CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: **SEE BELOW**

DATE: March 28, 2019

Approved D. DSyL

Date 3/29/19

INFORMATION

SUBJECT: AFFORDABLE HOUSING IMPACT FEE AND INCLUSIONARY HOUSING ORDINANCE EXEMPTED PROJECTS REPORT

Resolution 77135 requires that a public hearing be conducted for any public subsidy over $1,000,000 and that notice of such public hearing be posted on the City's web site 28 calendar days in advance of the City Council meeting at which a public subsidy is to be considered.

The Housing Department has compiled all projects that will be exempted from paying either the Affordable Housing Impact Fee or In-Lieu Fees under the Inclusionary Housing Ordinance (known as the "Exempted Projects Report").

This report will be considered at the April 30, 2019 San José City Council meeting. This memorandum will be published on the Housing Department's website.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Amy Chen, Senior Development Officer, at (408) 975-4489.

COUNCIL AGENDA: 4/30/19
FILE:
ITEM:

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RECOMMENDATION

(a) Conduct a Public Hearing pursuant to California Government Code Section 53083 in order to provide disclosure of economic development subsidies via previously approved exemptions from the Affordable Housing Impact Fee or the Inclusionary Housing Ordinance.

(b) Accept this report providing the required disclosure of information on the economic development subsidies and the cost/ benefit evaluation for public subsidies required by City of San José Resolution No. 77135 ("Open Government Resolution") Section 2.3.2.6 C.

OUTCOME

Holding this hearing and accepting this report regarding exemptions provided for projects under the Affordable Housing Impact Fee (AHIF) and Inclusionary Housing Ordinance (IHO), will provide greater transparency and will allow the City of San José to continue to administer these exemptions on projects that have complied with their program requirements.

This memorandum provides the City Council with the required information and analysis for the projects that qualified for exemptions and the impact fees/in-lieu fees foregone, as of December 31, 2018.

BACKGROUND

On August 24, 2014 the San José City Council adopted the Open Government Resolution which requires that a public hearing be conducted for any subsidy over $1,000,000 and that notice of such public hearing be in the form of a memorandum addressed to the City Council posted on the City's web site with a cost/benefit evaluation and supporting documentation, 28 calendar days

before the City Council meeting at which a public subsidy is considered. The Open Government Resolution requires that the staff memorandum contain the information found in first table in the Fiscal/Policy Alignment section of this memorandum. California Code Section 53083 (Assembly Bill 562) was also enacted in 2014 and requires local agencies to provide specified information to the public before approving any economic development subsidy over $100,000. The state-required information is found in **Attachment A**.

Both of these legislative requirements require disclosure of information when there are subsidies to projects and they both define a "subsidy" broadly to include the waiver of a public fee or tax.

Affordable Housing Impact Fee (AHIF)

On November 18, 2014, the City Council adopted the Housing Impact Fee Resolution establishing the AHIF program ("AHIF Resolution"). Under the AHIF Resolution, Developers of new rental housing developments of three (3) or more apartments are required to pay an impact fee of $17.00 per net rentable square foot (FY 2016-2017). Revenue from the proposed Housing Impact Fee is intended to be used to increase the supply of affordable housing for extremely low, very low-, low- and moderate-income households including acquisition, financing, construction, and development of Housing Facilities and any necessary and reasonable costs for administering the AHIF Fund. Each year the AHIF per square foot increases by 2.4% annually on July 1. The current AHIF per square foot is $17.83 (FY 2018-2019).

To minimize negative financial impacts on rental development projects that were already in the pipeline, the AHIF provided for a pipeline grandfathering exemption. It also included a Downtown High-Rise Exemption intended to encourage high-rise residential developments in the City's downtown core. The purpose for the two exemptions available under the AHIF are described in more detail in the Analysis section.

Inclusionary Housing Ordinance (IHO)

The Inclusionary Housing Ordinance (IHO), Chapter 5.08 of the San José Municipal Code, was adopted on January 12, 2010. The IHO applies to for-sale developments and, since January 1, 2018 to rental developments of 20 or more units.

The IHO provides several ways that a developer may meet the affordable unit requirement. Compliance Options include the construction of affordable units that are evenly distributed on-site, where 15% of the on-site units are income-restricted affordable. When a developer selects an alternative compliance option such as to provide the units off-site, then the requirement to provide affordable units is increased from 15% to 20%. Similarly, the IHO In-Lieu fee is calculated based on the 20% requirement.

When the schedule of fees was first adopted for the IHO, the City Council authorized staff to implement a "Grace Period" allowing any Residential Development that had been issued all its needed Planning Permits prior to June 30, 2016, to be exempted from the substantive

requirements of the Ordinance. This exemption was not intended as an economic development subsidy, but instead to minimize negative financial impacts on for-sale development projects that were already in the pipeline.

Additionally, on June 26, 2018, City Council adopted a resolution to authorize a reduction in the Inclusionary In-Lieu Fee to $0 (per In-Lieu unit) for High-Rise rental developments in the Downtown Core Area to be consistent with the pre-existing AHIF Downtown High-Rise Exemption. More information on these two exemptions available under the IHO are described in more detail in the Analysis section.

Fulfillment of the IHO compliance options, for example the payment of an in-lieu fee, must be completed before the release of final certificates of occupancy.

ANALYSIS

The Affordable Housing Impact Fee and Inclusionary Housing Ordinance collectively have four different exemptions: 1) AHIF Pipeline, 2) AHIF Downtown High-Rises, 3) IHO Grace Period and 4) IHO Downtown High-Rises. This report details the subsidies given to each project (lost impact fees and in-lieu fees) as well as estimated benefits (tax revenues from property taxes, utilities, business taxes, sales tax, development, and park fees). Between all four exemptions (as described below), an estimated one-time revenue to San José totals $184.1 million. An estimated $138.5 million in projected subsidies will be given if the exemptions are met. As a result of exempting these projects from their affordable housing fees, a total of 8,130 market-rate residential units will be built and an estimated recurring tax revenue of $8.6 million will be collected annually. Thus far, one project (Hanover Cannery totaling 403 units) have obtained their Certificates of Occupancy. The remaining 29 projects are either in predevelopment or under construction. These 29 projects are listed in Attachment B through D with the actual or anticipated building permit issuance date. Out of the 29 listed projects, 19 projects are currently under construction creating 4,433 market-rate units.

Exemption Programs	Units	One-Time Revenue	Estimated Subsidies	Difference: Revenue - Subsidies	Recurring Annual Revenue
AHIF Pipeline	3,878	91,353,033	62,365,989	28,987,044	3,498,752
AHIF Downtown High-Rises	3,893	71,634,334	64,577,439	7,056,895	4,513,844
IHO Grace Period	385	9,782,431	12,707,732	(2,925,301)	474,279
IHO Downtown High-Rises	0	0	0	0	0
Totals	**8,156**	**$ 172,769,798**	**$ 139,651,160**	**$ 33,118,638**	**$8,486,875**

The difference between the one-time revenue and subsidies given results in $33.1 million in one-time revenue to the City of San José.

AHIF Pipeline Exemption

The AHIF resolution included a grandfathering provision (known as the Pipeline Exemption) to minimize negative financial impacts on development projects in the pipeline. A development project was eligible to be exempted from the provisions of the AHIF Program if it met the following conditions:

- The proposed rental housing development has received City approval for one of the following entitlements and the entitlement has not expired:
  - PD Permit
  - Site Development Permit
  - Conditional Use Permit
  - Special Use Permit
- The Developer submitted a Pipeline Exemption Application with evidence of the required permit to the Housing Department by June 30, 2016.

A total of 31 Pipeline Exemption Applications were received, and upon initial approval, 28 were deemed eligible for the exemption and approved to participate in the Pipeline Exemption process. For these residential rental developments to remain exempt from paying the AHIF, other criteria must also be met:

- Monitoring fees are paid ($1,740 annually);
- Prior to January 31, 2020, the residential development receives its Certificates of Occupancy for buildings containing at least 50% of the declared units.

Results of AHIF Pipeline Exemption

Currently sixteen (16) projects are still in the AHIF Pipeline Exemption process. So far one project, Hanover Cannery Park, completed 403 market-rate units and thus will not be required to pay $6,256,040 in AHIF funds. See **Attachment B** for a list of AHIF pipeline projects including those that are pending, withdrawn, or separate from the Pipeline Exemption process. This attachment also lists the total foregone of $62,365,989 AHIF funding if these projects meet the Pipeline Exemption requirements.

AHIF Downtown High-Rise Exemption

The number of residents in the Downtown has long been viewed as critical to support increased transit investment, diversification of retail, and the generation of more jobs in the City's core. With this objective, the City Council approved a Downtown High-Rise limited-time waiver of the AHIF for any rental development, which meets all of the following criteria:

- The rental development is located in the Downtown Core Area (as described in Resolution No. 73587 – adopted January 9, 2007);

- The rental development meets minimum height requirements where the highest occupied floor within the project must have a floor level elevation of at least 150 feet above the street level (as verified by plans submitted to the Building Division);
- The developer provides evidence that the development is not a for-sale development;
- The developer, prior to issuance of a Building Permit, records an Housing Impact Fee Agreement, specifying which fee shall apply in the event the developer fails to satisfy all waiver requirements; and
- The developer provides evidence that its final Certificates of Occupancy are ready to issue, except for the fee waiver, on or prior to June 30, 2021.

Results of Downtown High-Rise Exemption

To date, ten (10) developments have been identified as qualifying for the Downtown High-Rise Exemption under the AHIF. Two of the projects, The Graduate and Miro Towers, have recorded Affordable Housing Agreements. The remaining eight (8) are in the process of recording their agreements that will be required prior to releasing their Building Permits. Upon Building Permit issuance, the Housing Department will preliminarily confirm that the Minimum Height and other requirements are met and require the developer to record an Affordable Housing Agreement that documents this Downtown High-Rise Exemption. The ten (10) developments are projected to obtain a subsidy of $64,577,439 in AHIF funding and will result in 3,893 market-rate units, if the Downtown High-Rise Exemption is met. See **Attachment C** for a list of AHIF Downtown High-Rise Exemption projects.

Cross Reference to Previously Reported Subsidies

There were previous reports and hearings on subsidies for projects under the Downtown High-Rise Residential Incentive Program. That program suspends 50% of construction taxes on high-rise developments in the Downtown Area and allows for payment of the taxes to be delayed until the issuance of the Certificate of Occupancy. The Incentive Program also sets the park impact in-lieu fees charged for residential downtown high-rise developments at 50% of the applicable park impact in-lieu fees for multi-family 5+ units in the Downtown Area and allows for payment of park impact in-lieu fees to be delayed until issuance of the Certificate of Occupancy. Incentive Program requirements include that a project secure a foundation permit by July 31, 2018 and complete final inspection of 80% of the units by December 2020. Therefore four of the ten developments Downtown also qualify for the Downtown High-Rise Residential Incentive. These are The Graduate, Miro (SJSC Towers), Aviato, and Post & San Pedro. Two of those four remain on track to meet the Incentive Program requirements and are listed below along with the total subsidy under both programs:

- The Graduate: $3,628,503 incentive + $4,888,853 exemption = $8,517,356
- Miro (SJSC Towers): $8,475,023 incentive + $10,990,514 exemption = $19,465,537

Please see **Attachment C** for a list of AHIF Downtown High-Rise Exemption projects.

North San Pedro Tower 3 and Park View Towers are two other downtown high-rises that qualified for the Downtown High-Rise Residential Incentive but did not qualify for the AHIF Downtown High-Rise Exemption. These two projects have their own separate development agreements and thus are not subject to the AHIF program. Please see the second page of **Attachment B** for a list of Projects with Separate Development Agreements.

IHO Grace Period

The IHO Grace Period allowed residential developments that had all their required permits signed by the Planning Department prior to June 30, 2016 to be eligible for an exemption from the IHO. Developers were required to submit an Affordable Housing Compliance Plan in order to obtain the Grace Period exemption. Four compliance plans were submitted and accepted. All four projects have recorded an affordable housing agreement which documents their exemption from being subject to the Inclusionary requirements. Currently one, the Belmont, is in the process of receiving its final certificates of occupancy. See **Attachment D** for a list of IHO Grace Period projects.

The four (4) developments result in an estimated loss of $12,707,732 in IHO fees and the creation of 385 market-rate units. The IHO fee estimate assumes the developers chose the in-lieu fee compliance option and were paying the fee based on the current rate - FY18-19: $167,207 per inclusionary unit which is based off 20% of the unit total.

IHO Downtown High-Rise Fee Reduction

As mentioned, in June 2018 the City Council approved a reduction in IHO In-Lieu fees to $0, if a development submits an Affordable Housing Compliance Plan requesting this reduction in fees and can meet the following criteria:

- A rental development, located in the Downtown Core Area
- At least 150 feet above the street level
- Provides evidence that the development is not a for-sale development
- Prior to issuance of a Building Permit, records an Affordable Housing Agreement, specifying which fee shall apply in the event the developer fails to satisfy all waiver requirements; and
- The developer provides evidence that its final Certificates of Occupancy are ready to issue, except for the fee waiver, on or prior to June 30, 2021.

These criteria are similar to the AHIF Downtown High-Rise Exemption. Currently no Downtown High-Rises have requested this reduction in IHO In-Lieu fees.

EVALUATION AND FOLLOW-UP

Per program requirements, upon receiving evidence of the satisfaction of the exemption from the AHIF or IHO, Housing staff will rescind the Affordable Housing Agreements recorded on the property after project completion. In addition, Housing staff prepares an Annual Report on the impact fees under the AHIF program. See the following link to view the 2017-2018 AHIF Annual Report: http://sanjose.legistar.com/gateway.aspx?M=F&ID=430e2afd-770e-47e3-a27e-be3480bfc55a.pdf

POLICY ALTERNATIVES

There are no policy alternatives as this report is required pursuant to California Government Code Section 53083 and Open Government Resolution Section 2.3.2.6 C.

PUBLIC OUTREACH

This report will be made available to the public on March 29, 2019 through the Housing Website, and on the City of San José website and in hard copy in the City Clerk's office, prior to the City Council meeting scheduled for April 30, 2019.

COORDINATION

This report has been coordinated with memorandum was coordinated with the Office of Economic Development, City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

This report is intended to fulfill requirements under Chapter 12 of the Municipal Code: Ethics and Open Government Provisions, thus this report is being provided directly to City Council. An executive summary of this report was presented to the Housing and Community Development Commission (HCDC) on November 8, 2018. No questions or comments were provided and the Director's Report was accepted.

FISCAL/POLICY ALIGNMENT

Accepting the report of required information will allow the City of San José to continue administering the respective exemption programs.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact Amy Chen, Senior Development Officer at (408) 975-4489.

Attachment A – Cost/Benefit Evaluations of a Public Subsidy
Attachment B – AHIF Projects Eligible for Pipeline Exemption
Attachment C – AHIF Projects Eligible for Downtown High-Rise Exemption
Attachment D – IHO Grace Period Projects
Attachment E – Projects Pending, Withdrawn or Separate Development Agreements

Attachment A

Cost/Benefit Evaluations of a Public Subsidy

The table below addresses the requirements set forth in the City of San Jose's Resolution 77135 for publication of information related to an economic development subsidy of more than $1,000,000.

A1. Accountability: The options available if the projected returns do not occur and an after-action report describing the extent to which the proposal is actually generating the outcomes predicted	• **AHIF Pipeline Exemption:** Allows deferral of impact fees for eligible developments and allows for payment of fees to be delayed until the issuance of the Certificate of Occupancy. In order to be exempt from paying their AHIF the project must receive 50% of Final Certificates of Occupancy by January 31, 2020. A full list of AHIF projects eligible for the Pipeline Exemption are listed under Attachment B. • **AHIF Downtown High Rise Exemption:** Allows deferral of impact fees for eligible developments and allows for payment of fees to be delayed until the issuance of the Certificate of Occupancy. In order to be exempt from paying their AHIF the project must receive 100% of Final Certificates of Occupancy by June 30, 2021. A full list of AHIF projects eligible for the Downtown High-Rise Exemption are listed under Attachment C. • **IHO Grace Period:** Allows eligible developments that have received all their planning permits prior to June 30, 2016 to be exempt from the Inclusionary Ordinance. A full list of IHO projects eligible for the IHO Grace Period are listed under Attachment D. • **IHO Downtown High-Rise In-Lieu Fee $0:** Allows eligible developments to pay a reduced in-lieu fee of $0 in order to satisfy their Inclusionary Ordinance obligation if the project receives 100% of its Final Certificates of Occupancy by June 30, 2021. At this time no projects have requested this reduction in their IHO In-Lieu fee.
A2. Net fiscal impact: A calculation of tax revenues generated by the Public Subsidy minus tax revenues lost.	• **AHIF Pipeline Exemption:** There are 16 AHIF projects eligible for the Pipeline Exemption; resulting in an estimated $61.2 million in subsidies, $102.7 million in one-time revenues, and $3.7 million in reoccurring annual revenues. The net fiscal impact then is $45.2 million in revenues. Details of each project's net fiscal impact are detailed in Attachment B. • **AHIF Downtown High Rise Exemption:** There are 10 AHIF projects eligible for the Downtown High-Rise Exemption; resulting in an estimated $64.5 million in subsidies, $71.6 million in one-time revenues, and $4.5 million in reoccurring annual revenues. The net fiscal impact then is $3.1 million in revenues. Details of each project's net fiscal impact are detailed in Attachment C. • **IHO Grace Period:** There are 4 IHO projects eligible for the Grace Period program; resulting in an estimated $12.7 million in subsidies, $9.7 million in one-time revenues, and $474,279 in reoccurring annual revenues. The net fiscal impact then is -$2.9 million loss in revenues. Details of each project's net fiscal impact are detailed in Attachment D. • **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.
A3. Net job impact: If the proposed recipient of the Public Subsidy is an employer, whether the	• **AHIF Pipeline Exemption:** These 16 AHIF projects will create approximately 5,123 construction jobs with an average salary of $101,622 per year and an estimated 533 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment B.

employer provides health insurance and the number of jobs to be generated as a result of the project receiving the Public Subsidy in each of the following annual salary categories: $1 to $20,000; $20,000 to $40,000; $40,000 to $60,000; $60,000 to $80,000; and $80,000 and over.	• **AHIF Downtown High Rise Exemption:** These 10 AHIF projects will create approximately 5,553 construction jobs with an average salary of $84,641 per year and an estimated 525 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment C. • **IHO Grace Period:** These 4 IHO projects will create approximately 461 construction jobs with an average salary of $64,787 per year and an estimated 16 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment D. • **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.
A4. Housing impact: If the proposed Public Subsidy will impact the City's housing stock: (1) The number of housing units constructed or demolished as part of the project, categorized by level of affordability, and (2) an estimate of the number of ELI (Extremely Low Income) housing units that would be required for employees hired to implement the project.	• **AHIF Pipeline Exemption:** This exemption includes 16 projects that will deliver 3,852 new market rate (above 120% of Area Median Income) housing units. Based on the data in A.3, no new Extremely Low Income (ELI) housing units is expected to be generated. (Extremely Low Income means having an income less than $39,900 for a family of four) Although, the project will still generate a need citywide. • **AHIF Downtown High Rise Exemption:** This exemption includes 10 projects that will deliver 3,893 new market rate (above 120% of Area Median Income) housing units. Based on the data in A.3, no new Extremely Low Income housing units is expected to be generated. Although, the project will still generate a need citywide. • **IHO Grace Period:** This exemption includes 4 projects that will deliver 385 new market rate (above 120% of Area Median Income) housing units. No new Extremely Low Income housing units is expected to be generated. Although, the project will still generate a need citywide. • **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.
A5. Source of funds: Information describing the source of funds and any restrictions on the use of funds.	• **AHIF Pipeline Exemption:** The exemption does not provide funds directly to the project but is a deferral of Affordable Housing Impact Fees. If the project receives 50% of the Certificates of Occupancy by the deadline then the project is processed as a waiver of fees, but if the project is not completed by the deadline then the impact fees are collected to partially/fully fund affordable housing projects/programs including new rental developments or ownership assistance programs such as first time home buyer assistance. The City has five years from its collection to spend the AHIF funds. • **AHIF Downtown High Rise Exemption:** The exemption does not provide funds directly to the project but is a deferral of Affordable Housing Impact Fees. If the project receives 50% of the Certificates of Occupancy by the deadline then the project is processed as a waiver of fees, but if the project is not completed by the deadline then the impact fees are collected to partially/fully fund affordable housing projects/programs including new rental developments or ownership assistance programs such as first time home buyer assistance. The City has five years from its collection to spend the AHIF funds.

	• **IHO Grace Period:** The Grace Period does not provide funds directly to the project but is an exemption from IHO obligations that would otherwise be required (e.g. affordable units or in-lieu fees). Collected IHO In-Lieu Fees must deposited into the affordable housing fee fund and all earnings from investment of the moneys in the affordable housing fee fund shall be expended exclusively to provide housing affordable to extremely low income, very low income, lower income, and moderate income households in the City of San José and administration and compliance monitoring of the inclusionary housing program. • **IHO Downtown High-Rise In-Lieu Fee $0:** This program is a reduction in the IHO In-Lieu to $0 and does not provide funds directly to the project, but it provides relief from obligations otherwise required (e.g. affordable units or in-lieu fees). Collected IHO In-Lieu Fees must deposited into the affordable housing fee fund and all earnings from investment of the moneys in the affordable housing fee fund shall be expended exclusively to provide housing affordable to extremely low income, very low income, lower income, and moderate income households in the City of San José and administration and compliance monitoring of the inclusionary housing program. At this time no projects have requested this reduction in their IHO In-Lieu fee.
A6. Neighborhood impacts: Information about the impact on neighborhoods, including data contained in environmental impact reports and traffic studies as well as impacts on other public infrastructure and services such as parks, community centers and libraries.	No significant impacts are anticipated on traffic or public infrastructure related to any of the projects included under each exemption program. See Attachments B-D to see the status of the project's environmental review process. Either an Environmental Impact Report (EIR) or a Mitigated Negative Declaration (MND) has been completed and each report details the impacts and mitigations among each project.

The table below addresses the requirements set forth in the State of California AB 562 (Government Code 53083) for publication of information related to an economic development subsidy and a public hearing.

B1. Name/address of benefiting business entity: The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic	• **AHIF Pipeline Exemption:** See Attachment B for a full list of eligible AHIF Pipeline projects and the benefitting business entity. • **AHIF Downtown High Rise Exemption:** See Attachment C for a full list of eligible AHIF Downtown High-Rise projects and the benefitting business entity. • **IHO Grace Period:** See Attachment D for a full list of IHO Grace Period projects and the benefitting business entities. • **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.

Attachment A

development subsidy, if applicable.	
B2. Start and end dates for the subsidy: The start and end dates and schedule for the economic development subsidy.	• **AHIF Pipeline Exemption:** Start: January 18, 2015 End: January 31, 2020 • **AHIF Downtown High Rise Exemption:** Start: January 18, 2015 End: June 30, 2021 • **IHO Grace Period:** Start: January 12, 2010 End: June 30, 2016 • **IHO Downtown High-Rise In-Lieu Fee Reduction to $0:** Start: June 26, 2018 End: June 30, 2021
B3. Description of the subsidy, estimated total amount of expenditure of public funds or revenue lost: A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.	• **AHIF Pipeline Exemption:** Allows eligible developments to defer their payment of affordable housing impact fees to issuance of the Certificate of Occupancy. Then in order to be exempt from paying their AHIF the project must receive 50% of Final Certificates of Occupancy by January 31, 2020. A full list of AHIF projects eligible for the Pipeline Exemption are listed under Attachment B. The estimated economic subsidy of these 16 pipeline projects totals to $61.2 million. • **AHIF Downtown High Rise Exemption:** Allows eligible developments to defer their payment of affordable housing impact fees to issuance of the Certificate of Occupancy. Then in order to be exempt from paying their AHIF the project must receive 100% of Final Certificates of Occupancy by June 30, 2021. A full list of AHIF projects eligible for the Downtown High-Rise Exemption are listed under Attachment C. The estimated economic subsidy of these ten Downtown High-Rise projects totals to $64.5 million. • **IHO Grace Period:** Allows eligible developments that have received all their planning permits prior to June 30, 2016 to be exempt from the Inclusionary Ordinance. A full list of IHO projects eligible for the IHO Grace Period are listed under Attachment D. The estimated economic subsidy of these four grace period projects (if they were to pay an in-lieu fee) totals to $12.7 million. • **IHO Downtown High-Rise In-Lieu Fee $0:** Allows eligible developments to pay a reduced in-lieu fee of $0 in order to satisfy their Inclusionary Ordinance obligation if the project receives 100% of its Final Certificates of Occupancy by January 31, 2020. At this time no projects have requested this reduction in their IHO In-Lieu fee.
B4. Projected tax revenue: Net tax revenue accruing to the local agency as a result of the economic development subsidy.	• **AHIF Pipeline Exemption:** A full list of AHIF projects and their tax revenue calculations are listed under Attachment B. The estimated annual tax revenue totals to $3.7 million. • **AHIF Downtown High Rise Exemption:** A full list of AHIF projects and their tax revenue calculations are listed under Attachment C. The estimated annual tax revenue totals to $4.5 million. • **IHO Grace Period:** A full list of AHIF projects and their tax revenue calculations are listed under Attachment D. The estimated annual tax revenue totals to $474,279.

Attachment A

	• **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.
B5. Estimated number of jobs created, broken down by full time, part-time and temporary positions: The net number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.	• **AHIF Pipeline Exemption:** These 16 AHIF projects will create approximately 5,123 construction jobs with an average salary of $101,622 per year and an estimated 533 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment B. • **AHIF Downtown High Rise Exemption:** These 10 AHIF projects will create approximately 5,553 construction jobs with an average salary of $84,641 per year and an estimated 525 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment C. • **IHO Grace Period:** These 4 IHO projects will create approximately 461 construction jobs with an average salary of $64,787 per year and an estimated 16 management and retail jobs thereafter. Details of each project's net job impact are detailed in Attachment D. • **IHO Downtown High-Rise In-Lieu Fee $0:** At this time no projects have requested this reduction in their IHO In-Lieu fee.

Attachment B

AHIF Projects Eligible for Pipeline Exemption																
A1. Accountability					A2. Net Fiscal Impact				A3. Net Job Impact			A6. Neighborhood Impact	B1. Name/Address of Benefitting Business Entity			
	Project Name	Council District	Number of Units	Square Footage	Projected Subsidy	Estimated One-time Revenue to San Jose	B4. Estimated Recurring Annual Revenue to San Jose	Revenues, Less Subsidy	B5. Construction Jobs with Salaries	B5. Estimated FTE Construction Jobs	B5. Estimated FTE Management & Retail Jobs	Environmental Review	Project Address	Developer	Company Address	Building Permits Issuance Date
1	**Berryessa Crossing**	4	551	513,980	$ 9,385,275	$ 10,095,399	$ 448,456	$ 710,125	$ 72,800	550	88	Completed EIR	1590 Berryessa Rd	Western National Properties	890 N. McCarthy Blvd, Milpitas	05/07/18
2	**Delmas Ave**	3	120	76,106	$ 1,389,696	$ 3,315,217	$ 70,445	$ 1,925,521	$ 93,600	150	10	Completed EIR	341 Delmas Ave	Miltechs Inc.	1851 McCarthy Blvd, Ste 207, Milpitas	06/15/18
3	**Flats at Balbach**	3	101	87,152	$ 1,591,396	$ 2,954,634	$ 58,396	$ 1,363,239	$ 53,186	87	12	Completed EIR	180 Balbach St	Silicon Sage Builders	560 S. Mathilda Ave, Sunnyvale	08/15/16
4	**iStar**	2	301	282,707	$ 5,162,230	$ 5,452,140	$ 222,312	$ 3,998,885	$ 100,173	1,035	10	Completed EIR	Raleigh & Via Del Oro	Fairfield Residential	5510 Morehouse Dr, Ste 200, San Diego	03/29/18
5	**Marshall Square**	3	190	159,327	$ 2,909,311	$ 5,746,730	$ 188,111	$ 2,837,419	$ 100,173	800	30	Completed EIR	98 N 1st St	Fairfield Residential	5510 Morehouse Dr, Ste 200, San Diego	10/01/16
6	**Modera San Pedro**	3	201	149,405	$ 2,728,135	$ 5,757,284	$ 222,446	$ 3,029,149	$ 66,768	350	23	Completed EIR	45 N San Pedro St	Mill Creek Residential	411 Borel Ave, Ste 405, San Mateo	03/01/17
7	**Modera The Alameda**	6	168	146,394	$ 2,673,154	$ 6,193,828	$ 852,867	$ 3,520,673	$ 65,978	300	17	Completed MND	787 The Alameda	Mill Creek Residential	411 Borel Ave, Ste 405, San Mateo, CA	03/15/16
8	**Montgomery 7**	3	54	26,388	$ 481,845	$ 1,577,220	$ 30,240	$ 1,095,376	$ 72,800	30	6	Completed EIR	565 Lorraine Ave	Montgomery &, LLC	114 Hopfield Dr, Folsom	Estimated: Mid 2019
9	**Ohlone Block A**	6	263	243,207	$ 4,440,960	$ 8,310,262	$ 234,838	$ 3,869,303	$ 166,400	252	57	Completed EIR	Auzerais & Sunol	Republic Urban Properties	84 W. Santa Clara St, Ste 600, San Jose, CA	Estimated: Early 2020
10	**Ohlone Block B**	6	269	223,132	$ 4,074,390	$ 7,960,192	$ 170,653	$ 3,885,802	$ 166,400	200	8	Completed MND	Auzerais & Sunol	Republic Urban Properties	84 W. Santa Clara St, Ste 600, San Jose, CA	02/01/18
11	**Ohlone Block C**	6	268	215,090	$ 3,927,543	$ 7,704,571	$ 149,760	$ 3,777,028	$ 166,400	178	8	Completed EIR	Auzerais & Sunol	Republic Urban Properties	84 W. Santa Clara St, Ste 600, San Jose, CA	03/08/17
12	**Scotia Apartments**	6	55	61,020	$ 1,114,225	$ 1,849,975	$ 46,523	$ 735,750	$ 93,600	44	2	Completed MND	1777-1797 Almaden Rd	Cypress Group	20640 Third St, Ste 600, Saratoga, CA	06/07/18
13	**Sparq**	3	105	124,216	$ 2,268,184	$ 2,918,956	$ 68,541	$ 650,772	$ 52,000	25	10	Completed EIR	598 S First St	The Core Companies	470 S. Market St, San Jose	08/04/17
14	**The Reserve**	1	640	546,088	$ 9,971,567	$ 16,564,281	$ 487,905	$ 6,592,714	$ 116,480	72	28	Completed EIR	881 S Winchester Blvd	Greystar	221 Main St, Ste 1280, San Francisco	10/19/17
15	**Vespaio at Diridon**	3	163	156,487	$ 2,857,453	$ 4,952,342	$ 247,259	$ 2,094,889	$ 145,600	850	196	Completed EIR	138 Stockton	Hudson Companies	1510 S. Bascom Ave, Ste 7, Campbell	10/30/17
16	**Hanover Cannery Park**	3	403	342,609	$ 6,256,040	$ 11,411,152	$ 201,305	$ 5,155,112	$ 93,600	200	28	Completed MND	725 N 10th St	Hanover Company	5847 San Felipe, Ste 3600, Houston, TX	09/28/16
		Totals	**3,852**	**3,353,308**	**$ 61,231,404**	**$ 102,764,185**	**$ 3,700,057**	**$ 45,241,755**	**$ 101,622**	**5,123**	**533**					

KEY

Projected Subsidy: Estimates are based on the FY19-20 AHIF: $18.26 per square foot

EIR: Environmental Impact Report

MND: Mitigated Negative Declaration

Please note: Project data may vary and may have changed since the submission of this report.

Attachment C

AHIF Projects Eligible for Downtown High-Rise Exemption																
	A1. Accountability				A2. Net Fiscal Impact				A3. Net Job Impact			A6. Neighborhood Impact	B1. Name/Address of Benefitting Business Entity			
	Project Name	Council District	Number of Units	Square Footage	Projected Subsidy	Estimated One-time Revenue to San Jose	B4. Estimated Recurring Annual Revenue to San Jose	Revenues, Less Subsidy	B5. Construction Jobs with Salaries	B5. Estimated FTE Construction Jobs	B5. Estimated FTE Management & Retail Jobs	Environmental Review	Project Address	Developer	Company Address	Project Status
1	**The Graduate**	3	260	261,436	$ 4,888,853	$ 3,881,403	$ 298,492	$ (1,007,450)	$ 64,064	440	45	Completed EIR	80 E San Carlos	AMCAL Housing	30141 Agoura Rd, Ste 100, Agoura Hills,	Building Permit Pulled: 12/19/17
2	**Miro (SJSC Towers)**	3	630	587,728	$ 10,990,514	$ 9,539,606	$ 723,179	$ (1,450,908)	$ 83,200	887	50	Completed EIR	193 E Santa Clara St	Bay View Development	60 S. Market St, Ste 450, San Jose, CA	Building Permit Pulled: 12/22/17
3	**Aviato**	3	302	285,612	$ 5,340,944	$ 4,787,777	$ 364,129	$ (553,168)	$ 64,064	1,019	30	Completed EIR	199 Bassett Ave	KT Urban	21710 Stevens Creek Blvd, Ste 200,	Predevelopment
4	**Greyhound**	3	708	705,420	$ 13,191,354	$ 14,102,570	$ 804,230	$ 911,216	$ 114,400	500	67	Completed EIR	70 S. Almaden Ave	Z&L Properties	1426 Fillmore St, San Francisco, CA 94115	Building Permit Est.: Mid 2020
5	**Gateway Towers**	3	300	235,305	$ 4,400,204	$ 6,177,508	$ 268,912	$ (2,100,311)	$ 52,000	40	11	Completed EIR	455 S First St	The Core Companies	470 S. Market St, San Jose, CA 95113	Building Permit Est.: Early 2020
6	**4th Street Metro Station**	3	218	197,669	$ 3,696,410	$ 4,187,722	$ 175,278	$ 491,312	$ 110,240	225	22	Completed EIR	439 S 4th St	Caruso Designs	980 El Camino Real, Ste 200, Santa Clara,	Predevelopment
7	**The Carlysle**	3	220	191,915	$ 3,588,811	$ 5,227,660	$ 271,403	$ 1,638,850	$ 166,400	500	30	EIR - In Progress	65 Note Dame Ave	Insight Realty	333 W. Santa Clara St, Ste 805, San Jose,	Predevelopment
8	**Davidson Tower**	3	653	536,131	$ 10,025,650	$ 13,330,168	$ 1,081,799	$ 3,304,518	$ 63,606	975	22	EIR - In Progress	255 W Julian St	DAL Properties	255 W. Julian St, Ste 502, San Jose, CA	Predevelopment
9	**Post & San Pedro**	3	228	179,067	$ 3,348,553	$ 3,296,444	$ 213,808	$ (52,109)	$ 66,040	367	28	Completed EIR	171 Post St	Simeon Properties	655 Montgomery St, Ste 1190, San	Foundation Permit: 07/20/16
10	**27 West**	3	374	273,056	$ 5,106,147	$ 7,103,478	$ 312,615	$ 1,997,330	$ 62,400	600	220	Completed EIR	27 S 1st St	Schoennauer Co LLC	90 Hawthorne Wy, San Jose, CA 95110	Predevelopment
		Totals	**3,893**	**3,453,339**	**$ 64,577,439**	**$ 71,634,334**	**$ 4,513,844**	**$ 3,179,280**	**$ 84,641**	**5,553**	**525**					

KEY

Projected Subsidy: Estimates are based on the FY20-21 AHIF: $18.70 per square foot

EIR: Environmental Impact Report

MND: Mitigated Negative Declaration

Please note: Project data may vary and may have changed since the submission of this report.

Attachment D

IHO Grace Period Projects																
A1. Accountability				A2. Net Fiscal Impact				A3. Net Job Impact			A6. Neighborhood Impact	B1. Name/Address of Benefitting Business Entity				
	Project Name	Council District	Number of Units	Projected Subsidy	Estimated One-time Revenue to San Jose	B4. Estimated Recurring Annual Revenue to San Jose	Revenues, Less Subsidy	B5. Construction Jobs with Salaries	B5. Estimated FTE Construction Jobs	B5. Estimated FTE Management & Retail Jobs	Environmental Review	Project Address	Developer	Company Address	Building Permits Issuance Date
1	**Belmont**	2	26	$ 836,035	$ 2,710,674	$ 57,372	$ 1,874,639	$ 62,400	6	2	Completed MND	0 Edenvale Ave	Ponderosa Homes	6130 Stoneridge Mall Rd, Ste 185,	11/04/16
2	**Dobbin**	3	101	$ 3,344,140	$ 3,501,379	$ 216,863	$ 157,239	$ 46,717	215	2	Completed EIR	1875 Dobbin Dr	Pulte Group	4511 Willow Rd, Ste 8, Pleasanton, CA	04/12/17
3	**Berryessa Crossing**	4	162	$ 5,350,624	$ 2,873,014	$ 170,204	$ (2,477,610)	$ 104,000	150	2	Completed EIR	1590 Berryessa Rd	KB Homes	5000 Executive Pkwy, Ste 125, San	03/02/17
4	**Almaden Terrace**	6	96	$ 3,176,933	$ 697,364	$ 29,840	$ (2,479,569)	$ 46,030	90	10	Completed MND	1821 Almaden Rd	Silicon Sage	560 S. Mathilda Ave, Sunnyvale, CA 94086	10/02/17
		Totals	**385**	**$ 12,707,732**	**$ 9,782,431**	**$ 474,279**	**$ (2,925,301)**	**$ 64,787**	**461**	**16**					

KEY

Projected Subsidy: Estimates are based on the FY18-19 IHO: $167,207 per Inclusionary Home (20% of total units)

EIR: Environmental Impact Report

MND: Mitigated Negative Declaration

Please note: Project data may vary and may have changed since the submission of this report.

AHIF Pending Pipeline Projects							
	Project Name	**Council District**	**Number of Units**	**Square Footage**	**Projected AHIF**	**Developer**	**Company Address**
17	**Diridon Delmas Park**	3	325	263,349	$ 4,808,753	Google	1600 Amphitheatre Pkwy, Mt. View
18	**777 W. San Carlos**	6	104	141,395	$ 2,581,873	San Jose Midtown Developer	2550 Castello Wy, Santa Clara, CA

AHIF Withdrawn Projects							
	Project Name	**Council District**	**Number of Units**	**Square Footage**	**Projected AHIF**	**Developer**	**Company Address**
19	**Park Delmas**	3	123	114,319	$ 2,087,465	Robson Homes	2185 The Alameda, San Jose, CA 95126
20	**Filice**	3	36	33,290	$ 607,875	Robson Homes	2185 The Alameda, San Jose, CA 95126
21	**4th & Julian**	3	12	17,173	$ 313,579	Barry Swenson Builders	777 N. 1st St, 5th Floor, San Jose, CA
22	**Santana Row Lot 12**	6	349	226,082	$ 4,128,257	Federal Realty	356 Santana Row, Ste 1005, San Jose,
23	**6th Street Flats**	3	197	148,080	$ 2,703,941	The Pacific Companies	430 E. State St, Eagle, ID 83616
24	**505 Lincoln**	5	190	145,238	$ 2,652,046	Sobrato	10600 N. De Anza Blvd, Ste 200,
25	**Santana Row Lot 17**	6	112	103,984	$ 1,898,748	Federal Realty	356 Santana Row, Ste 1005, San Jose,

Projects with Separate Development Agreements							
	Project Name	**Council District**	**Number of Units**	**Square Footage**	**Projected AHIF**	**Developer**	**Company Address**
26	**Japantown**	3	520	423,319	$ 7,729,805	Shea Properties	130 Vantis, Ste 200, Aliso Viejo, CA 92656
27	**North San Pedro Tower 3**	3	313	245,645	$ 4,485,478	Z&L Properties	1426 Fillmore St, San Francisco, CA 94115
28	**Park View Towers**	3	221	247,395	$ 4,517,433	Z&L Properties	1426 Fillmore St, San Francisco, CA 94115

KEY

Projected Subsidy: Estimates are based on the FY19-20 AHIF: $18.26 per square foot

Please note: Project data may vary and may have changed since the submission of this report.