



SUBJECT: San José Housing Department Hosting Public Informational Meetings on Affordable Housing Impact Fee & Inclusionary Housing

FROM: Jacky Morales-Ferrand, Interim Director of Housing

DATE: August 4, 2015

Dear Valued Partner:

In light of the City Council's approval of an Affordable Housing Impact Fee (AHIF) in November 2014 and the California Supreme Court's decision regarding the Citywide Inclusionary Housing Ordinance (IH) in June 2015, the Housing Department will host several public informational meetings in August, September, and October. At these meetings, staff will: 1) provide information on the AHIF/IH Programs; (2) discuss timelines; (3) provide additional information on the AHIF Pipeline Exemption Application Process; and (4) review the anticipated roll-out process for the IH Ordinance.

Please plan on attending one of the following meetings as listed below:

Date	Time	City Hall Wing Location
August 14, 2015	9:30 a.m. – 11:00 a.m. 2:00 p.m. – 3:30 p.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120
August 21, 2015	2:00 p.m.- 3:30 p.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120
September 8, 2015	10:00 a.m.- 11:30 a.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120
September 25, 2015	2:00 p.m.- 3:30 p.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120
October 16, 2015	2:00 p.m.- 3:30 p.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120
October 29, 2015	2:00 p.m.- 3:30 p.m.	San José City Hall 200 E. Santa Clara St. San José, CA 95113 W120

There is limited room space, so please RSVP by contacting [Karen Goodman](#) at 408-975-4416, or by email at karen.goodman@sanjoseca.gov.

For your convenience, more information on both programs is listed below.

Citywide Inclusionary Housing Ordinance (IH)

On January 12, 2010, the City Council approved the Citywide Inclusionary Housing Ordinance which requires that fifteen percent (15%) of all new market-rate for-sale developments of 20 or more units be price-restricted and transferred to moderate income purchasers.

Under the Ordinance, developers may satisfy their Inclusionary Housing Requirement by providing affordable units in their projects, paying in-lieu fees, dedicating developable land and/or purchasing surplus inclusionary units from other developers.

The Citywide Inclusionary Housing Ordinance was scheduled to take effect on January 1, 2013, but implementation was delayed by action of the Santa Clara County Superior Court, followed by the City's appeal of this earlier decision. The California Supreme Court heard oral arguments in the case of the *California Building Industry Association v. City of San José*, on April 8, 2015, and issued an opinion that validated the City's Inclusionary Housing Ordinance on June 15, 2015.

In September, it is expected that the City Council will consider several items associated with the implementation of the Ordinance. We encourage developers to attend one of the meetings to obtain pertinent information related to the implementation of the Inclusionary Housing Ordinance.

Affordable Housing Impact Fee (AHIF)

On November 18, 2014, the City Council adopted a resolution that established an Affordable Housing Impact Fee (AHIF) of \$17.00 per net livable square foot on new market-rate rental housing developments of three or more units in San José. Under the AHIF, all market-rate multi-family housing developments of three (3) or more units that have not pulled all building permits by June 30, 2016, are subject to the AHIF. In an effort to minimize negative financial impacts on development projects that are already in the pipeline, the AHIF does include a grandfathering (and other) exemption(s), contingent upon certain conditions. Please visit www.sjhousing.org/AHIF for more information.

Information on the Pipeline Exemption Application Process

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 received approval for one of the following permits, which is current and unexpired as of June 30, 2016:
 - a. Planned Development Permit (PD)
 - b. Site Development Permit (SD)
 - c. Conditional Use Permit (CUP)
 - d. Special Use Permit (SU)

2. Submit, and have approved by the City, a completed Pipeline Application with evidence of the required permit, and pay the associated fee of \$3,200 to the Housing Department no later than April 1, 2016; and
3. Prior to January 31, 2020, the rental housing development receives a Final Certificate of Occupancy for at least 50% of the buildings.

If you have additional questions please do not hesitate to email Patrick Heisinger at patrick.heisinger@sanjoseca.gov.

Sincerely,

Jacky Morales-Ferrand
Interim Director of Housing