



# San José's Affordable Housing Impact Fee



## OVERVIEW

### What is an impact fee?

An impact fee is a payment required as a condition of development projects to cover the costs associated with impacts of the new development.

### Why was the San Jose Affordable Housing Impact Fee (AHIF) Program created?

The Affordable Housing Impact Fee on new market-rate multi-family housing developments was adopted by City Council in order to address the increased demand for affordable housing connected with new market-rate development.

### Which projects are subject to the AHIF?

All market-rate multi-family housing developments of 3 or more units that have not pulled all building permits by June 30, 2016. (All new market-rate residential developments will be considered rental until the Developer demonstrates that the project is a for-sale development by providing evidence that a bona fide sale of a unit has occurred.)

### Is there a grandfathering provision?

Yes. See "Pipeline Exemptions" for full details.

### Who is responsible for oversight of the AHIF?

The Director of Housing is authorized to implement the AHIF.

### How does the Housing Impact Fee Program differ from the City's Inclusionary Housing Policy?

The City's Inclusionary Housing Policy remains in effect and requires affordable housing units be provided (or the payment of an in-lieu fee, at the Developers discretion) in newly-constructed for-sale housing projects with more than 10 units that are located in Redevelopment Project Areas. At no time will a Developer be required to pay an AHIF if the Developer has paid the applicable in-lieu fee charged under the Inclusionary Housing Policy.

## FEES AND ASSESSMENT

### How are housing impact fees assessed/calculated?

For FY15-16, the AHIF is \$17.00 per net square foot.

### When are housing impact fees paid?

The AHIF shall be paid prior to the issuance of building permits.

### Can a Developer submit an appeal to delay payment of the AHIF?

A Developer may seek to delay payment of the AHIF. Please see the Program Regulations for more information on this item.

### How will the AHIF be adjusted over time?

Beginning July 1, 2017, the AHIF will increase by 2.4% annually. The AHIF will be reevaluated every 5 years.

### How will square footage be calculated?

The fee will be assessed on net rentable square footage of all finished living space. The fee will not be assessed on un heated elements such as balconies, patios, unfinished garages or outside storage lockers.



Housing Department  
200 E. Santa Clara Street  
Tower, 12th Floor  
San Jose, CA 95113  
Phone: (408) 975-2647



## PROGRAM IMPLEMENTATION

### How will the AHIF program be implemented?

Prior to the pulling of any foundation or building permit, Developers are required to submit a signed Housing Impact Fee Compliance Plan Application to the Housing Department for approval.

The Compliance Plan Application will provide the Housing Department with enough information to calculate the Housing Impact Fee associated with the development. The information obtained will be included in the project's conditions of approval.

The Housing Department will begin accepting AHIF Compliance Plans in July 2015.

### How will the money from the AHIF be used?

Revenue from the AHIF will be used to increase the supply of affordable housing in accordance with the AHIF Expenditure Plan.

### Will the City provide updates on the AHIF program?

The Mitigation Fee Act requires that the City provide an annual report on actual AHIF revenues (including interest earned), future revenue projections, and expenditures of those revenues.

## PIPELINE EXEMPTIONS

### What is the Pipeline provision?

A development project may be exempted from the AHIF if it meets **all** of the following conditions:

1. Prior to July 1, 2016, a proposed rental housing development has received approval for one of the following entitlements, which is current and unexpired as of June 30, 2016:
  - a. Planned Development Permit
  - b. Site Development Permit
  - c. Conditional Use Permit
  - d. Special Use Permit
2. Prior to January 31, 2020, the rental housing development receives a Final Certificate of Occupancy for at least 50% of the buildings.

The Developer must submit and have approved by the City, a complete Pipeline Application with evidence of the required permit and pay the associated fee to the Housing Department by June 30, 2016. To account for the City's review period and the potential for requests for additional information, Developers should submit Pipeline Applications no later than **April 1, 2016**.

Applications that are not complete and approved prior to June 30, 2016 will be rejected and the project will not be eligible for grandfathering.

The amount of the Pipeline Application fee (as well as the annual monitoring fee) will be established during the 2015-2016 budget process.

The Housing Department will begin accepting Pipeline Applications in July 2015. Early application is strongly encouraged.

## FOR MORE INFORMATION

Please visit the Housing Department's website at the link below to obtain detailed information on the newly adopted Affordable Housing Impact Fee, including the City Council resolution that adopted the Housing Impact Fee.

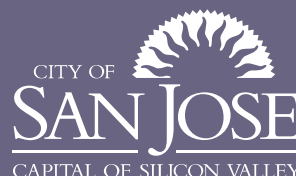


[www.sjhousing.org/AHIF](http://www.sjhousing.org/AHIF)



To address further questions about the housing impact fee, please contact:

**Patrick Heisinger**, *Housing Department*  
(408) 975-2647 | [Patrick.Heisinger@sanjoseca.gov](mailto:Patrick.Heisinger@sanjoseca.gov)



**Housing Department**  
200 E. Santa Clara Street  
Tower, 12th Floor  
San Jose, CA 95113  
Phone: (408) 975-2647