

# **City of Santa Clara**

## **Affordable Housing Requirements Update**

**Affordable Housing Nexus Study**

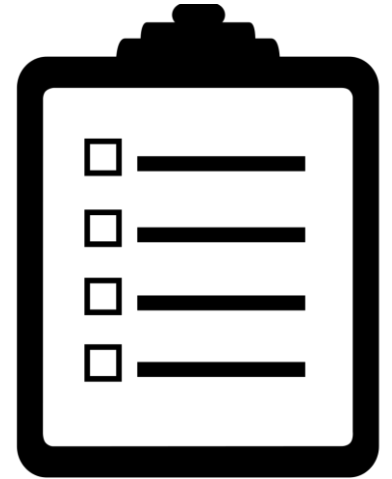
January 12 2017



**City of  
Santa Clara**  
The Center of What's Possible

# Overview

- Introduction to Nexus Study
- Current Affordable Housing Policy and Programs
- Considerations for Setting an Impact Fee
- Findings of the Nexus Study
- Options for Consideration
- Feedback



# Multi-Jurisdiction Affordable Housing Nexus Studies

Participating Jurisdictions					
Campbell	Los Altos	Milpitas	Albany	Fremont	Hayward
Santa Clara	Santa Clara County	Saratoga	Livermore	San Leandro	Union City

- Residential Nexus Study
- Non-Residential Nexus Study



# Santa Clara Inclusionary Housing Policy 1992

- New for sale developments with ten or more dwelling units to provide 10% Affordable Housing
- Moderate Income 80-120% AMI
- Currently no in-lieu fee
- Currently no impact fee for rental residential
- Currently no jobs housing impact fee for non-residential



# Affordable Housing Programs

- First Time Home Buyer Program (FTHB)
  - Developer Loans
  - Land Acquisition
- 
- Santa Clara County Affordable Housing Bond (Measure A)



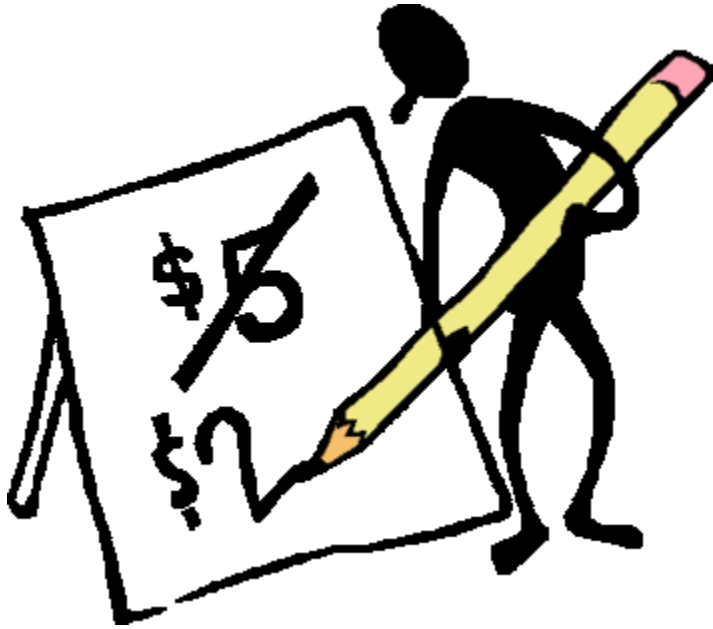
# Presidio



# Camino del Rey



# Setting a Fee



## Considerations

- Local Policy Objectives
- Maximum Supported Fee Levels
- Other City Fees
- Other Jurisdictions
- Public Outreach





# Nexus Study : Findings and Recommendations



# Residential



# Maximum Supported Residential Impact Fees, City of Santa Clara

	Single Family	Townhome	Condominium	Apartments
Per Market Rate Unit	\$71,800	\$66,800	\$51,700	\$43,400
Per Square Foot*	\$36.00	\$39.30	\$41.40	\$48.30



## Inclusionary Requirements in Other Jurisdictions - Ownership Units

City	Percent	Affordability Level	Fee	Fee by Right?
<b>Santa Clara</b>	10%	Very Low to Moderate	None	N/A
<b>Campbell</b>	15%	Low and Moderate	\$34.50	Only projects 6 du/ ac. or less
<b>Los Altos</b>	10%	Low and Moderate	None	N/A
<b>Cupertino</b>	15%	½ Moderate, ½ Median	\$15 detached; \$16.50 attached \$20 multifamily	Projects under 7 units only
<b>San Jose*</b>	15%	Moderate	Affordability gap based on attached unit re-sales.	Yes
<b>Mountain View</b>	10%	Median	3% of sales price	Projects under 10 units only
<b>Sunnyvale</b>	12.5%	Moderate	7% of sales price	Projects under 20 units only
<b>Fremont</b>	Attached 3.5% + fee  Detached: 4.5% + fee	Moderate	With on-site units: Attached: \$18.50 psf Detached: \$17.50 psf  If no on-site units: Attached: \$27 psf Detached: \$26 psf	Yes



## Impact Fees in Other Jurisdictions – Rental Units

City	Impact Fee	Min. Project Size Subject to Fee
Cupertino	\$20 / sq. ft. (\$25 for projects over 35 du/acre)	1 unit
San Jose	\$17/sq. ft.	3 units
Mountain View	\$17/sq. ft.	5 units
Sunnyvale	\$17/sq. ft. (\$8.50 for projects with 4 – 7 units)	4 units
Fremont	\$17.50/sq. ft.	2 units

## Potential Market Adjustments to Absorb Illustrative Fee Levels

	Each \$1 Fee	\$10 Fee	\$20 Fee	\$30 Fee	\$40 Fee
Increase in Rents/Income	0.14%	1.4%	2.8%	4.2%	5.6%
Decrease in Direct Costs	0.31%	3.1%	6.3%	9.4%	12.5%
Decrease in Land Values (based on \$120/sf)	1.02%	10.2%	20.5%	30.7%	40.9%



# Non-Residential



## Maximum Supported Non-Residential Impact Fees

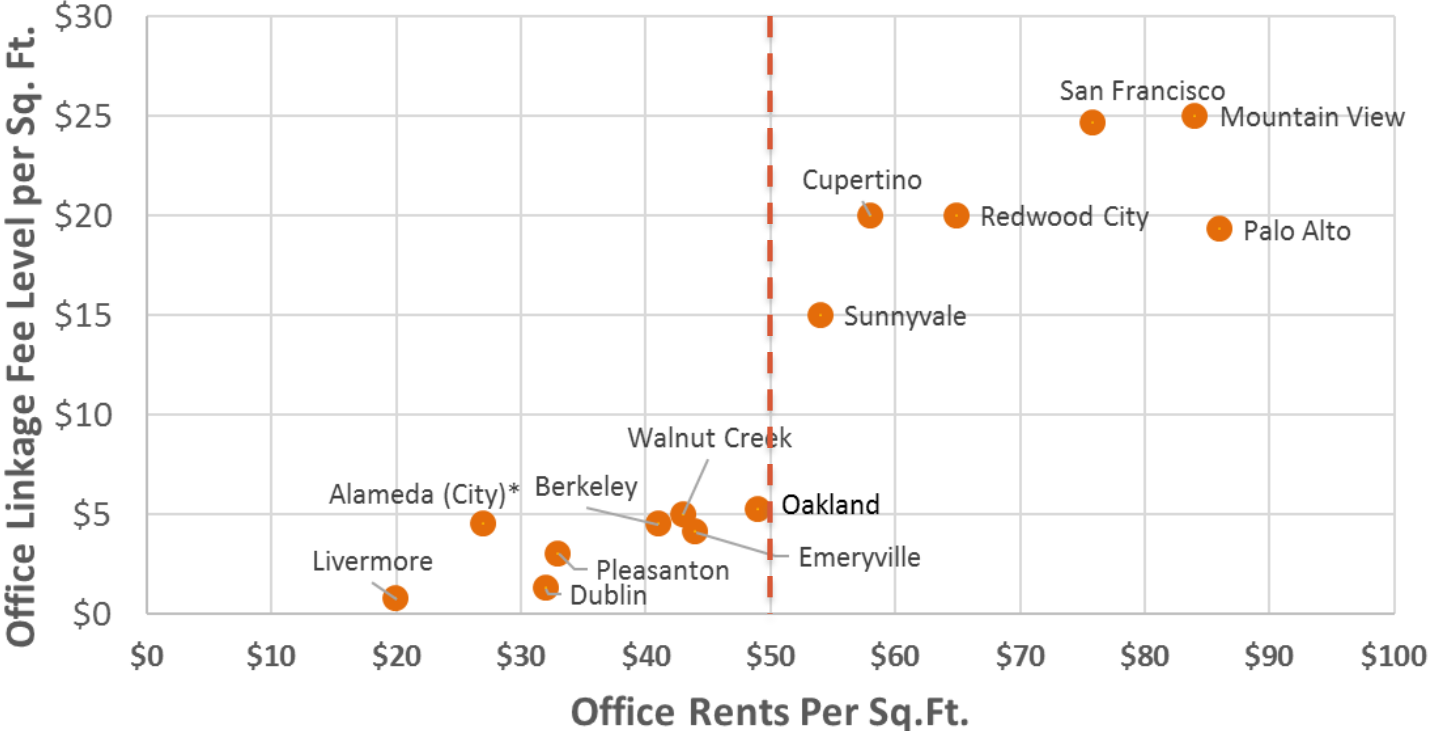
Building Type	Fee (per square foot)
Office	\$142.70
High Tech Office	\$158.80
Retail	\$268.00
Hotel	\$128.70
Light Industrial	\$149.60
Warehouse	\$47.80



## Non-Residential Housing Impact Fees-Nearby Jurisdictions

Jurisdiction	Office \$/SF	Retail \$/SF	Hotel \$/SF	Industrial \$/SF
Mountain View	\$25.00	\$2.68	\$2.68	\$25.00
Cupertino	\$20.00	\$10.00	\$10.00	\$20.00
Palo Alto	\$19.85	\$19.85	\$19.85	\$19.85
Sunnyvale	\$15.00	\$7.50	\$7.50	\$15.00
San Francisco	\$24.61	\$22.96	\$18.42	\$19.34
Redwood City	\$20.00	\$5.00	\$5.00	N/A
Menlo Park	\$15.57	\$8.45	\$8.45	\$8.45
San Jose	N/A	N/A	N/A	N/A

# Linkage fees vs. Office Rents in Alameda and Santa Clara Counties (& Selected Additions)



(annual full service asking rents for Class A space as of Q1 2016)



## Fees as a Percent of Development Costs

Building Type	2%	3%	4%	5%
Office	\$11 psf	\$17 psf	\$23 psf	\$29 psf
Hotel	\$7 psf	\$11 psf	\$15 psf	\$19 psf
Retail/Restaurant	\$9 psf	\$13 psf	\$18 psf	\$22 psf
Light Industrial	\$5 psf	\$8 psf	\$11 psf	\$14 psf



# Residential Fee Considerations

- For- Sale (10%)
  - No in-lieu fee > 9 dwelling units
  - In-lieu fee < 9 dwelling units (80-90% supported fees)
  - In-lieu fee for fractional units (80-90% supported fees)
- Rental
  - Residential Rental Impact Fee (\$25-35/sq. ft.)
  - In-lieu provision of affordable housing on site (10%)
  - Provision off site with restrictions



# Non-Residential Fee Considerations

- Office (\$5-10/sq. ft.)
- Hotel (\$0/sq. ft.)
- Retail (\$0/sq. ft.)
- Light Industrial (\$2-5/sq. ft.)



# Other Considerations

- When are fees due?
- Rates subject to cost escalator
- Credit
- Exemptions
- Pipeline Provisions



# Next Steps

- Community Meetings
  - Monday, January 9, 2017 at 4:00pm, Santa Clara Senior Center (1303 Fremont Street)
  - Thursday, January 12, 2017 at 7:00pm, City Hall Council Chambers (1500 Warburton Avenue)
- Public Outreach Consideration
- Planning Commission (January 25, 2017)
- City Council (February 21, 2017)

# Feedback

- Provide your input today
- Fill out a comment card
- Get in touch via telephone/email

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