



March 17, 2015 City Council Meeting

AFFORDABLE HOUSING LINKAGE FEE



Purpose

Second reading of Ordinance No. 8034 amending the capital facilities impact fee by adding a new affordable housing linkage fee citywide on non-residential development



Goal

- Implement city's policy that "growth pay its own way"
- Address recent concerns that non-residential sector is not contributing proportionately to mitigate impact of job growth on affordable housing.



Background

- February 3 meeting: City Council requested that staff bring this item forward
 - March 3 meeting: City Council approved first reading of the ordinance.
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Existing Capital Facility Impact Fees and Excise Taxes

- Capital Facility Impact Fees: Library, Human Services, Municipal Facilities, Police, Fire, Parks and Recreation
- Development Excise Tax: Transportation, Park Land
- Housing Excise Tax
- Housing Linkage Fee for commercial density bonus in DT-5 zone district.
- Assessed at time of building permit application; paid at time of final inspection

Citywide Housing Linkage Fee

- A housing linkage fee is charged on new non-residential uses to mitigate impacts on the demand for affordable housing created by those uses.
- Based on 2009 TischlerBise study: calculated future affordable housing needs generated by new non-residential development to meet goal that 10% of city's housing be permanently affordable.

Citywide Housing Linkage Fee

- 2009 study is basis for existing linkage fee in DT-5 zone district (currently only applied to FAR bonus for commercial space).
- Study provides basis to implement as a fee.
- Anticipated to be in place for interim period until new housing linkage fee study is completed.



Housing Linkage Fee Rates

- Rates based on 2009 study would range from just over \$3 per square foot on the low end (for warehouses) up to \$9.53 for office uses.
 - Uses such as hotels and nursing homes would be charged per bed.
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Nonresidential (Floor Area)

	<i>Fee per Sq Ft</i>
Retail/Restaurant	\$6.96
Business Park	\$7.70
Office	\$9.53
Hospital	\$8.23
School	\$2.24
Mini-Warehouse	\$0.09
Warehousing	\$3.11
Light Industrial	\$5.62

Other Nonresidential

Nursing Home (per bed)	\$877.64
Day Care (per student)	\$389.60
Lodging (per room)	\$1,072.44

This chart is based on 2009 study rates adjusted for cost increases

Implementation Options

Effective Date:

- To address concerns about timing and impact, staff has proposed effective date of July 6
- This can be amended to reflect council's desired effective date.

Phasing:

- In addition, council could consider phasing implementation. One option:
 - 50% on July 6 (or amended effective date)
 - 100% on Jan. 4, 2016

Could also provide a 75% increment on Oct. 5.

Next Steps

Move forward to issue RFP. Firms may bid on one or more components:

- Updated study for all components of Capital Facility Impact Fee and Park land component of Excise Tax.
- Multi-modal impact fee study that includes roads, intersection improvements, bike lanes, trails, transit and other capital improvements based on TMP.
- Housing linkage fee study that addresses relationship to city housing goals, other funding sources, and consider middle income housing.
- Public art study that provides basis for a public art impact fee. Study would include options for development of new program.