

Housing Impact Fee Nexus Study

Southside Community Center

August 13, 2014



Agenda: Meeting Outline

- Timeline to-date
- Impact fees – What are they?
- Establishing the nexus
- Changes made in the updated nexus study
- Updated nexus study results
- What can fee revenue be used for?
- Policy Issues
- Next steps

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

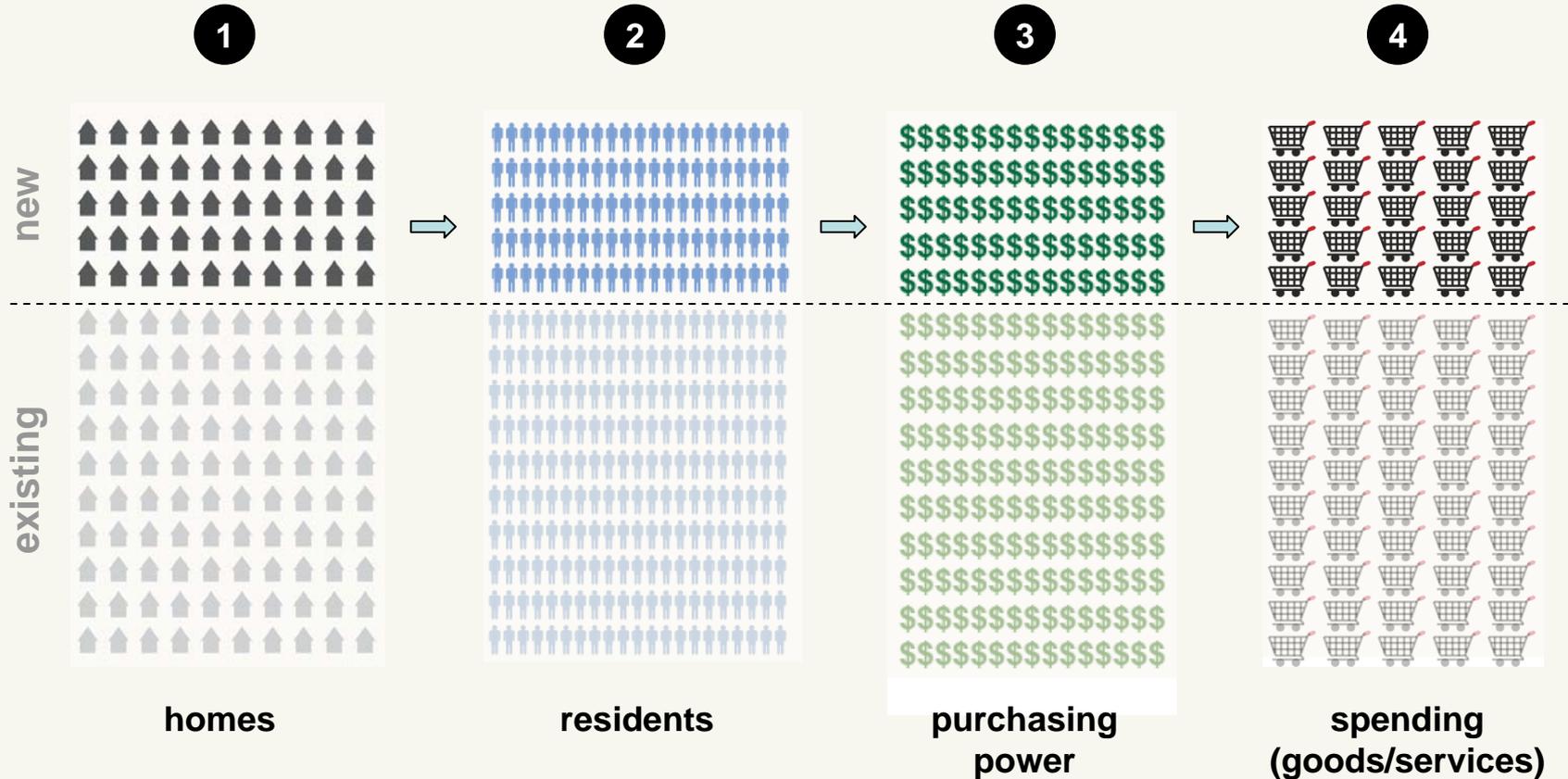
- November 2012 – City Council study session on housing needs/strategies
- March 2013 – Council direction to scope nexus study
- June 2013 – Council direction to initiate nexus study
- July 2013 – Consultant selection and project initiation
- August to October 2013 – Research and draft report
- July to October 2013 – Public meetings for feedback on nexus study
- July 2014 – Updated nexus study released
- **August 2014 – Public meetings for feedback on updated nexus study**



Impact Fees: Uses & Requirements

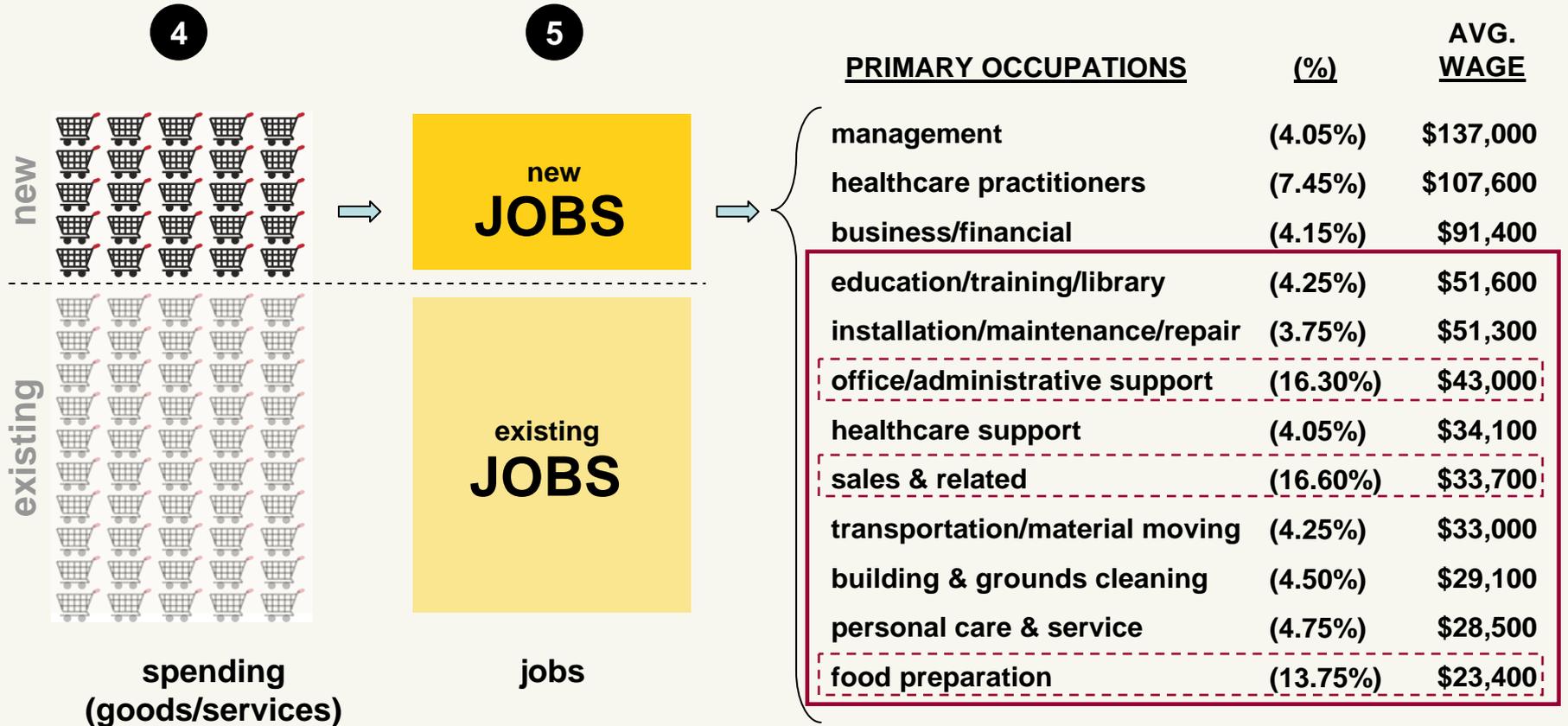
- Use: Source of funding to pay for new capital project needs generated by new development
- Housing Impact Fee: If approved, a per/unit or per/square foot fee to offset the demand for affordable housing created as a result of new market-rate development
- Legal requirements: Mitigation Fee Act (AB 1600)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

Housing Impact Fee: Establishing the Nexus



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

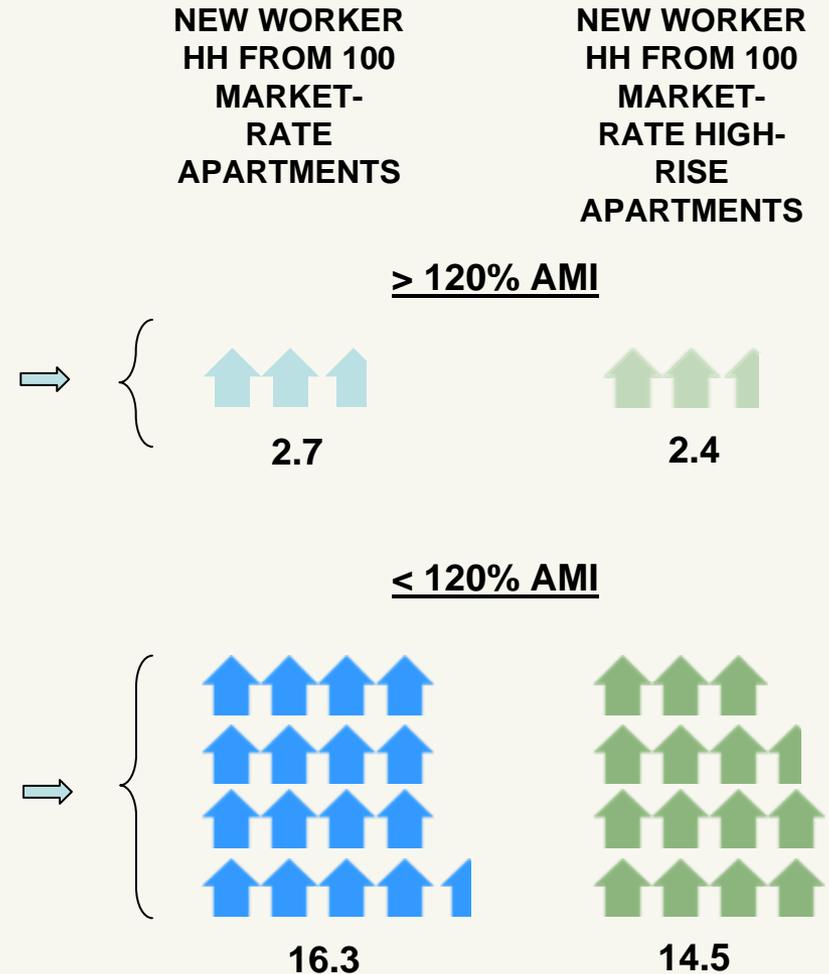
Housing Impact Fee: Establishing the Nexus



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Housing Impact Fee: Establishing the Nexus

<u>PRIMARY OCCUPATIONS</u>	<u>(%)</u>	<u>AVG. WAGE</u>
management	(4.05%)	\$137,000
healthcare practitioners	(7.45%)	\$107,600
business/financial	(4.15%)	\$91,400
education/training/library	(4.25%)	\$51,600
installation/maintenance/repair	(3.75%)	\$51,300
office/administrative support	(16.30%)	\$43,000
healthcare support	(4.05%)	\$34,100
sales & related	(16.60%)	\$33,700
transportation/material moving	(4.25%)	\$33,000
building & grounds cleaning	(4.50%)	\$29,100
personal care & service	(4.75%)	\$28,500
food preparation	(13.75%)	\$23,400



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Housing Impact Fee: **Changes Made**

- Rental Housing Only – Report revised to address rental housing only.
- Updated Data – Most recent Census and Santa Clara County data rather than Statewide data for incomes and housing prices.
- Estimate of Income Available to Spend – Household income available to spend (after taxes, IRAs, etc.)

Housing Impact Fee: Results of the Nexus Study

	Apartment	High-Rise Apartment
Maximum Fees Per Unit	\$28,000	\$25,000
Maximum Fees Per Square Foot	\$28.28	\$27.78

Housing Impact Fee: What Fee Can Be Used For

- Providing affordable housing for worker households
- Financing the construction of affordable rental housing for extremely low-, very low- and low-income households
- Providing down-payment assistance loans to first-time, moderate-income buyers
- Mitigation Fee Act requires a spending plan to be published prior to adopting fee amount and annually thereafter

Housing Impact Fee: Who Benefits?



- **30-80% AMI (Very Low- and Low-Income)**
- **1-Person \$22,500 - \$59,500**
- **4-Person \$32,000 - \$85,000**
- **Types of jobs**
 - **Preschool teachers**
 - **Chefs and head cooks**
 - **Janitors**
 - **Hairdressers**

- **15-30% AMI (Extremely Low-Income)**
- **1-Person: \$11,000 - \$22,500**
- **4-Person: \$16,000 - \$32,000**
- **Types of jobs**
 - **Fast food cooks**
 - **Dishwashers**
 - **Manicurists**
 - **Movie theater attendants**
 - **Part-time in many other professions**

- **80-120% AMI (Moderate-Income)**
- **1-Person \$59,500 - \$89,000**
- **4-Person \$85,000 - \$127,000**
- **Types of jobs**
 - **High school teachers**
 - **Loan officers**
 - **Carpenters**
 - **First line supervisors**
 - **Emergency dispatchers**

Housing Impact Fee: Policy Options

Fee level

- Financial feasibility
- Adjusting fee over time
- Keeping San Jose competitive

Applicability

- Project-size threshold
- Should larger units pay more
- Product type
- Location

Housing Impact Fee: Policy Options

Alternatives to the Fee

- Legal impediments

Implementation

- How to address market cycles
- Grandfathering and/or phasing in
- Timing of payment

Housing Impact Fee: Next Steps

- August-September – Continue public outreach on Nexus Study
- October – Public meetings for feedback on draft staff recommendations
- October – Developer meeting for feedback on draft staff recommendations
- November – Housing & Community Development Commission
- November – City Council consideration

Stay informed:

- Sign-in sheet for email notifications
- Go to <http://www.sjhousing.org>