Ad Hoc Affordable Housing Working Group

City Hall Council Chambers
1500 Warburton Avenue
Santa Clara, CA 95050

Agenda

6:30 – 8:30 PM, May 31, 2017

Working Group Members
Vice Mayor Dominic J. Caserta, Chair
Councilmember Patrick Kolstad
Councilmember Patricia M. Mahan

1. Call to Order/Welcome (6:30-6:35)

   The final meeting objective is to provide recommendations on a framework for an Affordable Housing Impact Fee, including the following topics:

   - *City's Goal for Level of Affordability (For-Sale and Rental development).*
   - *Residential and Non-Residential Impact Fee Levels.*
   - *Implementation of the Affordable Housing Impact Fee, including policy considerations such as exemptions, grace period, etc.*

2. Review Meeting Minutes 4.25.2017 (6:35-6:40)

3. Public Presentation (6:40-6:50)

   This portion of the meeting is reserved for persons to address the Working Group on any matter on the agenda. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. Commissioners or the staff liaison may briefly respond to statements made or questions posed and may request staff to report back at a subsequent meeting. Please limit your remarks to 2 minutes.

4. Discussion (6:50-8:15) Group Members and Public in Attendance

   Working Group Members and the public will have an opportunity to discuss the specific topics outlined on the Policy Considerations document and provide recommendations.

5. Other Business (8:15-8:25)

6. Identification of Next Steps (8:25-8:30)

   Summarize the next steps following the last Ad Hoc Affordable Housing Working Group meeting, including when recommendations and/or a draft ordinance will be brought back to the Council.

7. Adjournment (8:30)

Draft Affordable Housing Working Group Meeting 3 Minutes

Tuesday, April 25, 2017, 2:30 PM

City Council Chambers

1. **Call to Order/Welcome**

   Vice Mayor Caserta called the third of four Affordable Housing Working Group meetings to order and explained that the objective is to get some numbers down today and finalise these objectives and decisions at the fourth meeting.

   Hamid Taeb, representing Habitat for Humanity, introduced himself to the group.

   Mr Crabtree briefly went through the Agenda and summarised items for discussion highlighting the outcomes and goals that should be addressed, listed in the included policy considerations document in the packet.

   Vice Mayor Caserta asked the group if there were any questions regarding the KMA information received. Mr Crabtree noted that this was itemized on the Agenda and he would briefly present and explain this information later on in the meeting.

2. **Review of Meeting Minutes**

   Caserta asked if there were any questions or comments regarding the Meeting Minutes from April 11, 2017. No comments were made.

3. **Public Presentation**

   Caserta invited the public to make comments. No public comments were made.

4. **Review of KMA Additional Information**

   Mr Crabtree introduced the Affordable Housing Policy Considerations for discussion document and noted it was a benchmark to be used for starting the conversation of decided on specific fees and inclusionary requirements.

   Mr Crabtree also introduced the additional information received from KMA and explained that the research included a breakdown of per square foot fee (psf) rate equivalents for for-sale and rental projects at 10%, 12.5% and 15% inclusionary requirements.

Mr Crabtree further noted that there had been a question from Mr Jain before the meeting regarding the fee, per square foot, equivalent for rental residential at moderate income level. He noted that by looking at the current figures, one could estimate approximately $32 psf equivalent at Moderate level for rental.

Finally, Mr Crabtree noted in response to another question raised prior to the meeting that HUD money is generally tied to low/very low income levels and not within moderate income levels.

5. Discussion

Councilmember Mahan queried if, as a possibility, the City can have a list of pipeline projects in the pipeline that would be applicable to a lower fee in the interim and then we would eventually phase to the full fee, a ramp up of the fee.

Mr Jain noted that the Planning Commission recommended site control being the measure for whether projects would be subject to the fee.

Ms Lorenzana queried how the group will reach consensus and asked if the group will be voting. Mr Crabtree confirmed that the aim was to reach consensus among the group without resulting in a vote.

Mr Edwards noted his support for a grace period as well as a ramp up of the fee. For example, there could be a $10 psf fee applicable in year one, $20 psf in year two and $30 psf in the final year. He noted that this ramp up would be important for those who have already purchased properties or have site control.

Councilmember Mahan queried site control as the mechanism. Mr Edwards confirmed that when you enter escrow for a property and gain site control, it's the no back out point and noted usually a developer has purchased the property on the basis of gaining a certain density or number of units.

Mr Leigh added that a developer could technically be waiting a year for entitlements but you would move ahead on the basis of that previous sales price.

Councilmember Mahan clarified that she would like to take into account those previous sales prices.

Mr Edwards further noted that for projects like Tasman East, developers are still waiting for the specific plan and can't carry forward until this is complete despite going through the entitlement process.

Mrs Lorenzana noted that entitlements would be a good mechanism during the grace period. She noted that ramping up the fee, though, would introduce two separate layers of grace period for developers.

Mr Edwards noted that he would want more time as a landlord to get more notice.

Mrs Lorenzana asked if there was really a scenario in this current climate, where development where developers wouldn't be interested in developing based on impact fees. Mr Edwards confirmed that with impact fees growing, some developers would likely keep property as industrial or commercial instead of converting to residential development.

Mr Caserta highlighted that he would like to incentivize smart growth.

Mr Jain noted the desperate need for affordable housing in this City and recommended establishing a fee after the grace period as opposed to a step up the fee.

Mr White noted his agreement with a grace period of six months and demonstration of site control as a reasonable mechanism for fees being applicable. He further noted that in terms of the sliding scale price point, he was thinking it should relate to the type of property as opposed to the density range. For example, fee sliding down from a single family home to a smaller single family home or town home. This would encourage building affordable homes by design.

Councilmember Mahan expressed the need for fee levels that don't slow down development but highlighted that fees could change the type of development that comes forward, for example smaller units. However, in some areas, like the Old Quad, this could lead to development that becomes incompatible with the local area. She further noted that there needs to be a grace period that can accommodate these types of changes. We want to incentivize projects that are underway to continue to add some natural affordability because we will have more supply of housing. She explained that she fears that if we introduce a $30 psf fee, for example, after six months if a developer does not have site control, it could potentially kill a project. Six months is not a long time in the development community.

Mr Martin noted a $30 psf fee does not have a good place in this discussion, and that the fee needs to be more in line with Planning Commission recommendation of $17-20 psf. He queried if the handout for considerations really contains any incentives for Developers? Other cities have been discussing incentives, especially near transit corridor, but this looks like fee penalty.

The other incentives that we have discussed include density bonuses, stacking bonuses, etc. He noted that these programs should be considered, especially where there are upcoming specific plans. Landowners would then be part of this process. Other considerations we would like to see is how these funds would be devoted, for example, through first time home buyers programs. Mr Martin reiterated that the Planning Commission recommendations are more reasonable that the options put forward today.

Mr Crabtree confirmed that overall the group wants to see the General Plan being realised. In terms of the grace period, some of these mechanisms would be running concurrently together. For example, a six-month grace period and then the ramping up would be running concurrently with the site control mechanism.

Ms McIntire noted that this compromise seemed reasonable. However, she highlighted that a blanket grace period across the whole city isn't necessary. People will scram and try to sell their land to avoid this fee. These developments will not be affordable unless there are funds within them to drop the rent levels.

Councilmember Mahan noted that she thinks Mr Crabtree captured the recommendation well. She warned that we may not know the conversations or deals that are happening without the City knowing, as we see only see them at the end. There will be deals that occur within the grace period and some that will occur outside of that grace period. Some pipeline projects should just be exempt because with the Parks fees. Often projects are delayed, not to the fault of the developer. These projects should be exempt from the fee.

Mr Rocha noted that there are a lot of unknowns, and as such, a suitable longer term blanket grace period makes sense. Once a City introduced a fee, it will be applicable forever. Cities don't usually give back a tax. Giving some a break and not others seems more complicated.

Mr Buchanan noted concern over how many projects are going to be exempt and urged the group to remind ourselves of the objectives today. He noted that many people who desperately need housing and noted the imbalance of those who need help and economic situation are changing every day and are being impacted. The longer we wait, the more people will be pushed out of the City. That will cause a host of social dilemmas.

Vice Mayor Caserta asked Mr Crabtree to bring up a topic so the group can reach consensus on that particular.

Mr Crabtree noted that the grace period is a good place to start. He stated that he had a recommendation but invited someone to put forward one.

Mr Edwards noted projects that have site control within three years should be exempt. He also suggested a year grace period, then ramp up in the second year, then the third year the fee being enacted. More specifically, there could be no fee for first twelve months, 12 months to 24 month 1/3 of fee is applicable, 24 months to 36 months 2/3 of fee would be applicable, and after 36 months the fee would go into full effect. Site control would follow this.

Mr Buchanan suggested both recommendations being voting on. Mr Crabtree warned against voting because the group was opened to the public. Mr Crabtree also warned against causing a disincentive for housing being built.

Ms Lorenzana noted layering mechanisms will exacerbate the situation. The City is over producing on market housing whereas we are way behind on Affordable Housing. She agreed that a timeline for site control is necessary. Ms Lorenzana felt that density bonuses are outside of this conversation but some of the group member did not agree.

Vice Mayor Caserta opened the discussion to the public for comments.

Mr Tersini noted that they are working on other projects that have an applicable $17 psf fee but have had to ask the City of San Jose for a reduction on park fees and construction tax to accommodate the $17 psf Affordable Housing fee. He noted that he is an advocate of the grace period being two years and that those who gain site control within this time frame being exempt from the fees. Mr Caserta asked if San Jose approved the reduction and Mr Tersini noted that they had.

Mr Head noted that a long-term shift will have a crunch time period in the interim. In terms of incentivizing a relatively easy transition, two years for example, would be easier for all parties to accommodate. There is a risk in over burdening the market.

Councilmember Mahan noted that we cannot think about this in a vacuum. We do not have tracts of land where we can build new housing within Santa Clara County, maybe only in South San Jose. We need to think about areas like Urban Villages where it fits and it can be accommodated. In Santa Clara, this will be in our industrial areas. We are looking at converting uses through General Plan Amendments, rezoning, etc. or an infill project, redevelopment. There is going to be some adjustment in the land price which affects the housing price. We need a grace period so development can adjust. We want to avoid scarcity and do not want to artificially impose a policy that will slow housing development.

Mr Medina noted that he understands the comments mentioned from the development community but explained that Local 19 represents hotel workers and noted that there are multiple housing markets and these workers cannot afford the current market housing. He explained that we are trying to come up with a housing balance and a grace period will exacerbate the housing balance.

Mr Caserta noted that this is a balance and asked for someone from the Development Community respond to this notion of balance with customers in the market. Mr Head noted that it is difficult as a builder to be limited to the range of housing that can be provided. It is only feasible to provide at the upper scale currently and make the project feasible. He noted that we are simply discussing the reasonable transition from A to B. Mr head noted the different perspective that he would have if he was a hotel worker or worked on a construction site, for example.

Mrs Cohen noted the challenges of the fiscalization of land use. She noted the opportunities encouraged by re-zoning to try to keep owners from land banking. Another tool to encourage affordable housing could be an easier process for rezoning or changing the General Plan designation.

Councilmember Mahan agreed that reasonable incentives for Developers to convert from industrial to residential are needed.

Mr Jain noted that not having an impact fee because of a potential downturn doesn't really make sense.

Councilmember Mahan suggested looking at compromising on a range. For example, no fee for six months, ramp up being anywhere from one year to three years and let staff go away and work on that. Some cities have had a specific 18 month period before implementing.

Ms Lorenzana noted that she would support a six month grace period as well as support an entitlement period and then discuss the ramp up period in an additional meeting.

Mr Caserta asked if Mr Crabtree had enough information to get a grace period provision down. Mr Crabtree noted that the six month grace period has consensus and noted that if you demonstrate site control during the entitlement grace period and then they would have three years to get the permit. Mr Crabtree queried at what point is there a partial fee?

Councilmember Mahan asked for a chart and a benchmark of what other cities have done on this particular issue of implementation.

As a point of clarification, Mr Jain queried how would a lease to a Developer be addressed? For example, the Viso family had site control and were gaining entitlements. The developer doesn't need to demonstrate site control because the land owners have site control. Mr Jain explained that this is a loophole. Mr White noted that the long-term lease is generally the life cycle of the building. Mr Crabtree noted this is a rare case, and Mr Caserta noted we won't be looking into this further.

Mr Crabtree noted affordability by design seems to have consensus within this group. Mr Martin noted he would peg it to size or density as opposed to a sales price or rental price.

Mr Medina noted that affordability by design is a good idea but most of our members have families and while affordability by design in an option for some, it is not for low income families.

Councilmember Mahan noted that there would not be a nil fee for these projects, just a lower fee so we would still be collecting some money. Mr Rocha agreed that this could be an incentive. He noted that people are competing for units that are not the right size for a particular time in their life. This leads to over competing of larger units.

Mr Buchanan noted that the fees need to be high enough that there is incentive to include units in the community. With any deed restricted affordability unit, the number of applicants that are on the waiting list far exceeds the supply. The last example was 8,500 applicants for 65 units.

Mr Taeb noted the disproportionate number of those seeking affordable units to those available mentioned could be on the rental side but not usually on a home ownership side. He explained the need to incentivize payment of fees so we can leverage them, and noted previous discussions of 6 to 1 leverage ratio. If you push the fee rates too high, Developers will walk away and we need them at the table. Sometimes Developers want to simply pay the fees and we want to collect the fees but we should incentivize developers in different ways. The City can look at subsidizing or provide additional density or mechanisms for affordable housing builders in addition to market rate developers.

Councilmember Mahan agreed that affordability by design should seriously be considered as well as Density bonuses.

Ms Lorenzana noted the commercial linkage fee, and agreed with a fee reduction based on business size (smaller fees for local retail) and agreed on $10-15 psf based on size. She also noted support for a $25 psf rental impact fee.

Mr Jain noted that the numbers discourage on site inclusionary policy. Mr Edwards agreed that the options discourage on site inclusionary but would recommend onsite being lowered to 5%. Many of the group members did not agree with lower the inclusionary policy.

Mrs Cohen added that we could be incentivizing hiring local youth and veterans on projects.

Ms McIntire suggested not allowing in-lieu fees for projects above 10 to get the inclusionary units on site.

Councilmember Mahan noted that in higher density projects, we want to include BMR units so we don't only get stand alone projects. We want to collect fees so that the City can underwrite a project and subsidize the affordable housing and be a partner in projects.

Mr Head noted that rental projects are more flexible for affordable housing because there is a long timeline whereas for-sale can only be captured at the point of sale. He further noted that the ancillary support that goes with the $1.2 million unit is more difficult than a $500,000 unit.

Mr White agrees that it is more difficult to put someone in a house at a $300,000 that would have sold for $1.2 million. He suggested a higher in lieu fee to offset this. He noted that the incentives should be reversed.

Ms Lorenzana agrees with Mr White, but commented that the 10% inclusionary is too low. She also noted that the fees need to be higher. The City of Palo Alto did this so that for sale fees were higher but rental fees were lower. She also noted considering a land dedicate policy. We need to consider land dedication.

Mr Taeb noted that he agreed with Ms Lorenzana. He suggested that the fee be due at time of sale so the developer does not have to carry that fee. Mr Edwards and Councilmember Mahan agreed that would be a good idea.

Councilmember Mahan noted that Milpitas has an inclusionary policy but not an impact fee. Mahan would like to see Milpitas on there the list of nearby jurisdictions. Mr Martin and Mr White agreed Fremont should stay on this list.

Vice Mayor Caserta suggested Wednesday May 17, 2017 at 4:30pm in the City Council Chambers for the group's last meeting. This will give staff the opportunity to get recommendations back to Council early to mid-June 2017.

5. AOB

No other business was identified.

6. Identification of topics for next Working Group Meeting

a. Staff to provide revised policy recommendations to be agreed and finalised for the last meeting.

b. Staff to provide chart of nearby jurisdiction and all requirements/impact fees.

c. Staff to provide information regarding grace period for all nearby jurisdictions

Wednesday, May 31, 2017, 6:30 PM

City Council Chambers

Proposed Framework

This memo is being provided to the Working Group to facilitate the conclusion of the Working Group process. The memo presents a proposed framework for an Affordable Housing Impact Fee, based upon key policy considerations. The specific details included in the proposal are based upon the prior Planning Commission recommendations and the input of the Working Group to date.

The Working Group will be asked to discuss and provide input on this framework which will then be presented back to the City Council for consideration and direction in the preparation of the Affordable Housing Impact Fee. Working Group members should also refer to the other documents which have been provided to the Working Group.

Santa Clara Affordability Objectives

- The Affordable Housing Impact Fee is based upon an objective of achieving 12.5% of housing units within the community as designated for affordable housing including units distributed over each identified income affordability level.
- The production of affordable units will be achieved through a combination of strategies, including the City's use of funds collected through implementation of the Impact Fee as well as use of other funding sources or assets available to the City.
- The Affordable Housing Impact Fee is established at a level which will not unduly impede new development activity so that such development will be able to continue to meet the needs of the community and provide a source of funding for affordable housing.

Affordable Housing Impact Fee

As established in the Nexus Study prepared in part for the City of Santa Clara, *Summary, Context Materials and Recommendations; Affordable Housing Nexus Studies* by Keyser Marston

Associates, there is an established link between new residential and non-residential development within Santa Clara and the demand within Santa Clara for affordable housing. Accordingly the City of Santa Clara has adopted policy requirements that new development activity contribute toward the production of affordable housing. New residential development projects may contribute by including designated affordable housing units within the proposed development, or by making an in-lieu payment of the City's Affordable Housing Impact Fee. Non-residential projects are subject to the City's Affordable Housing Impact Fee as described below.

Category 1: For-Sale Residential Development Impact Fees

New For-Sale Residential Development can provide up to 12.5% of units within the project as designated affordable (inclusionary) units in full or partial fulfillment of the project's obligation to contribute toward the production of affordable housing. Alternatively, the project can make payment of the City's Impact Fee for any portion of the project which does not meet this inclusionary unit level.

The Affordable Housing Impact Fees for For-Sale Residential Development are as follows:

Tenure Type	$ per square foot
Single-Family Home	$40
Townhome	$35
Condominium	$30

Category 2: Rental Residential

New for-sale residential construction will be subject to a fee requirement of $20 per square foot. Any project which provides a minimum of 10% of units on site as affordable units will not be subject to the fee. Projects will need to have a restriction to retain rental status for a minimum 10 year time period or be subject to the applicable For-Sale Residential Development Impact Fee if converted to a for-sale project within 10 years of initial development.

Category 3: Non-Residential

New non-residential construction will be subject to the following fee requirements.

- Retail
  - < 5,000 square feet: No Fee
  - 5,000 to 20,000 square feet: $5 per square foot
  - > 20,000 square feet: $10 per square foot
- Hotel
  - $5 per square foot
- Office (including Industrial Office, R&D and Commercial Office)
  - ≤ 20,000 square feet: $10 per square foot
  - > 20,000 square feet: $15 per square foot
- Other Commercial
  - $5 per square foot
- Light Industrial
  - < 20,000 square feet: $5 per square foot
  - ≥ 20,000 square feet: $10 per square foot
  - Low-Intensity Uses (e.g., Data Centers and Warehouses): $2 per square foot

Exemptions

The following types of development are exempt from the provision of inclusionary housing units and/or payment of the Affordable Housing Impact Fee.

- Additions, remodeling or construction of a single residential unit or duplex unit on an existing lot of record, including Accessory Dwelling Units.
- Commercial square footage within a vertical mixed-use development where the commercial space is integrated into a single structure that also includes residential development at a density of 30 units per acre or greater and does not exceed 20,000 square feet.
- Assembly uses (such as lodges, clubs, youth centers and religious assemblies)

- Day care, nursery and school facilities
- Hospitals

Implementation

To allow market based development to adjust to the new fee requirements, the Impact Fee will be implemented as follows:

1. On-going projects – any project with demonstrated site control at time of the Fee Adoption will not be subject to the impact fee provided that Building Permits have been issued for the construction of that project within three years after adoption.
2. Fee Effective Dates:
    a. 0-6 Months: No Fee
    b. 6-12 Months: 1/3 of total fee applicable
    c. 12-18 months: 2/3 of total fee applicable

Other Considerations

1. Fees due prior to occupancy (temporary or final)
2. Fees subject to a Cost Escalator
3. Credit for existing floorspace

Table 1: Affordable Housing Inclusionary Requirements in Nearby Jurisdictions - Residential						
City	**Inclusionary Requirement**	**Affordability Level**	**In-Lieu Fee (per sq ft)**	**Fee by Right?**	**Rental Impact Fee (per sq ft)**	**Grace Period**
Santa Clara	10%	Very Low to Moderate	None	N/A	TBD	TBD
Campbell	15%	Low and Moderate	$34.50	Only projects 6 du/ ac. or less	In the process of reviewing Nexus Findings, staff recommendation from October, 2016 was $25	TBD, The City of Campbell is in the process of reviewing a rental impact fee and non-residential impact fee.
Los Altos	10%	Low and Moderate	None	N/A	To be reviewed by City Council in May 2017. Staff and PC recommending $45 (15% low, 10% very low)	TBD, No recommendation has been made yet. Planning Commission also recommended $35 psf fee for single family homes.
Cupertino	15%	½ Moderate, ½ Median	$15 detached; $16.50 attached $20 multifamily	Projects under 7 units only	$20 / sq. ft. ($25 for projects over 35 du/acre)	Fees were adopted on June 12, 2016 and became effective July 1, 2016
San Jose	15%	Moderate	Affordability gap based on attached unit re-sales.	Yes	$17	18 month grace period. Fee came into effect July 1, 2016.
Sunnyvale	12.5%	Moderate	7% of sales price	Projects under 20 units only	$17/sq. ft. ($8.50 for projects with 4 – 7 units)	60 days from ordinance approval to fee taking effect. If a project was deemed complete in these 60 days, it was not subject to the fee.
Mountain View	10%	Moderate	3% of sales price	N/A	$17	Approximately 6 month grace period. Any project entitled prior to December 10, 2014 or had filed a formal application included a master plan and is entitled by June 30, 2015 was not subject to the fee.
Palo Alto	15%	Moderate	Single family $75 Townhome $50 Condominium $50	Applicable to projects of 3 or more units	$20	These fees were approved on April 17, 2017 and will take effect on June 19, 2017 (60 days following approval)
Fremont	Attached: 3.5% + fee Detached: 4.5% + fee	Moderate	With on-site units: Attached: $18.50 Detached: $17.50 If no on-site units: Attached: $27 Detached: $26	Yes	$17.50	One year grace period (June 2015-June 2016 and one year ramp up period (July 2016 to June 2017). Rates only marginally lower during this one year ramp up. Beyond June 2017, fee in full effect.
Milpitas	5%	Very Low and Low	None	N/A	TBD	TBD, Milpitas has received a completed Nexus Study from KMA but it is not yet available to the public. Staff is planning to bring recommendations to the Planning Commission and City Council in July/August 2017.

Table 2: Affordable Housing Commercial Linkage Fees in Nearby Jurisdictions					
City	**Office**	**Retail**	**Hotel**	**Industrial**	**Grace Period**
Santa Clara	TBD	TBD	TBD	TBD	TBD
Campbell	2% of development costs	1% of development costs	2% of development costs	2% of development costs	TBD. The fees listed are staff recommendations from October 2016. The City of Campbell is still in the process of reviewing.
Los Altos	$20-25	N/A	$10-15	$10-15	TBD, Fees to be reviewed by City Council in May 2017. Rates listed are current recommendations.
Cupertino	$20	$10	$10	$20	Fees were adopted on June 12, 2016 and became effective July 1, 2016.
San Jose	N/A	N/A	N/A	N/A	18 month grace period. Fee came into effect July 1, 2016.
Sunnyvale	$15	$7.50	$7.50	$15	60 days from ordinance approval to fee taking effect. If a project was deemed complete in these 60 days, it was not subject to the fee.
Mountain View	$25	$2.68	$2.68	$25	Approximately 6 month grace period. Any project entitled prior to December 10, 2014 or had filed a formal application included a master plan and is entitled by June 30, 2015 was not subject to the fee.
Palo Alto	$35 (includes Office, R&D, Medical)	$20.37	$20.37	$20.37	These fees were approved on April 17, 2017 and will take effect on June 19, 2017 (60 days following approval)
Fremont	TBD	TBD	TBD	TBD	TBD, Fremont is currently reviewing a Commercial Linkage Fee.
Milpitas	TBD	TBD	TBD	TBD	TBD, Milpitas has received a completed Nexus Study from KMA but it is not yet available to the public. Staff is planning to bring recommendations to the Planning Commission and City Council in July/August 2017.

Affordable Housing Impact Fee Policy Considerations (Summary)

Building Type	Maximum Supported Fee	Consideration Fee	Other Applicable Requirements	*Planning Commission Recommendations 1.25.2017
For-Sale Residential	Single Family: $36/sf Townhome: $39.30/sf Condominium: $41.40/sf Apartments: $48.30/sf	≥10 DU: N/A <10 DU: 80-90% of maximum supported fee	≥10 DU: 10% on site requirement	≥ 10 DU: 10% requirement of site < 10 DU: $17-20/sf
Rental Residential		$25-35/sf		$17-20/sf
Office	$142.70/sf	$5-10/sf		$10-15/sf
High Tech Office	$158.80/sf	$5-10/sf		$10-15/sf
Retail	$268.00/sf	N/A		$5-10/sf Potentially lower rate for locally owned/operated retail.
Hotel	$128.70/sf	N/A		$5-10/sf
Light Industrial	$149.60/sf	$2-5/sf		$5-10/sf
Warehouse	$47.80/sf	$2-5/sf		$5-10/sf

* The Planning Commission also recommended scaling fees based on project size and/or density

Other Considerations

Consideration	Initial Staff Proposal	Planning Commission Recommendation
When are fees due?	Due at issuance of Building Permits	Due at issuance of Building Permits
Cost Escalator	Rates subject to cost escalator	Rates subject to cost escalator
Credit	Credit towards existing floorspace	Credit towards existing floorspace
Exemptions	Certain building types exempted including certain assembly uses (such as lodges, clubs, youth centers and religious assemblies), day care and nurseries, education facilities, hospitals and single family home extensions and duplexes.	Certain building types exempted including certain assembly uses (such as lodges, clubs, youth centers and religious assemblies), day care and nurseries, education facilities, hospitals and single family home extensions and duplexes.
Pipeline Provisions	Six month grace period	If a developer can demonstrate site control during grace period, they should not be subject to the impact fees, assuming entitlements are granted within three years of the effective date of the new fees.

Affordable Housing Requirements and other Impact Fees in Nearby Jurisdictions

Questions

1. When did the City adopt Affordable Housing Impact Fees?

2. What are the current rates?

3. Have you seen any deterrence of development (residential or non-residential) since the adoption of affordable housing impact fees?

4. How many Affordable Housing units have been produced since the adoption of affordable housing impact fees?

A. City of Mountain View

1. The City of Mountain View's Affordable Housing impact fees were adopted in December 2012.

2. *Affordable Housing Impact Fees*

Residential:

BMR In-Lieu fee for new ownership houses 3% of unit sales price (1999)
Rental Housing: $17.39

Non Residential:

Office/High Tech/Industrial

First 10,000 sq. ft $12.79

10,000 sq. ft. + $25.58

Hotel/Retail/Commercial/Entertainment

First 25,000 sq. ft. $1.37
25,000 sq. ft. + $2.74

3. Since the adoption of Affordable Housing impact fees, the City of Mountain View has not seen any decrease in development activity. In fact, in 2013 and 2014, development of rental housing increased significantly from previous years.

4. 238 permits for Affordable Housing have been issued since the adoption of the rental housing impact fee. Additional units are in the pipeline, nearly 20% of deed restricted stock.

North Bayshore Development Impact fee

Office/R&D (per square foot of net new gross floor area) : Transportation $22.47, Water $6.35, Sewer $1.18
Retail (per square foot of net new gross floor area): Transportation $2.35, Water $0.01, Sewer $.079
Hotel (per guest room): Transportation $2,000.00, Water $3,929.00, $707.00

B. City of Palo Alto

1. The City of Santa Clara's Inclusionary requirement (15%) of 5 or more units was adopted in the 1970's. Currently, the City can accept an in-lieu at 7.5% of sales price. A commercial impact fee, adopted about 20 years ago, is currently $20.37 and is subject to a cost escalator.

2. The City of Palo Alto is in the process of updating its Affordable Housing ordinance. The proposal will be heard at discussed by Council on March 27, 2017, and includes the following changes to the existing requirements:
- In-lieu fee of $50 per sq. ft. for 3 or more units (as opposed to 7.5% of sales price). In-lieu fees and provision of units offsite are at the discretion of the City are assessed against a list of criteria.
- Office, medical and R&D $60 per sq. ft.
- Hotel $30 per sq. ft.
- Retail/restaurant and other uses $20.37 (keep at existing)

3. The City of Palo Alto has not seen a deterrence of development as a result of impact fees as they have been in existence for a long time. Housing development, however, has slowed down recently, due to other factors.

4. Since adoption of the City's Affordable Housing Inclusionary Requirements, the City has built 240 Affordable Ownership: 240, Rental: 350.

Traffic Impact Fee

Charleston Arastradero- Residential: #1,300.00 per residential unit
Citywide Transportation Impact fee: #3,559.00 per net new PM peak hour trip
San Antonio/West Bayshore Area: $2.55 per sq. ft.

Stanford Research Park/El Camino Real CS Zone: $12.36 per net sq. ft.

Park Impact Fee

Single Family: $58,812.00 per unit or 531 sq. ft. per unit
Multi-Family: $40,103.00 per unit or 366 sq. ft. per unit
Commercial/Industrial: $284.00 per 1,000 sq. ft or fraction thereof
Hotel/Motel: $128.00 per 1,000 sq. ft. or fraction thereof

C. City of Cupertino

1. The City of Cupertino's Affordable Housing Impact Fees were adopted on May 5, 2015.

2. City of Cupertino Affordable Housing Impact Fees

Residential- Ownership (per sq. ft.)	
Detached Single Family Residence	$15.48
Small Lot Single Family Residence of Townhome	$17.03
Multi-family Attached Townhome or Condominium (up to 35 du/acre)	$20.64
Multi-family Attached Townhome or Condominium (over 35 du/acre)	$20.64
Residential-Rental (per sq. ft.)	
Multi-family Attached Townhome or Condominium (up to 35 du/acre)	$20.64
Multi-family Attached Townhome or Condominium (over 35 du/acre)	$25.80
Non-Residential (per sq. ft.)	
Office, Research and Development, or Industrial	$20.64
Hotel	$10.32
Commercial/Retail	$10.32

3. The City of Cupertino has not seen a deterrence of development since the adoption of the affordable housing impact fee.

4. 4 Affordable Housing units have been acquired through rehab.

Traffic Impact Fee

The City of Cupertino is currently in the process of community outreach to introduce a citywide traffic impact fee. It is currently proposed to determine a fee based on new trips created from the development.

Park Impact Fee

Dedication or in-lieu fee for 50 units or less, based on fair market value assessment.

D. City of Sunnyvale

1. The City of Sunnyvale's Affordable Housing Impact Fee was approved by Council on July 14, 2015 and effective 60 days later.

2. The current Affordable Housing requirements for the City of Sunnyvale are as follows:

For-Sale Requirement: 12.5%
In-lieu fee (only for projects <20 units): 7% of salesprice

Rental: $17 ($8.50 for projects with 4-7 units)

Office and Industrial: $15 per sq. ft.

Hotel and Retail: $7.50 per sq. ft.

3. The City of Sunnyvale has not seen any deterrence in development since the adoption of Affordable Housing impact fees. There is a large boom in development right now, part of cost of development, extensive outreach was done, becoming norm for the region.

4. 40 low income rental units are coming forward as the projects receive entitlements and building permits and a further 21 million is expected to be received as impact fees from projects within the next year.

Park In-Lieu Fee

$96/ sq. ft. or land dedication or a combination

Transportation Impact Fee

(area South of Route 237)
Single Family detached, per dwelling unit $2,125.00
Multi-family attached, per dwelling unit $1,304.00
Office, per 1,000 sq. ft. $3,133.00
Retail, per 1,000 sq. ft. $3,933.00
Industrial, per 1,000 sq. ft. $1,557.00
Research and Development, per 1,000 sq. ft. $2,061.00
Hotel, per room $1,283.00
Uses not enumerated, per trip $2,125.00

(area North of Route 237)
Destination Retail, per 1,000 sq. ft. $13,323.00
Neighborhood Retail, per 1,000 sq. ft. $6,661.00

Industrial, per 1,000 sq. ft. $4,203.00
Research and Development, per 1,000 sq. ft. $5,557.00
Hotel, per room $4,346.00
Uses not enumerated, per trip $5,736.00

E. City of San Jose
Affordable Housing Impact Fees

1. The City of San Jose adopted an impact fee for Rental Residential development on November 2014. There was a significant grandfathering period, thus, fees did not start being implemented until July, 2016. The City anticipates that it will start getting revenue in the next fiscal year.

2. The City already has a 15% for-sale inclusionary requirement on site, and has adopted a $17/sf ft impact fee for Rental Residential projects that create 3 or more units. The rate is subject to a cost escalator and will raise 2.4% per year. The rate for the next fiscal year will be $17.41.

3. The City of San Jose attests that there are still a lot of projects coming through since the adoption of the impact fee.

4. The City of San Jose anticipates collecting impact fees from the next fiscal year. It is anticipated that affordable housing will begin to be delivered within 2 years of this time.

5. The City of San Jose provided an exemption for pipeline projects (grandfathering period) which ended on July 1, 2016. The City estimates that about 28 projects will be exempted from impact fees from the grandfathering period. The City also has an exemption only applicable to High Rise projects (minimum of 75 ft. in height) specifically within the San Jose downtown core area.

Traffic Impact Fee

US-101/Oakland/Mabury

Land Use	***Fee per Interchange Trip***
Commercial:	$30,000.00
Industrial:	1st to 115th interchange trip: Exempt ($0.00)
116th trip and over:	$30,000.00
Residential:	$30,000.00

North San Jose Traffic Impact Fee Requirements

Commencing July 28, 2005, the North San José traffic impact fee shall be paid in the following amount based upon the use of land:

Land Use	***Fee***

Industrial:	$10.44 per sq. ft. of building space
Residential:	
Single-family detached	$6,994.00 per dwelling unit
Multi-family attached	$5,596.00 per dwelling unit
Regional retail/large scale commercial:	$14.62 per sq. ft. of building space
Hotel:	$3,161.00 per guest room

Park Impact Fee

2016 Proposed Parkland In-Lieu Fees

MLS ZONE	AREA COVERED	100% OF COST/ SQUARE FOOT	PROPOSED FEE PER UNIT*					
			SINGLE FAMILY DETACHED	SINGLE FAMILY ATTACHED	MULTI-FAMILY 2-4 UNITS	MULTI-FAMILY 5+	SINGLE RESIDENCY OCCUPANCY UNIT (SRO)	SECONDARY RESIDENTIAL UNIT (Granny Unit) Maximum of 700 sq feet
Number of Persons Per Unit - 2010 Census Data			3.31	3.31	2.96	2.34	1.00	50% of SRO
Number of Dwelling Units to create 1 acre of Raw Parkland			100.7	100.7	112.6	142.5	333.3	n/a
1 & 2	SANTA TERESA	$ 32.00	$ 13,800	$ 13,800	$ 12,400	$ 9,800	$ 4,200	$ 2,100
3	EVERGREEN	$ 41.00	$ 17,700	$ 17,700	$ 15,900	$ 12,500	$ 5,400	$ 2,700
4	ALUM ROCK	$ 28.00	$ 12,100	$ 12,100	$ 10,800	$ 8,600	$ 3,700	$ 1,850
5 & 6	BERRYESSA	$ 42.00	$ 18,200	$ 18,200	$ 16,200	$ 12,800	$ 5,500	$ 2,750
7A	ALVISO (North of 237)	$ 24.00	$ 10,400	$ 10,400	$ 9,300	$ 7,300	$ 3,100	$ 1,550
7B	NORTH SAN JOSE (So. of 237)	$ 127.00	$ 54,900	$ 54,900	$ 49,100	$ 38,800	$ 16,600	$ 8,300
8	SANTA CLARA	$ 35.00	$ 15,100	$ 15,100	$ 13,500	$ 10,700	$ 4,600	$ 2,300
9	DOWNTOWN	$ 70.00	$ 30,300	$ 30,300	$ 27,100	$ 21,400	$ 9,100	$ 4,550
10	WILLOW GLEN	$ 65.00	$ 28,100	$ 28,100	$ 25,100	$ 19,900	$ 8,500	$ 4,250
11	SOUTH SAN JOSE	$ 28.00	$ 12,100	$ 12,100	$ 10,800	$ 8,600	$ 3,700	$ 1,850
12	BLOSSOM VALLEY	$ 32.00	$ 13,800	$ 13,800	$ 12,400	$ 9,800	$ 4,200	$ 2,100
13	ALMADEN VALLEY	$ 39.00	$ 16,900	$ 16,900	$ 15,100	$ 11,900	$ 5,100	$ 2,550
14 & 16	CAMBRIAN	$ 34.00	$ 14,700	$ 14,700	$ 13,200	$ 10,400	$ 4,400	$ 2,200
15	CAMPBELL	$ 60.00	$ 26,400	$ 26,400	$ 23,600	$ 18,700	$ 8,000	$ 4,000
17 & 18	CUPERTINO	$ 61.00	$ 26,400	$ 26,400	$ 23,600	$ 18,700	$ 8,000	$ 4,000
9 - DC	Downtown Core - East of Hwy 87 HighRise 12+ Stories					$ 7,650 **		

* *Fees for Low Income Units shall be at the rate of 50% of the applicable parkland fees for each residential unit type per Section 1 of Resolution No. 75540*

** *Downtown Core HighRise fees remain set at $7,650 as part of the downtown incentives. The maximum number of units eligible to receive the incentive is 2,564 and limited to specific projects that had a fully executed parkland agreement by the June 30, 2016 sunset date.*

SUMMARY OF DEVELOPMENT IMPACT & AFFORDABLE HOUSING FEES

Thank you for doing business with the City of Fremont. Our goal is to facilitate your understanding of our processes and requirements so that you have a successful development experience. This fact sheet is designed to provide you with an overview of the development impact and affordable housing fee program, including a listing of the fees. If you have questions, please ask City staff.

- ***Development Impact Fees:*** All development impact fees listed (on page 3) became effective on July 1, 2017, and were established in accordance with FMC Chapter 18.290, *Development Impact Fees*.
- ***Affordable Housing Fees:*** Affordable housing fees listed (on page 7) became effective on July 1, 2017, and were established in accordance with Fremont Municipal Code (FMC) Chapter 18.155, *Affordable Housing*.

What types of projects trigger development impact and affordable housing fees?

- *New residential construction* triggers payment of all five development impact fees, as well as affordable housing fees
- *New non-residential construction*, including increases in existing floor area, triggers payment of capital facilities, fire facilities, and traffic impact fees.
- *Any non-residential tenant improvement* project that changes the land use category of the existing building to a more intensive use also triggers payment of additional capital facilities, fire facilities, and traffic impact fees.

Definitions applicable to the *Development Impact Fees* begin on page 4. Definitions applicable to the *Affordable Housing Fee* begin on page 8.

Why are there development impact and affordable housing fees?

- New development increases the demand for health and safety services provided by the City, affects the quality of the community's infrastructure, increases the need for public facilities (e.g., roadways, fire stations, and parks), and increases the demand for affordable housing. These fees fund new development's share of improvement to public facilities to maintain the quality of the community. These fees include:
  - *Capital Facilities* (general government buildings, land, and equipment)
  - *Fire Facilities* (fire stations and equipment)
  - *Traffic* (intersections, street improvements, and traffic signals)
  - *Parkland* (acquisition of parkland)
  - *Park Facilities* (park development)
  - *Affordable Housing* (lower-income housing development)

  Fremont uses a range of funding sources to pay for public facilities and affordable housing. These fees are only one source of funding and represent the share of the cost of the improvements generated by new development.

How are fees determined?

- To calculate fees, staff will:
  - Determine the land use category of your project based upon the information you provide and review of your plans
  - Determine which fee categories apply to your project
  - Multiply the fee rate for each applicable fee by the square footage of the project for industrial and commercial projects, and by the number of bedrooms and square footage for residential projects, and
  - Determine if there are any credits that would lower the fee total. Note: There are no affordable housing fee credits for demolition of existing homes.

When will I know how much I have to pay? When are fees due?

- Staff can provide you with estimates of your fees at any time during the review process. The closer the project is to building permit issuance, the more accurately fees can be calculated. Final development impact and affordable housing fees are calculated, and payment is due, at the time of building permit issuance.

Is there any way to delay payment of development impact and affordable fees?

- Yes. The *Impact Fee Deferral Program* allows owners to defer payment of fees, including affordable housing fees, until final inspection, certificate of occupancy, or for a period of not more than 18 months from the date of building permit issuance, whichever comes first. A deferral agreement must be executed with the City and recorded on the title of the property before the building permit is issued. The fee amount to be paid is that in effect at the time of building permit issuance. Additional information about the *Impact Fee Deferral Program* is available on the City's website at: http://www.fremont.gov/DevelopmentServices

Can I apply for a waiver or an adjustment to my fees?

- Yes. If you believe that your project has unique attributes that warrant a fee waiver or adjustment, you can apply. You should discuss your issues with staff early in the development review process and be as specific as possible about the basis for your request. If you then want to apply for a waiver or an adjustment, the procedure in provided in FMC§18.290.170 through §18.290.240.

Can the decision be appealed?

- Yes. The decision of the Community Development Director regarding an adjustment or waiver in an impact fee can be appealed to a hearing officer, as provided in FMC§18.290.200 through §18.190.220.

CITY OF Fremont

SUMMARY OF DEVELOPMENT IMPACT & AFFORDABLE HOUSING FEES

Development Impact Fees—Effective July 1, 2017 (Resolution 2017-20)

Land Use	***Capital Facilities***	***Fire Facilities***	***Traffic***	***Parkland***	***Park Facilities***
0 bedrooms (studios)	$1,047	$152	$2,133	$4,603	$5,171
1 bedroom	$1,572	$227	$2,133	$6,905	$7,755
2 bedrooms	$2,201	$318	$2,382	$9,666	$10,858
3 bedrooms	$2,723	$393	$2,382	$11,966	$13,443
4 bedrooms	$3,353	$484	$3,626	$14,728	$16,544
>4 per bedroom	$629	$91	*See Note 4*	$2,761	$3,102
Office (KSF)	$970	$326	$5,297	---	---
Retail/Service (KSF)	$578	$194	$7,253	---	---
Warehouse (KSF)	$416	$140	$1,601	---	---
Light Industrial (KSF)	$324	$109	$3,839	---	---
Manufacturing (KSF)	$590	$198	$2,666	---	---
Research & Development (KSF)	$749	$252	$3,803	---	---
Business Park (KSF)	*See Note 5*	*See Note 5*	$4,480	---	---
Convalescent Home/ Nursing Home (KSF)	$324	$109	$3,590	---	---
Assisted Living/Congregate Care Facility (KSF)	$324	$109	$711		
Hospital (KSF)	$324	$109	$4,085	---	---
Religious Facility (KSF)	$836	$281	$3,342	---	---
Schools, all (K-12) (KSF)	$836	$281	$7,537	---	---
School, Vocation/Trade/ Collegian (KSF)	$836	$281	$9,385	---	---
Hotel/Motel (Room)	$184	$63	$2,169	---	---
Other Use Not Listed	Determined based on similar use				

Notes:

1. Definitions application to land use categories from the Comprehensive Development Impact Fee Update Background Technical Report shall be used in applying the fees above and are attached for convenience.
2. Residential uses pay all five fees listed above.
3. Non-residential uses pay three fees, being: Capital Facilities, Fire Facilities, and Traffic fees.
4. Under the Traffic fee, residential units with more than four bedrooms pay the fee applicable to a 4-bedroom unit.
5. For uses paying the Traffic fee as a *Business Park*, the most applicable Capital Facilities and Fire Facilities fees would also apply (e.g., office, manufacturing)

"---" = No applicable fee
"KSF" = thousand square feet

Definitions Applicable to Development Impact Fees—Effective July 6, 2015

Residential Use Definitions

- *Bedroom:* A room in a dwelling unit that may be used for sleeping accommodation including such spaces that may be labeled as bedroom, master bedroom, den, library, office, study or the like, when such space conforms to the definition of a "Sleeping Unit" in accordance with the requirements for a sleeping accommodation as provided in the building code.
- *Dwelling:* A building or structure, or portion thereof, designed for residential occupancy with facilities for cooking, sleeping, and bathing; provided, however, "dwelling" shall not mean any convalescent/nursing home, hospital, hotel/motel, or congregate care facility.
- *Dwelling Unit:* One or more rooms in a dwelling designed for occupancy by one person, or one group of people, with a common entry and a common cooking facility.
- *Residential Use:* Residential use is a place of residence wherein housing is the primary land use. Types of residential uses include single-family, multi-family, mobile home/trailer, and secondary unit. For the purposes of the development impact fees, "bedroom," as defined herein, shall be the residential use characteristic used to determine the appropriate fees required by each residential type.

Non-residential Use Definitions

- *Assisted Living/Congregate Care Facility:* Facilities that combine private living quarters with centralized dining services, shared living spaces, and access to social and recreational activities. Some of these facilities may also offer transportation services, personal care services, rehabilitative services, spiritual programs, and other support services.
- *Business Park:* A group of flex-type one or two story buildings served by a common roadway system. Tenant spaces are flexible and lend to a variety of uses that may include office, retail and wholesale stores, restaurants, recreational areas, warehousing, manufacturing, light industrial, or scientific research functions. The average mix is 20 to 30% office/commercial and 70 to 80% warehousing/industrial.
- *Floor Area:* The gross floor area of a building for a proposed use, as described in the application for a development project. Floor area is determined by calculating the total combined area of all floors within the exterior faces of the walls of a proposed structure/use, including mezzanines. Floor area specifically includes the area of an addition where the area of the floor is increased. Floor area specifically excludes areas devoted to parking, atriums, interior corridors serving multiple units, enclosed malls (other than rental spaces) and similar uses, and exterior walkways.
- *Government Office:* An office facility where people employed in public/governmental service work. Some government office facilities may provide services to the general public and/or facilities for use by the public such as banquet and meeting rooms.
- *Hospital/Convalescent/Nursing Home:* Any institution where medical or surgical care and overnight, inpatient accommodations are provided for a wide variety of conditions. Nursing homes

and similar facilities that provide a combination of residential care with nursing and/or personal care as required by the residents are included in this category. Medical clinics (facilities that provide diagnoses and outpatient care only) are included in the "office" category.

- *Hotel/Motel:* Places of lodging that provide sleeping accommodations, including any associated cocktail lounges, meeting and banquet rooms, or convention facilities including all suite hotels and business hotels.
- *Light Industrial:* Uses characterized by a mix of manufacturing (small items), service, and warehouse facilities in the same building with a wide variation in the proportion of each type of use. Examples of light industrial uses include materials testing laboratories, assembly of data processing equipment, contractor offices, cabinetry work, machine shops, management services, photocopying services, software publishing/production, engineering/architectural services, and electronic/computer component production.
- *Manufacturing:* Facilities that fabricate, process, assemble, or blend organic or inorganic materials and/or substances into new, usually large, products. The materials used in the manufacturing process may include products of agriculture, forestry, fishing, mining, and quarrying as well as products of other manufacturing establishments. The new product may be "finished" in the sense that it is ready for use for consumption or it may be "semi-finished" to become a component for further manufacturing. Manufactured products are customarily directed to the wholesale market, interplant transfer, or industrial users, rather than for direct sale to the consumer. Manufacturing includes large machining operations, use of metal products, operations that have a combination of manufacturing, warehouse, and assembly in a space primarily occupied by very large machinery or other large fabrication and storage that may serve a variety of industries.
- *Non-Residential Use:* Any use which is not otherwise defined herein as a "Residential Use." Non-Residential Use shall specifically include: Office; Retail/Service; Hotel/Motel, Warehouse; Light Industrial; Research & Development; Business Park; Manufacturing, K-12 School; Vocational, Trade, Collegian School; Public/Institutional; Hospital, Convalescent, Nursing Home; and Congregate Care/Assisted Living Facility.
- *Office:* Uses for which the floor area is primarily devoted to office and meeting spaces. Examples of office uses are: Professional services (legal, engineering, accounting), investment broker, real estate office, advertising agency, social services, insurance, bank, or savings and loan institutions, medical clinics and offices, and regional and corporate managing offices.
- *Public/Institutional:* The public/institutional use category includes non-commercial uses such as schools, social, or religious institutions, and public institutions. Under the Traffic Impact Fee, a number of public/institutional uses are defined more specifically than then this more general definition that is applied to the Capital Facilities and Fire Facilities Impact Fees, including religious facilities, schools, and hospitals/convalescent.
- *Religious Facility:* An establishment of religious organizations operated for worship, religious training or study, government or administration of an organized religion, or for promotion of religious activities, as specifically defined in Fremont Municipal Code (FMC) Chapter 18.25.

- *Research & Development:* Facilities or group of facilities devoted almost exclusively to research and development (R&D) activities in physical, engineering, and/or life sciences engaged in conducting original investigations undertaken on a systematic basis to gain new knowledge and/or the application of research findings or other scientific knowledge for the creation of new or significantly improved products or processes. The range of specific types of businesses contained in this land use category varies significantly, but each typically contains offices and light fabrication areas for these R&D activities.
- *Retail/Service:* Uses for which the floor area is primarily devoted to retail sale of goods or services (or the adjacent storage of goods for retail sale) to the general public or to small businesses, and which generates regular traffic during weekday p.m. peak hours. Examples of retail/service uses are: automobile dealerships, automobile care and body repair centers, movie theaters, specialty retail centers containing a variety of retail shops specializing in quality apparel, hard goods, and services such as travel agencies, dance studios, tutoring services, florists, and restaurants, gas stations, convenience markets, fast food, and indoor recreation (e.g., swimming, tennis/racket ball courts, billiards/arcades, dance halls, bowling, amusement parks), and the like.
- *School, K-12 (all):* Private, non-profit, and public establishments primarily engaged in furnishing academic courses and associated course work that comprise a basic preparatory education for kindergarten through 12th grades. Tutoring services are included in the "retail/service" use category.
- *School, Vocational/Trade/Collegian:* Training centers for specific skills or classes, such as computer software programs, where classes usually last two to three days, including career-oriented higher education programs in business and technology that often lead to certificates in programs such as Business Administration, Computer Technology, Electronics Engineering, and Nursing.
- *Warehouse:* A facility with no more than 20 percent of the gross floor area devoted to office uses and the balance of the floor area devoted to the storage of goods and materials or other uses with employee densities similar to the storage of goods and materials. Warehouses are used on a permanent basis for the receipt, storage, and redistribution of goods generally handled in containers, such as boxes, barrels, and/or drums, using equipment, such as forklifts, pallets, and racks.

Affordable Housing Fees—Effective July 1, 2017 (Resolution 2015-09)

1. *Projects deemed complete on or after June 6, 2015*

For-sale housing fee	**Fee**
Attached units,[1]	$27.00 per SF [2]
Detached units,[1]	$26.00 per SF [2]

2. *Projects deemed complete before June 6, 2015*

For-sale housing fee[3]	**Fee**
Single-Family Homes on Lots 6,000 SF or greater	$23.86 per SF[5]
All other Market-Rate, For-Sale Units	$ 20.68 per SF[5]

3. *Rental Projects (all)*

Rental housing fee[4]	**Fee**
Without subdivision map; units >700 gross square feet	$17.50 per SF
Without subdivision map; units ≤700 gross square feet	$8.75 per SF
With subdivision map; all units	$27.00 per SF

Notes:

1. Fee per habitable square foot of market-rate housing in for-sale residential projects to mitigate the cost of construction of affordable housing where the project is not providing on-site affordable units, pursuant to FMC Section 18.155.030(a) and FMC Section 18.155.080(f). 2. If a project applicant chooses to provide on-site moderate income housing, the affordable housing fee will be reduced by $8.50 per SF, pursuant to Resolution 2015-09.
3. Fee per habitable square foot of market-rate housing in for-sale residential projects in lieu of affordable units on-site, as previously permitted by FMC Section 18.155.080(f).
4. Fee per habitable square of rental housing to mitigate the project's impact on the need for affordable housing where the rental project is not providing affordable rental housing by agreement with the City pursuant to FMC Section 18.155.085.
5. Fee adjusted annually on July 1 to reflect annual changes in construction costs as measured by the Engineering News Record McGraw-Hill Construction Weekly Building Cost Index for San Francisco.

Definitions Applicable to Affordable Housing Fees—Effective June 6, 2015

FMC Section 18.155.020 Definitions.

(a) "Affordable ownership cost" means a sales price resulting in projected average monthly housing payments, during the first calendar year of a household's occupancy, including interest, principal, mortgage insurance, property taxes, homeowners' insurance, homeowners' association dues, if any, and a reasonable allowance for utilities, property maintenance, and repairs, not exceeding the following:

(1) Moderate-income households: 110 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12.

(2) Low-income households: 60 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12.

(3) Very low-income households: 50 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12. The city may determine sales prices of affordable units by any reasonable method so long as average monthly housing payments of eligible households do not exceed those permitted by this subsection (a).

(b) "Affordable rent" means monthly housing expenses, including all fees for housing services and a reasonable allowance for utilities, not exceeding the following:

(1) Extremely low-income households: 30 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12.

(2) Very low-income households: 50 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12.

(3) Low-income households: 60 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12.

(4) Moderate-income households: 110 percent of the area median income, adjusted for assumed household size based on unit size, multiplied by 30 percent and divided by 12, but in no event greater than market rent.

(c) "Affordable units" means living units which are required under this chapter to be rented at affordable rents or available at an affordable ownership cost to eligible households.

(d) "Area median income" means median income for Alameda County, adjusted for household size, as published pursuant to California Code of Regulations, Title 25, Section 6932 (or its successor provision).

(e) "Assumed household size" means one person in a studio apartment, two persons in a one-bedroom unit, three persons in a two-bedroom unit, and one additional person for each additional bedroom thereafter, unless a federal standard applicable to the development requires the use of a different assumed household size, in which case the federal standard shall apply.

(f) “Construction cost index” means the Engineering News Record McGraw-Hill Construction Weekly Building Cost Index for San Francisco. If that index ceases to exist, the community development director shall substitute another construction cost index which in his or her judgment is as nearly equivalent to the original index as possible.

(g) “Eligible household” means a household whose household income does not exceed the maximum specified for a very low-, low-, or moderate-income household defined in subsection (j) of this section, as applicable for a given affordable unit.

(h) “First approval” means the first of the following approvals to occur with respect to a residential project: planned district approval, subdivision approval, conditional use permit, design review permit approval, other discretionary land use approval, or building permit.

(i) “For-sale project” means a residential project, or portion thereof, that includes the creation of one or more residential living units that may be sold individually, including a condominium, stock cooperative, community apartment, or attached or detached single-family home. A for-sale project also includes a residential condominium conversion project as defined in Section 18.190.060, and the creation of residential living units that may be sold individually, but are initially rented rather than sold.

(j) “Household income” means the combined adjusted gross income for all adult persons living in a living unit as calculated for the purpose of the Section 8 Program under the United States Housing Act of 1937, as amended, or its successor provision.

(1) “Extremely low-income household” means a household whose income does not exceed the extremely low-income limits pursuant to the published standard.

(2) “Very low-income household” means a household whose income does not exceed the very low income limits pursuant to the published standard.

(3) “Low-income household” means a household whose income does not exceed the low-income limits pursuant to the published standard.

(4) “Moderate-income household” means a household whose income does not exceed the moderate income limits pursuant to the published standard.

(k) “Housing unit, attached” shall mean all forms of attached housing units (e.g., townhomes, stacked flats, condominiums and the like). For purposes of this chapter “attached” shall mean units that share at least 75 percent of the linear length of one building wall.

(l) “Housing unit, detached” shall mean all forms of detached, individual housing units (e.g., single family homes, detached townhomes and similar products). For purpose of this chapter “detached” shall mean units that share less than 75 percent of the linear length of one building wall.

(m) “Living unit” means one or more rooms designed, occupied, or intended for occupancy as separate living quarters, with cooking, sleeping, and bathroom facilities.

(n) “Market-rate units” means new living units in residential projects which are not affordable units under subsection (c) of this section. (o) “Planning area” means a geographic boundary identified within the city’s general plan.

(p) “Published standard” means the standard for a specified income level for Alameda County, as published pursuant to California Code of Regulations, Title 25, Section 6932 (or its successor provision) and adjusted for household size.

(q) “Rental project” means a residential project, or portion thereof, that creates living units that cannot be sold individually, except that construction of any secondary dwelling unit as defined in Section 18.190.480 shall not be considered a rental project.

(r) “Residential project” means any project containing two or more net new living units or residential lots, or living units and residential lots which total two or more net new units and/or lots in combination, built pursuant to or contained in an application for a planned district, subdivision map, conditional use permit, design review permit approval, other discretionary city land use approval, or building permit. Contemporaneous construction of two or more living units on a lot, or on contiguous lots for which there is evidence of common ownership or control, even though not covered by the same city land use approval, shall also be considered a residential project. Construction shall be considered contemporaneous for all units which do not have completed final inspections for occupancy and which have outstanding, at any one time, any one or more of the following: planned district, subdivision map, conditional use permit, design review permit approval, or other discretionary city land use approvals, or building permits, or applications for such an approval or permits. A residential condominium conversion project as defined in Section 18.190.060 is considered a residential project and is subject to this chapter. The provisions of this section shall be interpreted broadly to effect the purposes of this chapter and to prevent evasion of its terms.