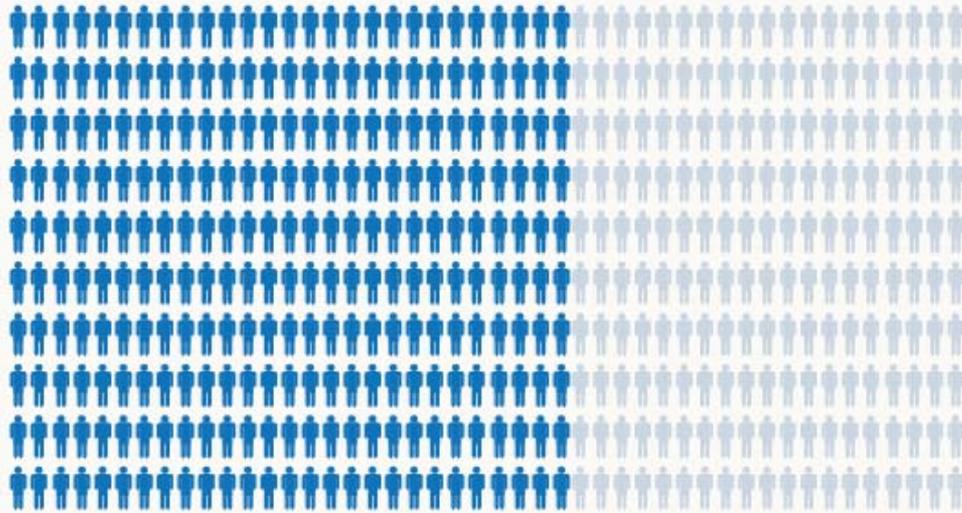
Source: National Employment Law Project (2012). The Low-Wage Recovery and Growing Inequality. Available online at http://www.nelp.org/index.php/content/content_about_us/tracking_the_recovery_after_the_great_recession.

Divided Workforce: Santa Clara County



% of Workforce: 31%

Median Income: \$84,600 to \$144,000

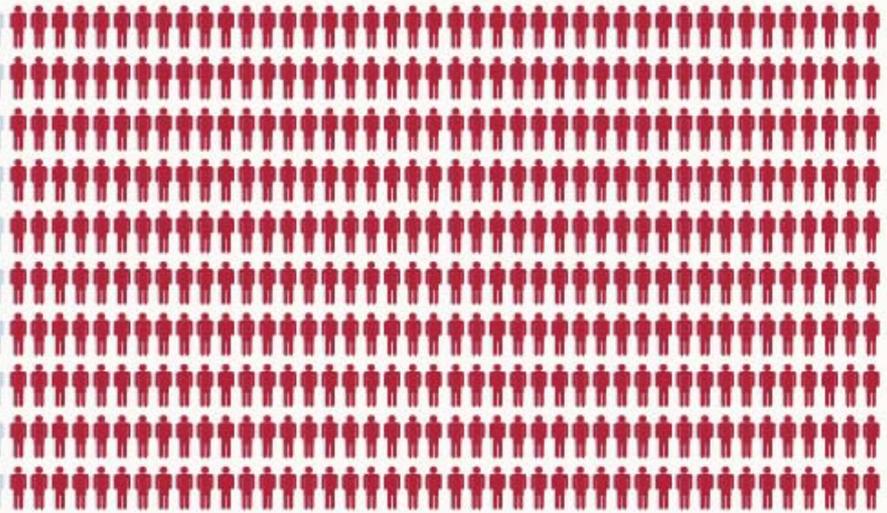


Occupations:

- Management
- Computer & Mathematical
- Architectural & Engineering
- Business & Financial Operations

% of Workforce: 46%

Median Income: \$19,700 to \$55,700



Occupations:

- Office, Education, Training, & Library
- Office & Administrative Support
- Production
- Transportation & Material Moving
- Sales & Related Occupations
- Food Preparation & Serving-Related

Source: California Employment Development Department, May 2012

Cost of Housing

Ownership

Average Price

Minimum Income



\$452,349

\$111,569

\$90,470 Down



\$790,364

\$185,972

\$158,073 Down

Rental

Average Rent

Minimum Income

Studio

\$1,399

\$55,960



\$1,756

\$70,240



\$2,350

\$94,000



\$2,554

\$102,160

Source: Median prices from Santa Clara County Association of Realtors, July 2013; Average rents from RealFacts, 2nd Quarter 2013

Challenge: Most Tools Reduced or Eliminated

- Elimination of Redevelopment Agency
- Significant cuts in federal programs
- Depletion of state funding
- Legal challenges to inclusionary housing

Impact Fees: Uses & Requirements

- Use: source of funding to pay for new capital project needs generated by new development
- Housing Impact Fee: if approved, a per/unit or per/square foot fee to offset the demand for affordable housing created as a result of new market-rate development
- Legal requirements: Mitigation Fee Act (AB 1600) requires an analysis prior to implementing any impact fees
 - Rational nexus
 - Rough proportionality

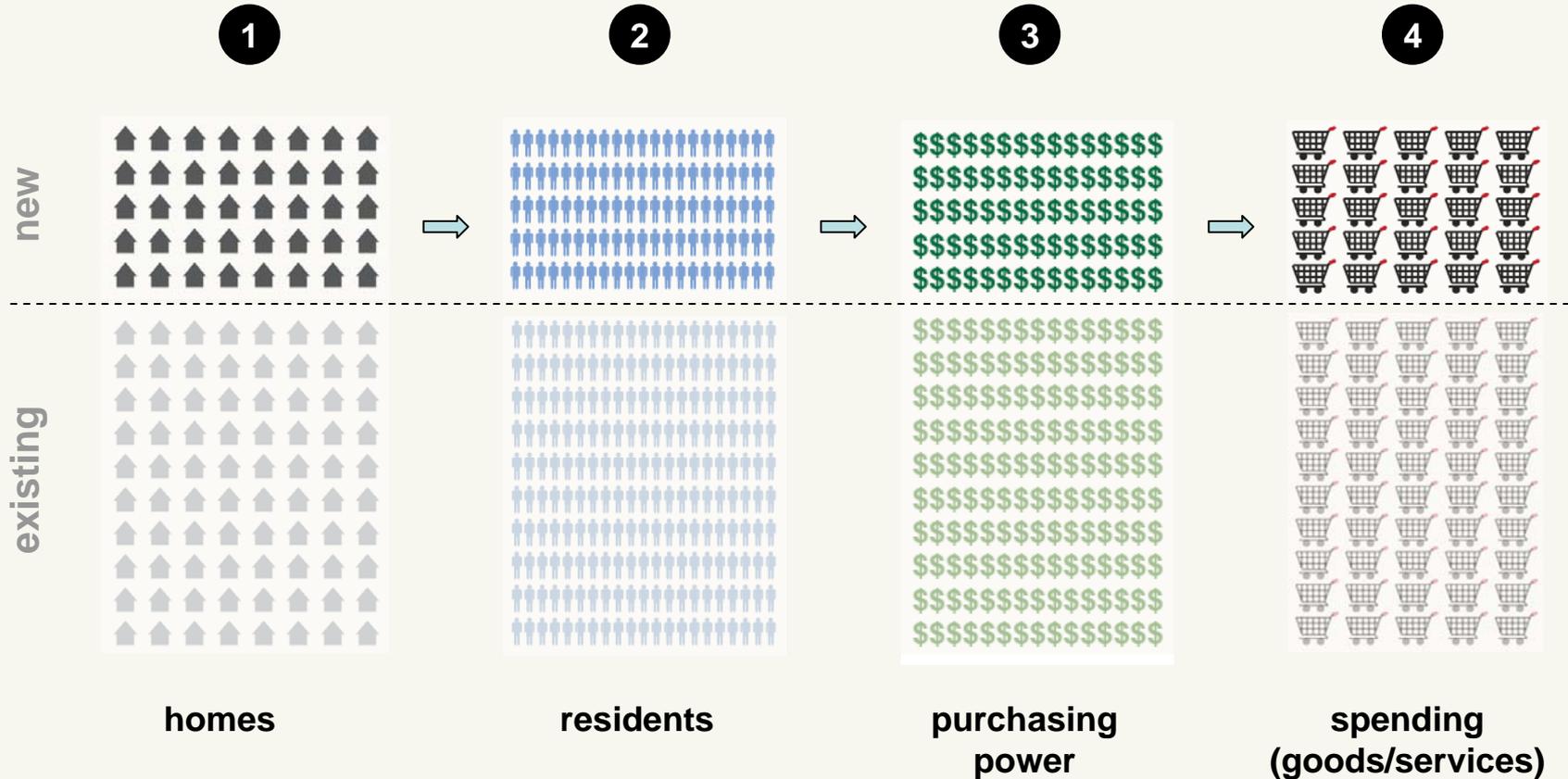
Housing Impact Fee: Growing Usage

- Cities and counties have adopted or currently studying:
 - Mountain View
 - Sunnyvale
 - Berkeley
 - Fremont
 - San Carlos
 - Santa Rosa
 - Walnut Creek
 - San Francisco City & County
 - Marin & Napa Counties
 - Others

Housing Impact Fee: **Timeline To-Date**

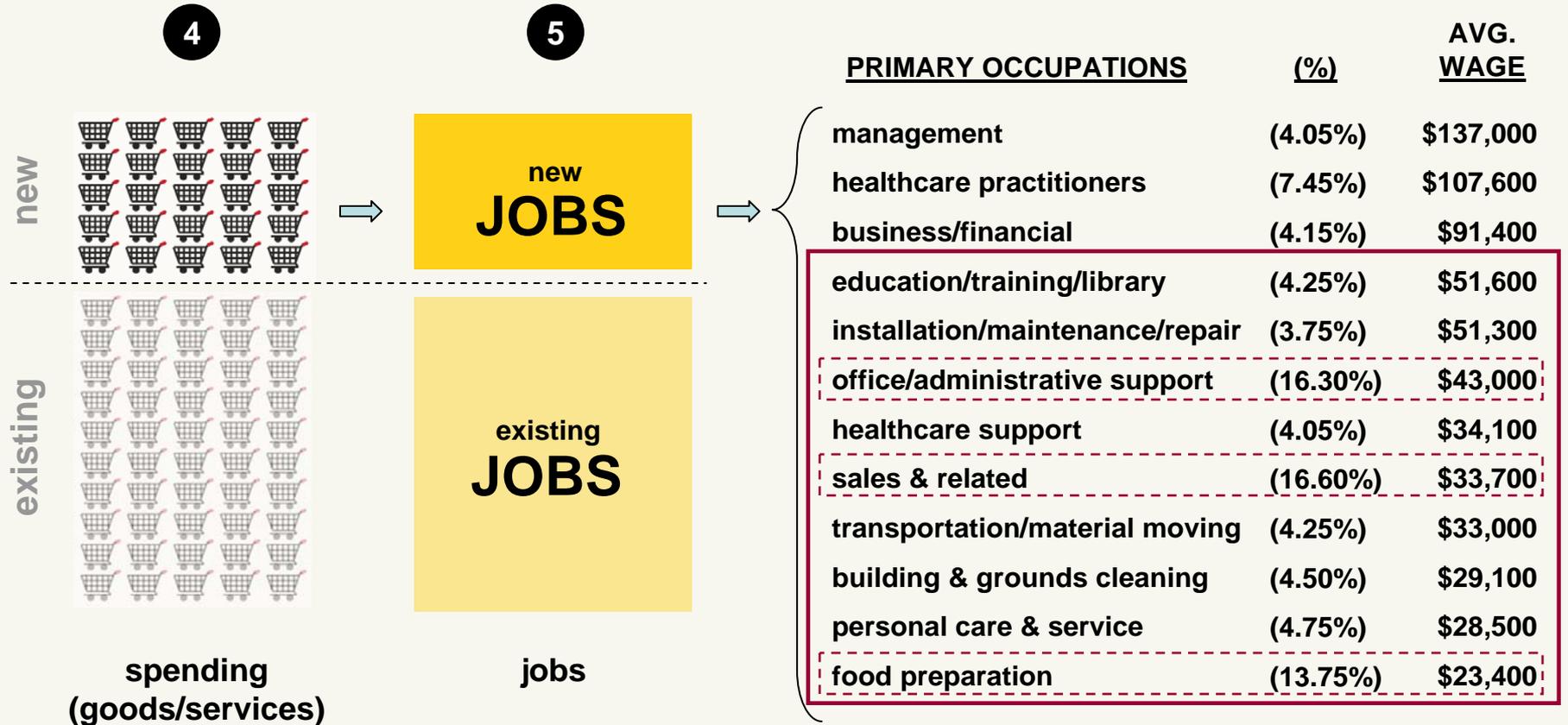
- November 2012 – City Council study session on housing needs/strategies
- March 2013 – Council direction to scope nexus study
- June 2013 – Council direction to initiate nexus study
- July 2013 – Consultant selection and project initiation
- August to October 2013 – Research and draft report
- **July to October 2013 – Public meetings for feedback**
- December 2013 – Return to Council with recommendation

Housing Impact Fee: Establishing the Nexus



Note: Graphics for diagrammatic purposes only. They are not intended to represent literal size or scale.

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Housing Impact Fee: Result of Draft Nexus Study

- A fee is legally supportable
- Next analytic step: determine financial feasibility

Housing Impact Fee: Who Benefits?

Homeless & Fixed Income

- **0-15% AMI**
- **1-Person: up to \$11,000**
- **4-Person: up to \$16,000**
- **Population**
 - Homeless
 - Seniors
 - Veterans
 - Fixed-income

Working Poor

- **15-50% AMI**
- **1-Person: \$11,000 - \$36,000**
- **4-Person: \$16,000 - \$53,000**
- **Types of jobs**
 - Cooks
 - Janitors
 - Retail sales
 - Tellers
 - Groundskeeping workers

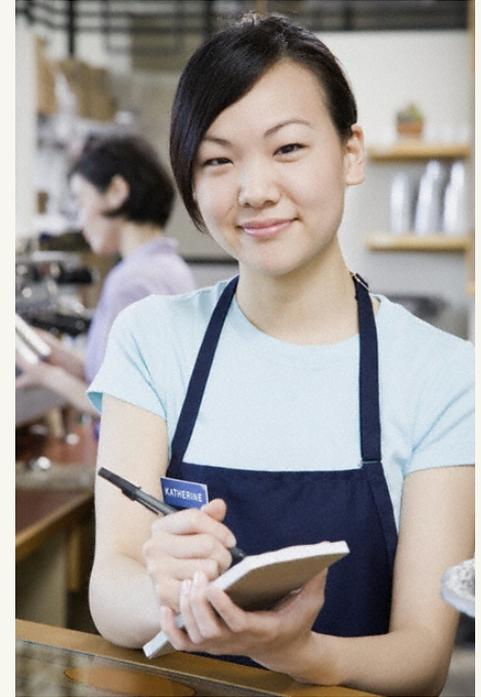
Support Economy

- **50-100% AMI**
- **1-Person \$36,000 - \$72,000**
- **4-Person \$53,000 - \$105,000**
- **Types of jobs**
 - Preschool teachers
 - Medical assistants
 - Public health social workers
 - Legal support workers
 - First line supervisors

Driving Industries

- **120-160% AMI**
- **1-Person \$87,000 - \$115,000**
- **4-Person \$126,000 - \$168,000**
- **Types of jobs**
 - Accountants
 - Dental hygienists
 - Computer occupations
 - Engineers
 - Mathematicians

Housing Impact Fee: Who benefits?



Housing Impact Fee: Policy Options

- Fee level
 - Financial feasibility
 - What do other surrounding communities charge
- Alternatives to the Fee
 - Build on-site, off-site, land dedication
- Applicability
 - Unit threshold, should larger units pay more
- Flexibility
 - How to address market cycles
 - How to implement? Grandfathering, phasing in
- Income targeting
- Other?

Housing Impact Fee: Next Steps

- Continue public outreach
- October – Draft Nexus Study and Financial feasibility analysis
- October – Stakeholder/developer outreach
- October 10 – Housing and Community Development Commission
- November 14 – Housing and Community Development Commission Staff Recommendations
- December – City Council consideration

Stay informed:

- Sign-in sheet for email notifications.
- Go to <http://www.sjhousing.org> and click on the image

